JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4E

Preliminary Final Report

For the year ended 30 June, 2010

(previous corresponding period being

the year ended 30 June, 2009)

APPENDIX 4E

Results for Announcement to the Market

JOYCE CORPORATION LTD

FOR THE YEAR ENDED 30 June 2010

Name of Entity:	Joyce Corporation Ltd	
ABN:	80 009 116 269	
1. Details of the current and prior reporting period		
Current Period:	1 July 2009 to 30 June 2010	
Prior Period:	1 July 2008 to 30 June 2009	
2. Results for announcement to the market		
		$A'000
2.1 Revenues from ordinary activities (excludes property revaluations)	Up 2.1% to	27,222
2.2 Profit (loss) from ordinary activities after tax attributable to members	Down: to	(8,284)
2.3 Net profit (loss) for the period attributable to members	Down: to	(8,284)
2.4 Dividend distributions	Amount per security	Franked amount per security
Final Dividend paid in December 2009	2.0 cents	Nil
Previous corresponding period		
Interim Dividend paid May 2009	3.0 cents	Nil
2.5 Record date for determining entitlements to the dividend	Nil	

2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Refer attached	
3. Income Statement	Refer attached	
4. Balance Sheet	Refer attached	
5. Statement of Cash Flows	Refer attached	
6. Details of Dividends or Distributions		
	Amount per security	Franked amount per security
	Nil	Nil
	Nil	Nil
Determination of the final dividend has been made at Nil		
7. Details of dividend reinvestment plan	The Company's dividend reinvestment plan is currently suspended.	
8. Statement of Retained earnings showing movements	Refer attached	
	Current Period	Previous Corresponding Period
9. Net tangible asset backing per ordinary security	$0.26*	$0.69
*Net assets per share, excluding deferred tax liabilities on property revaluations, are $0.77 per share.(2009: $1.30)		

10. Control Gained over entities during the period	N/A	
10.1 Name of entity	N/A	
10.2 The date of the gain or loss of control	N/A	
10.3 Where material, the contribution of above entities to the consolidated result.	N/A	
11 Details of associates and joint venture entities	N/A	
12. Other Significant Information		

The investment property in New South Wales was valued as at 30 June 2010. They are classified as investment properties and the valuations took into account existing leasing arrangements. This approach is consistent with the valuations reported in the 2009 Annual Report. The property market this financial year has reported a negative net growth with impairment of $0.087M compared to a decrease of $2.8M in 2009.

The Queensland property is subject to a sale contract for $7.5M and is expected to settle in September 2010 and has been shown as an asset held for sale

Asset valuations were completed by qualified valuers in accordance with AASB 116.

Due to the one off provisions and write downs there was a technical breach of bank covenants that require the classification of debt as a current liability. St George bank has recognised the breach and advised no action will be taken at this time. New covenants are currently being negotiated.

13. Accounting Standards used by foreign entities	N/A	
14. Commentary on the result for the period		
14.1 Earnings per share	2010 – (40.8) cents	2009 – (6.54) cents

14.2 Distributions to Shareholders	Nil
There is no final dividend declared	
14.3 Significant features of operating performance	Refer attached
14.4 Segment Results	Refer attached
15. Status of audit or review	This report is based on accounts that are in the process of being audited.
16. Dispute or qualification – accounts not yet audited	N/A
17. Qualifications of audit / review	N/A

Results Highlights

RESULTS FOR YEAR ENDED 30 JUNE 2010 AND APPENDIX 4E

Please find attached the Preliminary Final Report (Appendix 4E) for Joyce Corporation Ltd. ("Joyce" or "the Company") (ASX: JYC) for the financial year ended 30 June 2010

Results

The Directors are pleased to announce an underlying operating profit before tax (excluding one-off non-recurring times) of $1.505m for the year ended 30th June 2010.

Cashflow from operations for the year was $1.7m.

The following table shows the underlying performance and one off costs:

	2010	**2009**
	$'000	$'000
Underlying operating profit before tax (excluding property revaluations, property sale and legal expenses)	**1,505**	**1,603**
Losses on Non-continuing stores	1,833	-
Store closure, legal costs and franchisee settlements	6,765	829
One off Terminations/redundancies on business closures	240	-
Expenses relating to the Queensland property sale	364	-
Inventory obsolescence	290	-
Interest fixed interest swap provision	211	-
Property impairment net of tax	87	2,104
Reported net loss after tax	8,284	1,330
Cash flow (outflow) from operations	1,754	(2,489)

The net loss after tax, property revaluations and legal expenses for the year was $8.284m.

Joyce Corporation Ltd.'s core business, aside from our property portfolio, is retailing through Bedshed Franchising Pty Ltd., a wholly owned subsidiary. Bedshed is one of Australia's largest specialty bedding and bedroom furniture retailers with 45 stores in Western Australia, Victoria, Queensland South Australia and New South Wales.

Joyce's industrial property portfolio in Queensland and New South Wales diminished in value $124K before tax this financial year compared to a loss of $2.8M in the previous financial year. These revaluations are a requirement of current AIFRS accounting standards.

The Directors have brought to account a number of provisions to cover closure of some unprofitable company owned stores and a provision for settlement of all outstanding legal cases with franchisees. The terms of the settlement deed have been finalised with initial settlement anticipated in October 2010 with the remainder staggered over 18 months.

Some Company store closures are being negotiated with landlords and surrender costs are anticipated to equate to inventory liquidation value.

Outlook

We are currently experiencing a like for like growth in sales on 2009/10 year.

Management continues to review the performance of its Company owned and operated stores and has taken steps to reduce operating costs. These actions include staff reductions. The resolution of the franchisee legal case places Joyce in a strong position to develop and implement new franchise locations. A number of new franchise locations have already been identified with at least one expected to commence in the second half of the coming year.

The company's future exposure to property revaluations should lessen given Joyce's announcement that the Company has accepted an offer for the sale of the Queensland property. Settlement is anticipated prior to the end of September 2010. The NSW property is subject to subsidised rent for another four years and valuations are expected to lift as this subsidised rental period expires.

These factors should see Joyce report a headline profit for the year ahead. The 2010/11 year will be a year of transition with stronger headline profits the following year.

The Company has a strong asset base which it is planning to leverage for growth. Net tangible assets per share are $0.26. Net assets per share, excluding deferred tax liabilities on recent revaluations, are $0.77 per share.

Mr. Dan Smetana, Chairman, observed that the results, coupled with the company's strong financial position and the identified business growth opportunities present a positive future for the company and its shareholders.

Dividends

The Company advises that there will be no final dividend.

For further information, please contact:

Mr. A. Mankarios	Mr D Smetana
Executive Director	Chairman
Joyce Corporation Ltd	Joyce Corporation Ltd
Mobile 0438 553 403	Mobile 0417 842 781

Directors' report

Your directors submit the financial report of the Consolidated entity for the year ended 30 June 2010.

Directors

The names of directors who held office during or since the end of the year:

Mr D A Smetana

Mr M A Gurry

Mr T R Hantke

Mr A Mankarios

Mr R Mahoney resigned March 2010

Review of Operations

The operations for the twelve months to 30 June 2010 comprised the rental of investment properties, franchisor and operator of company stores in the Bedshed chain of retail bedding stores.

Bedshed

As the core business of the Joyce Group, Bedshed Franchising Pty Ltd is the franchisor and operator of one of Australia's largest bedding and bedroom furniture retailers with stores in Western Australia, Victoria, Queensland, South Australia and New South Wales.

Bedshed has opened one new company stores in the past twelve months and closed one store in South Ausdtalia. Bedshed now operates fourteen company stores and some additional unprofitable Company owned stores will be closed. The closure costs have been provided for as at 30 June 2010.

Rental of Properties

Joyce. The investment property in New South Wales was valued as at 30 June 2010. They are classified as investment properties and the valuations took into account existing leasing arrangements. This approach is consistent with the valuations reported in the 2009 Annual Report. The property market this financial year has reported a negative net growth with impairment of $0.087M compared to a decrease of $2.8M in 2009.

The Queensland property is subject to a sale contract for $7.5M and is expected to settle in September 2010 and has been shown as an asset held for sale

Rounding of Amounts

The Consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' Report have been rounded off to the nearest $1,000.

This report is signed in accordance with a resolution of the Board of Directors

D A Smetana

Director

Dated at Perth this 31st day of August 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Revenue	27,222	26,658
Cost of sales	(12,439)	(10,914)
Gross profit	14,823	15,744
Other revenue	981	1,189
Other income	59	59
Distribution expenses	(923)	(860)
Loss on disposal of fixed assets	(39)	-
Marketing expenses	(1,201)	(923)
Occupancy expenses	(3,521)	(3,003)
Administration expenses	(10,207)	(10,230)
Other expenses	(42)	(30)
Revaluation investment property	(124)	(2,820)
Interest swap on fixed interest termination provision	(212)	-
One of termination and redundancy	(240)	-
Store closure, rent and settlement provisions	(6,754)	-
Finance Costs	(921)	(1,172)
Loss before income tax	(8,321)	(2,046)
Income tax (expense)/benefit relating to ordinary activities	37	716
Loss from continuing operations after income tax	(8,284)	(1,330)
Loss for the period	(8,284)	(1,330)
Total comprehensive income for the period	(8,284)	(1,330)
Earning per share		
Basic earnings per share (cents per share)	(40.8)	(6.54)
Dilutive earnings per share (cents per share)	(40.8)	(6.54)
Underlying operating profit before tax (excluding property revaluations, property sale and legal expenses and one off provisions)	1,505	1,603

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Consolidated	
	2010	2009
	$'000	$'000
ASSETS		
Current Assets		
Cash and cash equivalents	4,180	3,519
Trade and other receivables	1,720	3,021
Other Current Assets	607	1,218
Inventories	5,886	6,090
	12,393	13,848
Non-current assets classified as held for sale	7,350	7,550
Total Current Assets	19,743	21,398
Non-Current Assets		
Trade and other receivables	420	377
Other financial assets	6	6
Property, plant and equipment	2,289	2,721
Investment property	10,506	10,430
Deferred Tax Asset	250	250
Intangible Assets	10,225	10,225
Total Non-Current Assets	23,696	24,009
TOTAL ASSETS	43,439	45,407
LIABILITIES		
Current Liabilities		
Trade & other payables	6,015	4,859
Interest-bearing liabilities	12,602	4,578
Current tax liabilities	83	83
Provisions	5,180	590
Total Current Liabilities	23,880	10,110
Non-Current Liabilities		
Interest-bearing liabilities	286	8,475
Deferred tax liabilities	2,320	2,358
Provisions	1,399	221
Total Non-Current Liabilities	4,005	11,054
TOTAL LIABILITIES	27,885	21,164
NET ASSETS	15,554	24,243

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

EQUITY		
Contributed equity	15,635	15,635
Reserves	4,694	4,694
Retained profits	(4,775)	3,914
TOTAL EQUITY	15,554	24,243

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE-YEAR ENDED 30 JUNE 2010

	Issued Capital Ordinary	Revaluation Surplus	Financial Assets Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008	15,617	1,735	2,959	6,176	26,487
Payment received on partly paid shares	17	-	-	-	17
(Loss)/Profit attributable to members of parent entity	-	-	-	(1,329)	(1,329)
Subtotal	15,634	1,735	2,959	4,847	25,243
Dividends paid or provided for	-	-	-	(932)	(932)
Balance at 30June 2009	15,634	1,735	2,959	3,915	24,243
(Loss)/Profit attributable to members of parent entity	-	-	-	(8,321)	(8,321)
Income tax benefit	-	-	-	37	37
Subtotal	15,634	1,735	2,959	(4,369)	15,959
Dividends paid or provided for	-	-	-	(405)	(405)
Balance at 30June 2010	15,634	1,735	2,959	(4,774)	15,554

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	26,511	34,231
Interest received	155	16
Payments to suppliers and employees	(24,830)	(35,564)
Borrowing costs	(922)	(1,172)
Net cash provided by (used in) operating activities	1,740	(2,489)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds (Purchase) of non-current assets	71	(1,109)
Loans from associated entities	-	-
Proceeds from disposal of investment property	-	4,200
Purchase of property, plant and equipment	-	(436)
Net cash provided by (used in) investing activities	71	2,655
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(744)	(419)
Proceeds from borrowings	-	-
Proceeds from partly paid shares	-	17
Dividends paid by parent entity	(406)	(932)
Net cash provided by (used in) financing activities	(1,150)	(1,334)
Net increase/(decrease) in cash and cash equivalents	661	(1,168)
Cash and cash equivalents at beginning of year	3,519	4,687
Cash and cash equivalents at end of year	4,180	3,519

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE-YEAR ENDED 30 JUNE 2010

NOTE 1: BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the Corporations Act 2001, Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

As such, the preliminary final report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing interesting activities of the entity as the full financial report. It is also recommended that the preliminary final report be considered together with any public announcements made by Joyce Corporation Ltd in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of accounting

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

NOTE 2: PROFIT FOR THE PERIOD

	Consolidated Group	
	30.06.2010	**30.06.2009**
Underlying operating profit before tax (excluding property revaluations, property sale and legal expenses)	**$'000**	**$'000**
Losses on Non-continuing stores	1,833	-
Store closure, legal costs and franchisee settlements	6,765	829
One off Terminations/redundancies on business closures	240	-
Expenses relating to the Queensland property sale	364	-
Inventory obsolescence	290	-
Interest fixed interest swap provision	211	-
Property impairment net of tax	87	2,104
Reported net loss after tax	8,284	1,330

NOTE 2: PROFIT FOR THE PERIOD

Distributions paid		
Declared final unfranked dividend of 2.0 cents paid December 2009		
(Prior year paid November 2009)	406	621

NOTE 3: GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company earned an underlying profit after tax of $1.5M for the year ended 30 June 2010, operating cash flow of $1.75m and had net assets of $15.5M. In view of the provisions raised at 30 June 2010 the board are undertaking a capital management review.

NOTE 4: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The products sold and/or services provided by the segment;

The retail segments or product type;

The property and administration.

Types of products and services by segment

- *Franchising*

The operation of Bedshed retail bedding franchise operations

- *Investment Properties/ Joyce*

The property in New South Wales and Queensland which are leased under a sale agreement to the

Foam business

- *Company owned stores*

The operation of Company owned Bedshed stores

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

NOTE 4: OPERATING SEGMENTS (cont)

Unallocated items

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities;
- intangible assets;
- discontinuing operations; and

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

(i) Segment performance	**Franchising**	**Company owned stores**	**Property & Joyce**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Year ended 30.06.2010					
Revenue					
External sales	5,323	21,932	835	-	28,090
Total sales revenue	5,323	21,932	835	-	28,090
Unallocated revenue	-	-	-	-	(115)
Total Revenue				**-**	**28,205**
Results	**-**	-		-	
Segment Results	**(5,130)**	**(1,326)**	**(847)**	**-**	**(7,303)**
Unallocated expenses net of unallocated revenue	-	-	-	-	(1,020)
Profit before income tax expense				**-**	**(8,323)**
Income tax expense	-	-	-	-	(37)
Total Revenue				**-**	**(8,284)**

NOTE 4: OPERATING SEGMENTS (cont)

(i) Segment performance	Franchising	Company owned stores	Property & Joyce	Other	Total
Assets					
Segment Assets	11,913	12,306	18,969		43,188
Unallocated Assets					251
Total Assets					43,439
Liabilities					
Segment Liabilities	5,520	2,104	514		8,138
Unallocated Liabilities					19,747
Total Assets					27,885

EVENTS SUBSEQUENT TO BALANCE DATE

Since balance date, Joyce Corporation Ltd has accepted an offer for the sale of the Group's property in Brendale near Brisbane for $7.5M. The Agreement is subject to due diligence by the purchaser, with settlement to be prior to 30 September 2010.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

Joyce Corporation Ltd has had its Queensland property for sale and a contract offer has now been received and accepted for $7.5M. There are some conditions precedent to be met for completion of the sale

Other than event disclosed above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of the economic entity in subsequent financial years.

NOTE 6: NON CURRENT ASSETS HELD FOR RESALE

The Queensland property remains classified in the accounts under the heading Non Current Assets Classified as Held for Resale. An offer to purchase the property has been received for $7.5m gross. Selling costs are estimated at $150K. There are some conditions precedent that need to be met by the Company and these are expected to be achieved.

NOTE 7: FINANCIAL LIABILTIES

Joyce Corporation Ltd has a term loan and an overdraft facility with St George Bank approved to after the current financial year and which was renewed in April 2010 Due to losses incurred there is a technical breach of the facility covenants during the reporting period or as of the date of this report. The bank has advised that no action will be taken at this time. New covenants are currently being renegotiated.

NOTE 8: CASH AND CASH EQUIVALENTS

Included within the cash and cash equivalents balance are funds allocated for the specific use of operating the Bedshed Marketing Fund activities on behalf of the Company's franchisees. At 30 June 2010the total of this balance was $2,429,648 (30 June 2009: $2,296,145)

NOTE 9: INVESTMENT PROPERTY

In accordance with the requirements of the accounting standards an independent valuation was undertaken by the Company to determine the fair value of the New South Wales investment property. The Company has revalued the investment property in New South Wales based on the valuation received to $10.85M. Described in Note 10 the Company have entered into an agreement to sell the Queensland property that has been classified as a non current asset available for sale. In accordance with the accounting standard AASB 5 the Company has valued the property at fair value less selling costs to $7.35M.

NOTE 10: CONTINGENT ASSET AND LIABILITY

Environmental Contamination

As part of the ongoing testing of Joyce Corporation Ltd owned sites, it was found that traces of a chemical used in the past by Joyce Foam Products was detected in the groundwater at the Moorebank property in New South Wales. The levels found were not high and to be prudent the Department of Environment and Conversation were notified. Confirmation has been received from the Department of Environment and Protection that no remediation work is required due to the low risk of harm to the environment, however an ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found. The expected cost to monitor the groundwater will be low as bore holes have already been established.

Related Party Guarantees Provided by the Parent Entity

Joyce Corporation Ltd has provided guarantees to third parties in relation to bank guarantees on Bedshed company owned stores. These guarantees will be required while the stores are company operated and total $1.178 million.

Legal Disputes

Bedshed Main Action

The terms of a settlement deed have been agreed and these documents are in the process of execution by all franchisees. The cost of settlement has been fully provided for at 30 June 2010.

Bedshed Mile End

This action was settled prior to 30 June 2010