

12 April 2005

Dear Shareholder

I am writing to update you as to the outcome of the ACCC decision regarding the proposed sale of Joyce Corporation Ltd's foam businesses to Pacific Brands Ltd. The ACCC opposed the merger of the company's two foam businesses with the Pacific Brands businesses on the basis of the merger resulting in too much market power.

This is a regrettable decision for Joyce Corporation, for Australian manufacturing and for the future of the foam industry and its customers in Australia. Both Pacific Brands and Joyce Corporation made detailed submissions to the ACCC in favour of the merger. At the extraordinary general meeting held on Friday 4th February, shareholders voted overwhelmingly in support of the sale to Pacific Brands.

Looking Forward

Based on this decision we must now move forward to ensure that Joyce Corporation Ltd maintains a position of strength in all areas of its businesses. With this in mind the Board is pursuing a number of strategic plans and opportunities that will ensure enhanced shareholder value.

This will include reviewing significant opportunities with the Bedshed Franchising Group in which the company holds a 49% interest.

Results

The results for the six months to December 2005, as previously advised, was a net profit after tax of \$1.212M, compared to the same period last year of \$1.050M or an increase of 15%. Due to the increasing volatility of chemical prices and a mixed level of consumer demand, operating profit for the full year is expected to be at or near last year's profit.

On this occasion, directors have determined that a capital return of 2.5 cents per share is appropriate, to be paid on Monday 23 May 2005. This capital return will not be subject to tax at this point in time. The nature of future payments to shareholders will be part of an ongoing review by directors.

Directors are conscious and appreciative of shareholders continued support of our company, and will keep shareholders informed as opportunities and developments emerge.

Yours sincerely
 Dan Smetana



Chairman

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