APPENDIX 4E
PRELIMINARY FINAL REPORT
JOYCE CORPORATION LTD
FOR THE PERIOD ENDED 30 JUNE 2005

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2004 to 30 June 2005	
Prior Period:	1 July 2003 to 30 June 2004	
2. Results for announcement to the market		
	$A'000	
2.1 Revenues from ordinary activities **	Down 8.0% to	58,826
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up 3.7% to	2,433
2.3 Net profit (loss) for the period attributable to members	Up 3.7% to	2,433
2.4 Dividend distributions	Amount per security	Franked amount per security
Dividend paid on 1 November 2004	2.5 cents	Nil
Capital Return Paid 23rd May 2005	2.5 cents	Nil
PREVIOUS CORRESPONDING PERIOD		
Dividend paid 27th February 2004.	2.5 cents	Nil
2.5 Record date for determining entitlements to the dividend	No Dividend declared at this stage	
2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Significant items included in the Statement of Financial Performance of $832K were one off costs incurred by the Foam business relating to the failed sale of the Foam business to Pacific Brands $263K, restructuring costs $427k and other items totalling $142K. A Tax benefit of $850K relating to losses not previously booked was brought to account as realisation of the asset is likely beyond a reasonable doubt.	
3. Statement of Financial Performance with notes	Refer below	
4. Statement of Financial Position with notes	Refer below	
5. Statement of Cash Flows with notes	Refer below	
6. Details of Dividends or Distributions		
Dividend paid 1 November 2004	2.5 cents per share	Total Paid $517
Capital Return Paid 23rd May 2005	2.5 cents per share	Total Paid $517

7. Details of dividend reinvestment plan	The Company has a dividend reinvestment plan that is currently suspended. The plan provides that shareholders may elect to receive all or a portion of their dividend entitlements in the form of fully paid shares in the Company, issued at a discount (currently 2.5%) to market price and free of brokerage or any other costs	
8. Statement of Retained earnings showing movements	Refer below	
	Current Period	Previous Corresponding Period
9. Net tangible asset backing per ordinary security	83 cents	74 cents
If future income tax benefits related to tax losses were taken to account the net tangible asset backing per share would increase by approximately 4 cents (2004 – 13 cents) this excludes any amounts relating to capital losses carried forward. Valuations of freehold land and buildings took place in June 2004 and based on a sale and leaseback were valued at $17,730,000 or an additional 21 cents per share.		
10. Control Gained or lost over entities during the period		
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	Refer below	
12. Other Significant Information	N/A	
As part of the ongoing testing of Joyce Corporation owned sites it was found that traces of a chemical used by Joyce Foam Products was detected in the groundwater at the Moorebank property. The levels found were not high and to be prudent the Department of Environment and Conservation were notified Confirmation has been received from the Department of Environment and Conservation that no remediation work has to take place due to the low risk of harm to the environment, however an ongoing monitoring program is to be 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		
13. Accounting Standards used by foreign entities	N/A	
14. Commentary on the result		
14.1 Earnings per share	2005 – 11.8 cents	2004 – 11.3 cents
14.2 Distributions to Shareholders		
A dividend of 2.5 cents per share has been proposed and will be payable in November 2005		
A capital return of 5 cents per share will also be issued subject to the completion of the sale of the Foam business to Sheela Foam Private Limited.		
14.3 Significant features of operating performance		
14.4 Segment Results	Refer below	
15. Audit / review of accounts upon which this based		

16. Accounts not yet audited or reviewed	Audit not yet completed
17. Qualifications of audit / Review	No Qualifications

JOYCE CORPORATION LTD 80 009 116 269
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$000	$000	$000	$000
Sales revenue	58,826	63,930	58,826	63,930
Cost of sales	(45,035)	(49,201)	(44,870)	(49,044)
Gross profit	13,791	14,729	13,956	14,886
Other revenues from ordinary activities	20	407	20	410
Distribution expenses	(3,280)	(3,872)	(3,280)	(3,872)
Administration expenses	(3,939)	(3,791)	(3,939)	(3,789)
Borrowing costs expense	(1,029)	(1,100)	(1,028)	(1,100)
Other expenses from ordinary activities	(3,550)	(3,978)	(3,552)	(3,351)
Share of net profits of associates and joint ventures accounted for using the equity method	402	313	-	-
Profit from ordinary activities before significant items and income tax expense	2,415	2,708	2,177	3,184
Significant Items	(832)	(362)	(832)	(362)
Profit from Ordinary activities before income tax expense	1,583	2,346	1,345	2,822
Income tax (expense)/benefit relating to ordinary activities	850	-	850	-
Profit from ordinary activities after related income tax expense	2,433	2,346	2,195	2,822
Profit (loss) from extraordinary item after related income tax expense/(revenue)	-	-	-	-
Net profit	2,433	2,346	2,195	2,822
Net profit attributable to outside equity interests	-	-	-	-
Net profit attributable to members of the parent entity	2,433	2,346	2,195	2,822
Basic earnings per share (cents per share)	11.8	11.3		
Diluted earnings per share (cents per share)	N/A	N/A		

The accompanying notes form part of these financial statements.

JOYCE CORPORATION LTD 80 009 116 269
AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$000	$000	$000	$000
CURRENT ASSETS				
Cash assets	1,306	1,787	1,306	1,787
Receivables	8,094	8,249	7,902	8,249
Inventories	4,895	4,930	4,895	4,930
TOTAL CURRENT ASSETS	14,295	14,966	14,103	14,966
NON-CURRENT ASSETS				
Receivables	-	-	14,173	14,330
Investments accounted for using the equity method	1,535	1,535	-	-
Other financial assets	6	13	1,890	1,895
Property, plant and equipment	20,452	22,275	7,809	9,524
Deferred tax assets	2,317	1,467	2,263	1,413
TOTAL NON-CURRENT ASSETS	24,310	25,290	26,135	27,162
TOTAL ASSETS	38,605	40,256	40,238	42,128
CURRENT LIABILITIES				
Payables	7,725	8,366	7,725	8,366
Interest-bearing liabilities	132	444	132	444
Provisions	1,480	2,455	1,480	2,455
TOTAL CURRENT LIABILITIES	9,337	11,265	9,337	11,265
NON-CURRENT LIABILITIES				
Payables	-	261	-	261
Interest-bearing liabilities	10,942	12,095	10,942	12,095
Provisions	1,057	1,301	1,057	1,301
TOTAL NON-CURRENT LIABILITIES	11,999	13,657	11,999	13,657
TOTAL LIABILITIES	21,336	24,922	21,336	24,922
NET ASSETS	17,269	15,334	18,902	17,206
EQUITY				
Contributed equity	15,538	16,036	15,538	16,036
Reserves	1,309	1,309	1,500	1,500
Retained profits	422	(2,011)	1,864	(330)
TOTAL EQUITY	17,269	15,334	18,902	17,206

The accompanying notes form part of these financial statements.

JOYCE CORPORATION LTD 80 009 116 269
AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$000	$000	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	64,825	71,022	65,098	73,127
Interest received	-	9	-	9
Distributions from unit trust & dividend income	273	303	-	-
Other Income	-	3,276	-	1,056
Payments to suppliers and employees	(61,531)	(70,396)	(61,531)	(70,396)
Borrowing costs	(1,130)	(1,210)	(1,130)	(1,210)
Net cash provided by (used in) operating activities	2,437	3,004	2,437	2,586
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	6	33	6	33
Purchase of property, plant and equipment	(443)	(1,342)	(443)	(924)
Net cash provided by (used in) investing activities	(437)	(1,309)	(437)	(891)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(1,465)	(1,200)	(1,465)	(1,200)
Dividends paid by parent entity	(1,016)	(508)	(1,016)	(508)
Net cash provided by (used in) financing activities	(2,481)	(1,708)	(2,481)	(1,708)
Net increase in cash held	(481)	(13)	(481)	(13)
Cash at 1 July 2004	1,787	1,800	1,787	1,800
Cash at 30 June 2005	1,306	1,787	1,306	1,787

The accompanying notes form part of these financial statements.

Retained Profits

	Economic Entity 2005 $000	2004 $000	Parent Entity 2005 $000	2004 $000
Retained profits at the beginning of the financial year	(2,011)	(3,322)	(330)	(2,117)
Net profit attributable to the members of the parent entity	2,433	2,346	2,195	2,822
Dividends provided for or paid	-	(1,035)	-	(1,035)
Retained profits at the end of the financial year	422	(2,011)	1,865	(330)

PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Particulars in relation to controlled entities -

NAME OF ENTITY	COUNTRY OF INCORPORATION	% OWNED	
		2005 %	**2004** %
Parent Company			
Joyce Corporation Ltd	Australia	-	-
Controlled Entities			
Joyce Rural Pty Ltd	Australia	100	100
Bedding Investments Pty Ltd	Australia	100	100
Joyce Industries Pty Ltd	Australia	100	100
Marfoam Pty Ltd	Australia	100	100
Sierra Bedding Pty Ltd	Australia	100	100
Joyce Indpac Limited	Australia	100	100
Votraint No 611 Pty Ltd	Australia	100	100
Joyce Asia Pte Ltd*	Singapore	100	100

Note 26 Segment Reporting

Primary Reporting - Business Segments

	Foam 2005 $000	Polystyrene Industries 2005 $000	Eliminations 2005 $000	Economic Entity 2005 $000
REVENUE				
External Sales	55,130	3,696	-	58,826
Other segments				-
Total sales revenue	55,130	3,696	-	58,826
Share of net profits of equity accounted associates and joint venture entities				
Total segment revenue	55,130	3,696	-	58,826
Unallocated revenue				
Total Revenue from ordinary activities				58,826
RESULT				
Segment result	954	629	-	1,583
Unallocated expenses net of unallocated revenue				
Profit from ordinary activities before income tax expense				1,583
Income Tax (Expense)/Benefit				850
Profit from ordinary activities after income tax expense				2,433
Extraordinary items after income tax expense				
Net profit				2,433
ASSETS				
Segment assets	37,392	1,213		38,605
Unallocated assets				-
Total assets				38,605
LIABILITIES				
Segment liabilities	20,753	583		21,336

Unallocated liabilities			-
Total liabilities			21,336
OTHER			
Investments accounted for using the equity method	1,535	-	1,535
Depreciation and amortisation of segment assets	2,056	213	2,269

Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004
The economic entity's management, along with its auditors, has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

(i) Research and Development Expenditure

Under AASB 138: Intangible Assets, costs associated with the research phase of the development of an asset must be expensed. This will result in a change in the current accounting policy, which capitalises research costs to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

On transition, the financial effect of this impact is assessed as nil, as no research costs were capitalised at 1 July 2004 or 30 June 2005.

(ii) Impairment of Assets / De-recognition of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be $287,138 (parent: $287,138), being a reduction in property, plant and equipment. The resulting net adjustment to retained earnings at 30 June 2005 is $287,138 (parent: $287,138).

(iii) Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:
— held to maturity, measured at amortised cost;
— held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
— loans and receivables, measured at amortised cost; and
— available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The economic entity's financial assets comprise available for sale financial instruments. Under AASB 139: Financial Instruments: Recognition and Measurement, the measurement of available for sale instruments at fair value differs to current accounting policy which measures non-current investments at cost with an annual review by directors to ensure the carrying amounts are not in excess of the recoverable value of the instrument. The impact of the change is likely to increase the value of non-current other financial assets in relation to available for sale instruments.
AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year, and the first time adoption of this standard will apply from 1 July 2005. The economic entity has decided that it will adopt this election and will not restate comparative information for the 30 June 2005 financial year.

(iv) Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

The most significant impact will be the recognition of a deferred tax liability at 1 July 2004 of approximately $1,309,000 (parent: $1,500,000) in relation to the asset revaluation of Bedshed and $1,309,000 (parent: $1,500,000) at 30 June 2005. This adjustment will have no effect on profit for the year ended 30 June 2005 and in both instances the deferred tax will be offset by unused capital losses that Joyce Corporation Ltd maintain.

On transition to AIFRS the estimated cumulative financial effect of the reliably known differences on the parent and economic entity's reported net profit and equity as at 30 June 2005 is summarised below. As noted above, these amounts represent management's best estimates, and could differ from actuals.

	Economic Entity	Parent Entity
	2005 $000	2005 $000
Reconciliation of Net Profit		
Net profit reported under Australian Accounting Standards	2,433	2,195
Key transitional adjustments:		
— Asset d-recognised under AIFRS	86	86
— Income tax expense — deferred tax movement (vi)		
Total transitional adjustments	86	86
Net profit under AIFRS	2,519	2,281
Reconciliation of Equity		
Total equity reported under Australian Accounting Standards		
Retrospective adjustments to equity at 1 July 2004:	17,269	18,902
— Reversal of amortisation of goodwill (ii)	-	-
— Recognition of defined benefit superannuation plan asset (iv)	-	-
— Recognition of deferred tax on revalued assets (vi)	-	-
	17,269	18,902
Decrease in current year profit resulting from transition to AIFRS	287	287
Recognition of deferred tax on revalued assets (vi)		
Total equity under AIFRS	16,982	18,615

Events Subsequent to Balance Date

The Directors of Joyce Corporation Ltd and Sheela Foam Private Limited announced on 26 August that agreement has been reached for the sale of Joyce Corporation Ltd's polyurethane foam and polystyrene businesses to Sheela Foam Private Limited (or a subsidiary of Sheela Foam Private Limited). The agreement is subject to final due diligence.

The consideration to be paid is $16 million and excludes property and debt.

The sale will result in a gain on net assets of approximately $5 million or 25 cents per share and will bring total net assets to approximately $1.10 per share.

An Extraordinary General Meeting of shareholders is expected to be held in October 2005 to consider the proposed sale.

Sheela Foam Private Limited holds approximately 35% of the Indian flexible polyurethane foam market. Sheela Foam Private Limited's intention is to develop its foam interests in Australasia.

The Directors of Joyce Corporation Ltd stated that the sale is consistent with the previously expressed view that there is a need for more robust business structures in Australia in order to help domestic manufacturers compete on a global basis.

The outcome will see Joyce Corporation Ltd with significant financial wherewithal, some of which will be utilized to aggressively pursue further development of the national beds and bedroom furniture activities of Bedshed Franchising Pty Ltd in which Joyce Corporation Ltd presently holds a 49% interest.

Directors observed that the sale to Sheela Foam Private Limited compared favourably in total value terms to the previous thwarted sale to Pacific Brands Ltd in March 2005, if property values were brought to account.

Directors stated that the value of the company's properties, particularly in NSW, appear to have increased materially in recent times compared with book values.

This view is underpinned by the receipt of offer(s) of approximately $17 million for its Moorebank NSW site on a sale and leaseback basis. This site has an area of approximately 4.2 hectares and a book value of approximately $10 million. Directors have yet to determine their response to the offers but will be influenced by the outcomes of other business investment opportunities currently the subject of review.