

ASX Announcement 1/2/13

## Joyce Corporation investment into KWB Group Pty Ltd.

The company wishes to confirm that the previously announced investment into KWB Group Pty Ltd (the owners of Australia's largest independent specialist Kitchen Retail chain) will progress after the independent Due Diligence has been completed.

Joyce International Pty Ltd a wholly owned subsidiary of Joyce Corporation Limited will hold the secured Convertible Notes in KWB Group. The initial tranche will comprise a payment of \$500,000 with a Convertible Note (NC) coupon rate paid monthly; further tranche payments (which combined with the initial tranche will total \$1.05M in aggregate) will be made pending certain growth and profit KPI's being achieved. The current Directors of KWB will maintain an equity share. They have since confirmed that they have elected to invest additional funds into KWB Group, along with Joyce.

The initial funds in KWB Group will be used as working Capital and additional tranche funds are planned for growth in showroom and location numbers.

Joyce Corporation Ltd owner of the large and successful specialist Bedding Franchise "Bedshed" wishes to leverage on its retail and Franchising expertise to gain additional synergies where possible.

The current KWB Group Directors Mr John Bourke (Managing Director) and the Mr Chris Palin (CFO) will manage the day to day operations with the Joyce Executive Director Mr Anthony Mankarios moving onto the KWB group board effective immediately. Joyce once electing to convert the Convertible Notes into equity (assuming all tranches are paid) will hold between 51%-75.5% depending on to the number of CN's converted.

The KWB Group consists of the Kitchen Connection and Wallspan businesses. These operate 12 retail showrooms in Queensland, Newcastle and SA. With scope to generate further growth into WA, NSW and Victoria assisted by the highly valued Franchise model that Joyce has developed.

Mr Dan Smetana Joyce Corp's Chairman and major shareholder said "the deal is promising and potentially adds value to shareholders over the next few years. Combined with the wherewithal from our Property investment, which we anticipate being realized in the next few years, this would provide additional cash generation opportunities for the group and returns to shareholders within our targeted range."

Anthony Mankarios Executive Director +61(0)438553403 Dan Smetana Chairman +61(0)417842781