

## Appendix 4D

**Korvest Ltd**  
**ABN 20 007 698 106**

### Half-Year Financial Report 31 December 2017

#### Results for announcement to the market:

\$A'000

Revenues	<b>Up</b>	<b>39.0%</b>	to	<b>29,580</b>
Net profit after tax for the period attributable to members	<b>Up</b>	<b>N/A</b>	to	<b>542</b>
<b>Dividends</b>		Amount per security		Franked amount per security
Interim dividend (#)				
- current reporting period		<b>5.0¢</b>		<b>5.0¢</b>
- previous corresponding period		10.0¢		10.0¢
# Interim dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.				
Record date for determining entitlements to the dividend	<b>23 February 2018</b>			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:  <b>Refer Directors' report on pages 2 to 4 of this financial report.</b>				

This financial report is all the half-year information provided to the Australian Stock Exchange under listing rule 4.2A. The report also satisfies the half-year reporting requirements of the Corporations Act 2001.

**This half-year financial report should be read in conjunction with the 2017 annual financial report.**

## Korvest Ltd Directors' Report

The Directors present their report together with the financial report of Korvest Ltd ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2017 and the auditor's review report thereon.

### Directors

The Directors of the Company at any time during or since the end of the half-year are:

**Graeme Ambery Billings** BCom, FCA, MAICD  
Age 61  
Chairman – appointed 18 September 2014  
Independent Non-Executive Director  
Director G.U.D. Holdings Limited  
Director Clover Corporation Limited  
Chairman Azure Healthcare Ltd  
Director Domacom Ltd  
A Director since May 2013

**Gary Nigel Francis** BSc. HON. (Civil), MAICD  
Age 62  
Independent Non-Executive Director  
Chairman of Remuneration Committee  
A Director since February 2014  
Director ZKP Group Ltd  
Director CTL Australia Group Ltd

**Gerard Patrick Hutchinson** MBA, MBL, MSc(IS), BEc, MA (research), FCA, FAICD, FAIM  
Age 49  
Independent Non-Executive Director – appointed 19 November 2014  
Chairman of Audit Committee  
Former Managing Director AusGroup Limited  
A Director since November 2014

**Andrew William Stobart** B. Eng (Hons), Grad Dip Bus Admin, GAICD  
Age 63  
Independent Non-Executive Director – appointed 1 August 2016  
Executive Chairman Nexans Olex Australia & New Zealand

**Steven John William McGregor** BA (Acc), CA, AGIA, ACIS  
Age 46  
Finance Director  
A Director since January 2009  
Company Secretary since April 2008

**Alexander Henrik Wilhelm Kachellek** BSc. CENG, MIET, FAICD  
Age 64  
Former Managing Director  
A Director since June 2007, retired as a Director 29 September 2017

### Result

The profit / (loss) for the half-year attributable to the members of the Company was:

<i>In thousands of AUD</i>	31 Dec 17	31 Dec 16
Profit / (Loss) after income tax expense	542	(1,033)
Net profit / (loss) attributable to members of the Company	542	(1,033)

## Korvest Ltd Directors' Report

### Other Ratios

	31 Dec 17	31 Dec 16
<b>Net tangible asset (NTA) backing</b>		
Net tangible assets per ordinary share	\$2.65	\$2.77
Profit / (Loss) before tax / revenue	2.6%	(6.8)%
Profit / (Loss) after tax / equity interests	1.8%	(3.4)%

### Review of Operations

Revenue from trading operations for the half-year increased by 39% to \$29.6 million. The improved revenue was as a result of more significant activity in both the project market and day-to-day trading.

#### Industrial Products

The EzyStrut business experienced an increase in demand during the period. Supply of product to a NSW infrastructure project accelerated during the period whereas the prior comparative period (PCP) was virtually devoid of major project work. In the day-to-day markets, revenue growth was achieved as a result of increased activity nationally as well as the successful application of a price rise in August 2017. The price rise was in response to the increasing cost of raw materials and energy.

The Power Step and Titan Technologies businesses now operate off a substantially lower cost base than has previously been the case and as a result they were able to trade more profitably during the period than they did in the PCP despite reduced revenue levels.

#### Production

The Galvanising business continued the improvement shown in the second half of FY17 as volumes continued to rise. Due to the increased EzyStrut activity the internal tonnes processed through the galvanising plant were 31% higher than the FY17 2H volumes. External volumes increased modestly during the period however revenue grew disproportionately as a price rise was adopted during the period to pass on the higher cost of zinc, which ended the period 17% higher than it started.

During the recent Christmas shutdown period the galvanising kettle was successfully replaced. This is carried out every 8-10 years.

### Dividends

The Directors announced a fully franked interim dividend of 5.0 cents per share.

The Dividend Reinvestment Plan (DRP) will not operate for the interim dividend. The dividend will be paid on 9 March 2018 and the record date is 23 February 2018.

### Events Subsequent to Reporting Date

Events subsequent to the reporting date are included in Note 14 of the *Condensed Notes to the Interim Financial Report*.

**Korvest Ltd**  
**Directors' Report**

**2018 Guidance**

The expectation is that activity levels for the second half of FY 2018 will remain similar to those of the first half. Day-to-day markets strengthened during the first half and there have been no indicators of any adverse change to this. Supply to the NSW infrastructure project will continue into the second half.

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2017.

**Rounding Off**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Kilburn this 25th day of January 2018.

Signed in accordance with a resolution of the Directors:

A handwritten signature in blue ink, appearing to read 'GA Billings', with a long horizontal line extending to the right.

**GA Billings**  
Chairman



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Korvest Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Scott Fleming'.

Scott Fleming  
*Partner*

Adelaide  
25 January 2018

**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income for**  
**the Half-Year Ended 31 December 2017**

<i>In thousands of AUD</i>	Note	<b>31 Dec 17</b>	<b>31 Dec 16</b>
Revenue	6(a)	29,580	21,285
Other income	6(a)	1	-
Expenses excluding net financing costs	6(b)	(28,823)	(22,775)
<b>Results from operating activities excluding net financing income</b>		<b>758</b>	<b>(1,490)</b>
Financial income		16	33
<b>Net financing income</b>		<b>16</b>	<b>33</b>
<b>Profit / (loss) before income tax expense</b>		<b>774</b>	<b>(1,457)</b>
Income tax (expense) / benefit		(232)	424
<b>Net profit / (loss) for the period</b>		<b>542</b>	<b>(1,033)</b>
<b>Attributable to:</b>			
Members of the Company		542	(1,033)
Profit / (loss) for the period		542	(1,033)
<b>Total comprehensive income for the period</b>		<b>542</b>	<b>(1,033)</b>
Basic earnings per share		4.9¢	(9.4)¢
Diluted earnings per share		4.9¢	(9.4)¢

The Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 16.

**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended**  
**31 December 2017**

<i>In thousands of AUD</i>	Share capital	Equity compens- ation reserve	Asset revaluation reserve	Profits reserve	Retained earnings	Total
Balance at 1 July 2017	14,039	227	3,735	12,743	(1,578)	29,166
Total comprehensive income for the year						
Profit for the period	-	-	-	-	542	542
Total comprehensive income for the year	-	-	-	-	542	542
Transactions with owners of the Company recognised directly in equity						
Performance rights issued under Korvest Performance Rights Plan	-	8	-	-	-	8
Shares issued under the Share Plans net of associated costs	23	-	-	-	-	23
Dividends to members	-	-	-	(333)	-	(333)
Total contributions by and distributions to owners of the Company	23	8	-	(333)	-	(302)
Balance at 31 December 2017	<b>14,062</b>	<b>235</b>	<b>3,735</b>	<b>12,410</b>	<b>(1,036)</b>	<b>29,406</b>
Balance at 1 July 2016	13,798	211	3,585	14,935	-	32,529
Total comprehensive income for the year						
Loss for the period	-	-	-	-	(1,033)	(1,033)
Total comprehensive income for the year	-	-	-	-	(1,033)	(1,033)
Transactions with owners of the Company recognised directly in equity						
Performance rights issued under Korvest Performance Rights Plan	-	8	-	-	-	8
Shares issued under the Share Plans	26	-	-	-	-	26
Dividends to members	-	-	-	(1,094)	-	(1,094)
Total contributions by and distributions to owners of the Company	26	8	-	(1,094)	-	(1,060)
Balance at 31 December 2016	<b>13,824</b>	<b>219</b>	<b>3,585</b>	<b>13,841</b>	<b>(1,033)</b>	<b>30,436</b>

The Interim Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 16.

**Korvest Ltd**
**Interim Condensed Consolidated Statement of Financial Position as at 31 December 2017**

<i>In thousands of AUD</i>	Note	<b>31 Dec 17</b>	<b>30 Jun 17</b>
<b>Current Assets</b>			
Cash and cash equivalents		1,113	1,694
Investments		275	275
Trade and other receivables		11,944	9,498
Inventories		10,136	10,733
Tax receivable		-	107
<b>Total current assets</b>		<b>23,468</b>	<b>22,307</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		13,387	13,725
Intangible assets		4	8
Deferred tax asset		-	82
<b>Total non-current assets</b>		<b>13,391</b>	<b>13,815</b>
<b>Total assets</b>		<b>36,859</b>	<b>36,122</b>
<b>Current Liabilities</b>			
Trade and other payables		4,401	3,950
Employee benefits		2,137	2,216
Provisions		52	38
<b>Total current liabilities</b>		<b>6,590</b>	<b>6,204</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		150	-
Employee benefits		280	319
Provisions		433	433
<b>Total non-current liabilities</b>		<b>863</b>	<b>752</b>
<b>Total liabilities</b>		<b>7,453</b>	<b>6,956</b>
<b>Net assets</b>		<b>29,406</b>	<b>29,166</b>
<b>Equity</b>			
Issued capital	10	14,062	14,039
Retained earnings		(1,036)	(1,578)
Reserves		16,380	16,705
<b>Total equity attributable to equity holders of the parent</b>		<b>29,406</b>	<b>29,166</b>
<b>Total equity</b>		<b>29,406</b>	<b>29,166</b>

The Interim Condensed Consolidated Statement of Financial Position is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 16.



**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Cash Flows for the Half-Year Ended**  
**31 December 2017**

<i>In thousands of AUD</i>	Note	<b>31 Dec 17</b>	<b>31 Dec 16</b>
<b>Cash flows from Operating Activities</b>			
Cash receipts from customers		31,300	23,886
Cash payments paid to suppliers and employees		(31,145)	(24,977)
Interest received		16	33
Income taxes received		107	864
<b>Net cash provided / (used in) by operating activities</b>		<b>278</b>	<b>(194)</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment including assets held for sale		5	4
Acquisition of property, plant and equipment		(530)	(319)
Investments and term deposits		-	(275)
<b>Net cash (used in) investing activities</b>		<b>(525)</b>	<b>(590)</b>
<b>Cash flows from Financing Activities</b>			
Transaction costs related to the issue of share capital		(1)	-
Dividends paid		(333)	(1,096)
<b>Net cash (used in) financing activities</b>		<b>(334)</b>	<b>(1,096)</b>
<b>Net (decrease) in cash held</b>		<b>(581)</b>	<b>(1,880)</b>
<b>Cash at the beginning of the period</b>		<b>1,694</b>	<b>5,088</b>
<b>Cash at the end of the period</b>		<b>1,113</b>	<b>3,208</b>

The Interim Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 16.

## **Korvest Ltd – 31 December 2017 Interim Consolidated Financial Report Condensed Notes to the Interim Consolidated Financial Report**

### **1. Reporting entity**

Korvest Ltd (the Company) is a company domiciled in Australia. The interim condensed consolidated financial statements of the Group as at and for the half year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The annual financial report of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at 580 Prospect Road Kilburn SA 5084 or at [www.korvest.com.au](http://www.korvest.com.au).

### **2. Statement of compliance**

The interim condensed consolidated financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim consolidated financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2017.

This interim financial report was approved by the Board of Directors on 25 January 2018.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **3. Significant accounting policies**

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2017.

### **4. Judgements and Estimates**

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2017.

**Korvest Ltd– 31 December 2017 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**5. Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2017.

	<b>31 Dec 17</b>	<b>31 Dec 16</b>
<b>6. Revenues and Expenses</b>		
<i>In thousands of AUD</i>		
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Sales of goods	29,580	21,285
<b>Other income</b>		
Profit on sale of fixed assets	1	-
<b>(b) Expenses</b>		
Costs of goods and services sold	19,053	14,364
Sales, marketing and warehousing expenses	6,341	5,501
Distribution expenses	2,110	1,681
Administration expenses	1,319	1,154
Loss on sale of fixed assets	-	75
	<b>28,823</b>	<b>22,775</b>
<b>(c) Depreciation</b>		
Depreciation of buildings	21	20
Depreciation of plant and equipment	837	837
Total depreciation of property, plant and equipment	<b>858</b>	<b>857</b>

**Korvest Ltd – 31 December 2017 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**7. Segment disclosures**

The Group has two reportable segments. The business is organised based on products and services. The following summary describes the operations in each of the Group's reportable segments.

- Industrial Products - includes the manufacture of electrical and cable support systems and steel fabrication. It includes the businesses trading under the EzyStrut, Power Step and Titan Technologies names.
- Production – represents the Korvest Galvanising business, which provides hot dip galvanising services.

Both reportable segments consist of the aggregation of a number of operating segments in accordance with AASB 8 *Operating Segments*.

Information regarding the operations of each reportable segment is included below in the manner reported to the chief operating decision maker as defined in AASB 8. Performance is measured based on segment earnings before interest and tax (EBIT). Inter-segment transactions are not recorded as revenue. Instead a cost allocation relating to the transactions is made based on negotiated rates.

**Information about reportable segments**

	Industrial Products		Production		Total	
<i>In thousands of AUD</i>	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
External Revenues	26,884	19,262	2,696	2,023	29,580	21,285
Reportable segment profit before tax	951	(995)	168	(282)	1,119	(1,277)
Reportable segment assets	22,110	20,546	4,260	3,332	26,370	23,878

**Reconciliation of reportable segment profit and assets**

<i>In thousands of AUD</i>	31 Dec 17	31 Dec 16
<b>Profit</b>		
Total profit or (loss) for reportable segments	1,119	(1,277)
Unallocated amounts – other corporate expenses	(345)	(180)
Profit / (loss) before income tax	774	(1,457)
<b>Assets</b>		
Total assets for reportable segments	26,370	23,878
Land and buildings	7,361	7,187
Other unallocated amounts	3,128	5,829
Total assets	36,859	36,894

**Geographical segments**

The Group operates predominantly in Australia.

**Customers**

No single customer represented more than 10% of the Group's total revenues.

**Korvest Ltd – 31 December 2017 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**8. Write-down of obsolete inventory**

During the six months ended 31 December 2017 the Company increased its obsolescence provision against inventory by \$30,000 (31 December 2016: \$125,000).

**9. Property, plant and equipment**

*Acquisitions and disposals*

During the six months ended 31 December 2017, the Company acquired assets with a cost of \$530,000 (six months ended 31 December 2016: \$319,000). No assets were acquired through business combinations. Assets with a net book value of \$4,000 were disposed of during the six months ended 31 December 2017 (six months ended 31 December 2016: \$79,000), resulting in a \$1,000 profit on disposal (six months ended 31 December 2016: \$75,000 profit).

*Capital commitments*

The Group has no capital commitments at 31 December 2017 (31 December 2016: \$nil).

**10. Share Capital**

	31 Dec 17	30 June 17
<i>In thousands of AUD</i>		
<b>Issued and paid-up capital</b>		
11,072,972 (30 June 2017: 10,939,765) ordinary shares fully paid	14,062	14,039

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

**Employee Share Bonus Plan**

The Company made one issue of ordinary shares under the Employee Share Bonus Plan during the period. During the comparative period to 31 December 2016 one issue was made under the Employee Share Bonus Plan. All employees meeting the service criteria were eligible to participate in the issue. The shares are issued at market value for no consideration. Details of the issue are as follows:

Date of issue	Total number of shares issued	Market value of shares issued \$	Shares issued per participating employee	Number of participating executive directors
<b>31 December 2017</b>				
18 September 2017	30,523	65,319	131	-
<b>31 December 2016</b>				
30 September 2016	29,792	75,672	145	-

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued being \$24,000 (2016: \$26,000). The fair value has been measured consistently with the previous annual report and takes into account that the shares issued are unable to be sold by employees for a period of 7 years after issue.

**Korvest Ltd – 31 December 2017 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**10. Share Capital (continued)**

**Share-based payment – Executive Share Plan**

In August 2011 the Company established the Korvest Performance Rights Plan. The Plan is designed to provide long term incentives to eligible senior employees in the Company and entitles them to acquire shares in the Company, subject to the successful achievement of performance hurdles related to earnings per share (EPS).

Under the plan, eligible employees are offered Performance Rights which enables the employee to acquire one fully paid ordinary share in the Company for no monetary consideration once the Performance Rights vest. The conditions attached to the Performance Rights are measured over the three year period commencing at the beginning of the financial year in which the Performance Rights are granted. If the performance conditions at the end of the three year period are met, in whole or in part, all or the relevant percentage of the Performance Rights will vest.

A total of 64,000 Performance Rights were issued in November 2017 (2016: 104,500).

The previous share plan, the Korvest Ltd Executive Share Plan is still operational for employees granted options under that plan. The share option plan entitled selected senior managers to acquire shares in the Company subject to successful achievement of performance targets related to improvements in total shareholder returns.

The shares issued pursuant to these options are financed by an interest free loan from the Company repayable within twenty years from the proceeds of dividends declared by the Company. These loans are of a non-recourse nature. For accounting purposes these 20 year loans are treated as part of the options to purchase shares until the loan is extinguished at which point the shares are recognised.

*Fair value of Performance Rights granted*

For the Performance Rights issued during the period half will be tested against an Earning Per Share (EPS) measure whilst the other half will be tested against a Relative Total Shareholder Return (RTSR) measure.

The fair value at grant date was assessed in accordance with AASB 2 *Share Based Payment*. For the EPS Performance Rights the value was determined using a Black Scholes valuation methodology and the value was \$1.84 per Performance Right. For the RTSR Performance Rights the value was determined using a Monte Carlo simulation and the value was \$1.22 per Performance Right. The inputs to the calculations have been set out below.

- a) Exercise price: \$0.00
- b) Vesting period: 3 years
- c) Grant date (for Accounting Standards): 27 October 2017
- d) Expiry date: 30 June 2020
- e) Share price at grant date: \$2.35
- f) Expected price volatility of the Company's shares: 32%
- g) Expected dividend yield: 5.4%
- h) Risk-free interest rate: 2.0%
- i) Cost of borrowing: 8.49%
- j) Restricted period: 2 years (post vesting)

Total expenses arising from share-based transactions recognised during the period as part of employee benefit expense were as follows:

*In thousands of AUD*

Performance rights issued under Korvest Performance Rights Plan  
Shares issued under Employee Share Bonus Plan

	<b>31 Dec 17</b>	<b>31 Dec 16</b>
	8	8
	24	26
	<u>32</u>	<u>34</u>

**Korvest Ltd – 31 December 2017 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**11. Dividends**

Dividends paid or provided for by the Company in the current period and the previous corresponding period are:

	Cents per share	Total amount \$'000	Franked / unfranked	Date of payment
<b>31 December 2017</b>				
Final – ordinary	3.0	<u>333</u>	Franked	8 September 2017
<b>31 December 2016</b>				
Final – ordinary	10.0	<u>1,094</u>	Franked	9 September 2016
<b>Subsequent events</b>				
Since the end of the half-year, the Directors declared the following dividends:				
Interim – ordinary	5.0	<u>556</u>	Franked	9 March 2018

The financial effect of these dividends has not been brought to account in this financial report. It will be recognised in the next reporting period.

All dividends paid or declared are fully franked at the tax rate of 30%. The Directors expect that dividends will be fully franked for the foreseeable future.

**12. Financial Instruments**

**Carrying amounts versus fair values**

The fair values of all financial assets and liabilities approximate their carrying amounts.

**13. Contingent Liabilities and Contingent Assets**

There have been no material changes in contingent liabilities or contingent assets since 30 June 2017.

**14. Events Subsequent to Reporting Date**

No matter or circumstance has occurred subsequent to 31 December 2017 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

**15. Related Parties**

There have been no material changes to arrangements with related parties since 30 June 2017.

## 16. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early, and continues to assess the impact on the entity.

New or amended standard	Impact on consolidated financial statements
<p data-bbox="277 483 628 517"><i>IFRS 9 Financial Instruments</i></p> <p data-bbox="277 546 727 667">IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	<p data-bbox="753 483 1522 546">The standard is not expected to have a significant impact on the Group's consolidated financial statements.</p>
<p data-bbox="277 730 727 792"><i>IFRS 15 Revenue from Contracts with Customers</i></p> <p data-bbox="277 822 727 943">IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.</p>	<p data-bbox="753 730 1522 822">The Group has reviewed the application of this standard and it is not expected to have a significant impact on the Group's consolidated financial statements.</p>
<p data-bbox="277 1043 472 1077"><i>IFRS 16 Leases</i></p> <p data-bbox="277 1106 727 1198">IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.</p>	<p data-bbox="753 1043 1522 1285">The Group has reviewed the impact of adopting IFRS 16. The Group currently has five property leases and two equipment (forklift) leases where the accounting treatment will change by adopting IFRS 16. Initial assessments indicate that if IFRS 16 was applied in the FY 2018 financial year the impact on the consolidated statement of profit and loss would not be significant. The consolidated statement of financial position is impacted by the introduction of a right of use asset and a lease liability.</p>



**Korvest Ltd**  
**Directors' Declaration**

In the opinion of the Directors of Korvest Ltd ("the Company"):

- 1 the condensed consolidated financial statements and notes set out on pages 6 to 16, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance, for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Kilburn this 25th day of January 2018.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'GA Billings', with a long horizontal line extending to the right.

**GA Billings**  
Chairman



# Independent Auditor's Review Report

To the shareholders of Korvest Ltd

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying Half-year Financial Report of Korvest Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Korvest Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Half-year Financial Report comprises:

- Interim condensed consolidated statement of financial position as at 31 December 2017;
- Interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Korvest Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.



## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Korvest Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Scott Fleming  
Partner

Adelaide

25 January 2018