Appendix 4E

Korvest Ltd
ABN 20 007 698 106

Preliminary Final Report
Financial Year Ended 30 June 2015

Results for announcement to the market: $A'000

Revenues from ordinary activities	**Down**	**14.5%**	to	**63,025**
Profit from ordinary activities after tax attributable to members	**Down**	**74.0%**	to	**1,455**
Net profit for the period attributable to members	**Down**	**74.0%**	to	**1,455**
Earnings per share	**Down**	**78.3%**	to	**13.9¢**

Dividends	Amount per security	Franked amount per security
Final dividend (#)		
- current reporting period	**12.0¢**	**12.0¢**
- previous corresponding period	31.0¢	31.0¢
Interim dividend		
- current reporting period	**17.0¢**	**17.0¢**
- previous corresponding period	26.0¢	26.0¢
Special dividend		
- current reporting period	**-**	**-**
- previous corresponding period	100.0¢	100.0¢

Final dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.

The Dividend Reinvestment Plan is operating for the final dividend.

Record date for determining entitlements to the dividend	**21 August 2015**

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:

Refer attached press release.

This report is based on financial statements that have been audited. The audit report is included in the 30 June 2015 financial report.

This financial report is the preliminary final report provided to the Australian Stock Exchange under listing rule 4.3C.

Korvest Ltd
and controlled entities
ABN 20 007 698 106

Annual Report
30 June 2015

Contents

Korvest Ltd
Directors' report
For the year ended 30 June 2015

The directors present their report together with the consolidated financial statements of the Group comprising of Korvest Ltd ('the Company') and its subsidiaries for the financial year ended 30 June 2015 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience, special responsibilities and other directorships
Graeme Billings BCom FCA MAICD Chairman	59	Appointed Chairman 18 September 2014 A Director since May 2013 Mr Billings retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice Director G.U.D. Holdings Limited Director Clover Corporation Limited
Alexander Kachellek BSc.CEng MIET FAICD Managing Director	62	A Director since June 2007 Mr Kachellek has experience in a number of industries including Data Communications and Automotive, Lean Operations Consultancy and Manufacturing Director Austmine Ltd
Peter Brodribb F.I.E (Aust) Non-Independent Non-Executive Director	70	A Director since 1984 Appointed Non-Executive Director in January 2005 after retiring from the position of Managing Director that he had held since 1984
Gerard Hutchinson MBA, MBL, MSc(IS), BEc, MA (research), FCA, FCAID, FAIM Independent Non-Executive Director	47	Appointed 19 November 2014 Chairman of Audit Committee Managing Director AusGroup Limited
Gary Francis BSc.Hon. (Civil), MAICD Independent Non-Executive Director	60	Appointed 11 February 2014 Chairman of Remuneration Committee
Steven McGregor BA (Acc), CA, AGIA, ACIS Finance Director	43	Company Secretary since April 2008 Appointed as Finance Director 1 January 2009
Former Director Peter Stancliffe BE (Civil) FAICD Independent Non-Executive Director	67	Appointed as a Director and Chairman on 1 January 2009, retired 18 September 2014

COMPANY SECRETARY

Mr Steven J W McGregor CA, AGIA, ACIS, BA(Acc) was appointed to the position of company secretary in April 2008. Mr McGregor previously held the role of chief operating officer and company secretary with an unlisted public company for seven years.

RE-ELECTIONS

In accordance with the Articles of Association, Peter Brodribb and Gerard Hutchinson retire from the Board at the forthcoming Annual General Meeting on 26 October 2015. Both are eligible for re-election at that meeting and offer themselves accordingly.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Mr P Stancliffe	4	4	1	1	1	1
Mr A Kachellek	21	21	-	-	-	-
Mr P Brodribb	21	21	4	4	2	2
Mr S McGregor	21	21	-	-	-	-
Mr G Billings	21	21	4	4	2	2
Mr G Francis	21	21	4	4	2	2
Mr G Hutchinson	14	14	3	3	1	1

A = Number of Board meetings attended
B = Total Number of Board meetings available for attendance

FINANCIAL RESULTS

The revenue from trading activities for the year under review was $63.0m, down 14.5% on the previous year. Profit after tax was $1.5m compared to $5.6m in the previous year. The overall results for the year were impacted by the impairment of $1.7m of goodwill relating to the Power Step and Titan Technologies businesses. These businesses principally service the mining industry and with the significant slow-down in demand in that sector the results of the businesses have been disappointing. As a result of the uncertainty surrounding the timing of future projects and recovery of activity in the mining sector and on the basis of an impairment assessment performed during the first half the Board took the decision to impair the goodwill. The exit of the Indax business was completed during the year with all remaining equipment and inventory sold. The review of operations set out below contains more detailed commentary in relation to business performance during the year.

Korvest Ltd
Directors' report
For the year ended 30 June 2015

In line with the Board's growth strategy, Korvest has been actively engaged in reviewing potential acquisition opportunities during the year. Approximately $0.2m of costs associated with these activities are included in the year's net profit after tax.

DIVIDENDS

The directors announced a fully franked dividend of 12.0 cents per share compared to 31.0 cents per share last year and 17.0 cents at the half year. The Dividend Reinvestment Plan (DRP) will operate for the final dividend with the issue price calculated at a 5% discount to the volume weighted average market price for the period from 19 to 25 August 2015 inclusive. The dividend will be paid on 4 September 2015 with a record date of 21 August 2015.

A summary of dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	*Total amount $'000*	Franked/ unfranked	Date of payment
Declared and paid during the year 2015				
Interim 2015 ordinary	17.0	1,786	Fully franked	13 March 2015
Final 2014 ordinary	31.0	3,246	Fully franked	5 September 2014
Total amount		5,032		

Franked dividends declared and paid during the year were franked at the rate of 30 per cent.

Declared after end of year

After the reporting date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences to the Company.

Final ordinary	12.0	1,264	Fully franked	4 September 2015
Total amount		1,264		

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

	Note	Total amount $'000
Dividends have been dealt with in the financial report as:		
- Dividends	23	5,032
- Dividends – subsequent to 30 June 2015	23	1,264

STRATEGY AND FUTURE PERFORMANCE

Korvest's businesses service a number of major markets including infrastructure, commercial, utilities, mining, food processing, oil & gas, power stations, health and industrial. Korvest continued to supply a small number of large projects during the year. Recent years have been characterised by the lack of medium to large projects and the FY15 year saw no change in this situation. Day-to-day business is yet to show signs of improving on the subdued levels that have been experienced over recent years. Foreshadowing the slowdown in the Australian economy an export strategy was developed and is now being implemented. The target countries are Singapore, Hong Kong, New Zealand and the Philippines. Korvest has yet to benefit from this investment but there has been interest in the target markets.

Korvest's strategy has been to focus on businesses where it holds a strong market position. This strategy resulted in the closure of the Indax business over the past year. The remaining Korvest businesses continue to hold strong market positions and are therefore well equipped to take advantage of opportunities as they arise.

Korvest continues to have a strong balance sheet providing the capacity for further growth by acquisition. Korvest would consider taking on a prudent level of debt to fund suitable acquisitions. In which case, as a guide, Korvest would look to maintain a gearing ratio, measured as net debt/(net debt plus equity), at below 30%.

Korvest has a long history of paying franked dividends. Since July 2012 the Korvest dividend policy has been to distribute 100% of after tax profits which is slightly above the upper end of the target dividend payout ratio range of 65-90% of after tax profits. The final dividend declared remains at the upper end of the target range. The Board has reactivated the Dividend Reinvestment Plan for the final dividend. This has been done to ensure that Korvest continues to distribute its available franking credits to shareholders whilst also preserving cash to the extent of the DRP participation to be utilised in the growth opportunities that Korvest is actively pursuing.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The principal continuing activities of the Group consist of hot dip galvanising, sheet metal fabrication, manufacture of cable and pipe support systems and fittings, design and assembly of access systems for large mobile equipment and sale, repair and rental of high torque tools.

The Group is comprised of the Industrial Products Group which includes the EzyStrut, Power Step and Titan Technologies and the Production Group which includes the Korvest Galvanisers business.

Industrial Products

In the Industrial Products group the EzyStrut cable and pipe support business supplies products to contractors for small industrial developments and also supplies products for major infrastructure developments. EzyStrut performed credibly in a difficult market. The business continued to supply two major oil and gas projects during the year and these underpinned the EzyStrut performance. Outside of the very small number of large projects the remaining market conditions remained difficult and competitive.

In April 2014 Korvest announced the exit of the Indax grating and handrail business previously included in the Industrial Products group. During the 2015 year the focus has been on selling the business assets. This process was completed during the year with all of the inventory being sold and all of the plant and equipment sold or redeployed.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (continued)

Power Step designs and assembles access systems for large mobile equipment. Titan Technologies supplies specialised tools in the form of torque wrenches, hydraulic pumps and related accessories. Both businesses rely principally on the mining industry and as a consequence the performance of both businesses during the year was disappointing. The cost structure of both the Power Step and Titan Technologies businesses were reviewed during the year and a number of savings initiatives were implemented.

Production

In the Production group the Galvanising business experienced substantially reduced demand during the year. This resulted in plant volumes in both the main bath and the spin plant being less than has been experienced in recent years. External plant volumes suffered the larger decline although the internal volumes also fell as the activity in the Industrial Products segment eased.

Risk

The Board and Management periodically review and update risk reviews that identify and assess the risks faced by the business and the controls that are in place to mitigate those risks. General Managers report to the board monthly on any changes to the risk profile of their business unit. There have been few changes to the risk environment faced by Korvest over the past year.

Operational risks relate principally to continuity of supply and continuity of production. To ensure continuity of supply Korvest monitors the performance of key suppliers and establishes more than one supply source for key products. For many bought in finished goods the ability for the product to also be manufactured in-house mitigates the risk.

Korvest had another good year in terms of plant reliability and low down time. The responsibility for this falls to the Korvest in-house engineering and maintenance department. Preventative maintenance programmes are in place for key processes and items of plant and the low plant down time over recent years is an indicator of the success of those programmes.

Financial risks faced by the business are typical of those faced by most businesses and centre around management of working capital. In particular trade receivables and inventory levels are constantly reviewed and performance is monitored with key performance indicators on an ongoing basis.

During the year Korvest went live with a new Enterprise Resource Planning (ERP) system. There was significant management input on the project in the period leading up to implementation and also post implementation to ensure that the risks associated with projects of this type were mitigated.

SIGNIFICANT CHANGES

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

EVENTS SUBSEQUENT TO REPORTING DATE

At the date of this report there is no matter or circumstance that has arisen since 30 June 2015, that has significantly affected, or may significantly affect:

(i) the operations of the Group;
(ii) the results of those operations; or
(iii) the state of affairs of the Group;

in the financial years subsequent to 30 June 2015.

LIKELY DEVELOPMENTS

Korvest continues to look for growth by export and acquisition. The types of businesses that are of interest include those that provide vertical integration with existing Group businesses, those that expand the product or service offering to the Group's existing customer base or those that may be able to benefit from utilising the Group's existing national distribution network. The appointment of a Manager - Acquisitions and Growth in June 2014 has seen an increased focus on this area and a number of acquisition opportunities have been evaluated over the past year.

The broad focus for the existing businesses continues to be on innovation both in relation to new product development and process improvement. With subdued market conditions the focus on customer service remains critical and projects that assist with manufacturing efficiency and improve lead times to improve customer service are a priority. Korvest continues to invest in resources to pursue opportunities in markets in the Asia Pacific region that Korvest has not previously serviced.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

DIRECTORS AND OFFICERS INSURANCE

Since the end of the previous financial year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers of the Company and related entities. The insurance premiums relate to:

a) costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
b) other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of all of the directors and officers of the Company. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

REMUNERATION REPORT - Audited

Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. KMP comprise the directors and senior executives of the Group.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

(a) the capability and experience of the KMP
(b) the KMP's ability to control performance; and
(c) the Group's performance including the Group's earnings.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the remuneration committee.

Non-executive directors receive a fixed fee. The total remuneration for all non-executive directors was last voted upon by shareholders at the AGM held on 25 October 2013 and is not to exceed $450,000.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward KMP for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' cash bonus, while the long-term incentive (LTI) is provided as performance rights under the rules of the Korvest Performance Rights Plan.

Short-term incentive bonus

The key performance indicators (KPIs) for the KMP are set annually. The KPIs include measures relating to financial and operating performance, safety, strategy and risk measures.

The KPIs are chosen to directly align the individual's reward to the KPIs of the Group and to its strategy and performance. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance. The financial objectives relate to earnings before interest and tax (EBIT) for various parts of the business depending on the KMP.

The structure of the STIs was changed in the current year to encompass a wider range of KPIs and with a capped level. Previously STIs were principally based on EBIT and were uncapped.

REMUNERATION REPORT (continued)

The table below summarises the nature and weighting of the KPIs included in the STIs.

Managing Director	Other KMP *
Acquisitions & Growth (35%) Asset Divestment (10%) Financial performance (45%) Safety (10%)	Acquisitions & Growth Asset Divestment Financial performance Safety Process improvement

* Each KMP have different KPIs and weightings. Some individual's STI structure do not include all KPI categories listed.

Long-term incentive bonus

Performance rights are issued under the Korvest Performance Rights Plan to employees (including KMP) as determined by the remuneration committee. Performance rights become vested performance rights if the Group achieves its performance hurdle. If rights become vested performance rights and do not lapse, the holder is able to acquire ordinary shares in the Company for no cash payment.

The performance hurdle relates to growth in basic earnings per share (EPS). EPS performance is measured in total over a three year period. The performance hurdle is tested once at the completion of the three year vesting period. The % growth is based on a base year which is the year prior to the commencement of the vesting period. For the most recent issue of Performance Rights the table below sets out the % of rights that vest depending on the level of EPS growth achieved.

Compound annual EPS growth over 3 yr vesting period	% of rights that vest
Less than 7.5%	Nil
7.5%	33.3%
Between 7.5% - 15%	Pro rata between 33.3% – 100%
15% or greater	100%

The EPS objective was chosen because it is a good indicator of the Group's earnings growth and is aligned to shareholder wealth objectives.

The Company's securities trading policy prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

Service contracts

It is the Group's policy that service contracts for all KMP are unlimited in term but capable of termination by providing 1 to 6 months' notice depending on the KMP, and that the Group retains the right to terminate the contract immediately by making payment in lieu of notice. The Group has entered into a service contract with each executive KMP.

On termination of employment the KMP are also entitled to receive their statutory entitlements and accrued annual leave and long service leave, as well as any entitlement to incentive payments and superannuation benefits.

REMUNERATION REPORT (continued)

Services from remuneration consultants

The remuneration committee engaged the services of AON Hewitt and Lillas Harrison as remuneration consultants to the board to provide benchmarking data for the amount and components of the KMP remuneration. AON Hewitt were engaged to provide benchmarking advice on the executives' remuneration in comparison with organisations of similar size and complexity to Korvest. Lillas Harrison were engaged to specifically provide benchmarking from a South Australian perspective.

AON Hewitt was paid $20,670 for their benchmarking advice.
Lillas Harrison was paid $790 for their benchmarking advice.

AON Hewitt conducted interviews with each of the KMP to understand the roles and responsibilities of each. Lillas Harrison had no contact with any members of the KMP in preparing their report.
Both consultants were engaged by and reported directly to the Chairman of the remuneration committee. With the exception of the interviews conducted by AON Hewitt, there were no other interactions between the consultants and KMP.

The scope of the AON Hewitt engagement was to provide data and market commentary only. No recommendations were made in relation to remuneration of KMP. Similarly, Lillas Harrison was also engaged to provide South Australian market benchmarks and made no recommendations in relation to remuneration of KMP.

The Board was aware of the process undertaken by Aon Hewitt and Lillas Harrison and the interactions with key management personnel and is satisfied that their reports were made free from undue influence by members of the key management personnel.

The remuneration committee consists entirely of non-executive directors and is responsible for setting the remuneration levels for KMP.

The Board is satisfied that the remuneration committee is able to make a decision on remuneration levels without undue influence by the members of the KMP about whom the recommendations may relate.

Non-executive directors

Non-executive directors receive a fixed fee. The total remuneration for all non-executive directors was last voted upon by shareholders at the AGM held on 25 October 2013 and is not to exceed $450,000.
The current base fees became effective on 1 July 2014 and are:

Chairman	$123,600
Director	$61,800

The Chairman of a Board Committee receives a further $10,300 p.a.

Superannuation is added to these fees where appropriate.

Non-executive directors do not receive performance-related compensation.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the indices set out in the 5 Year Summary on page 21.

Korvest Ltd
Directors' report
For the year ended 30 June 2015

REMUNERATION REPORT (continued)

Directors and Executive Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, and other KMP of the Group are:

Name		Short Term		Post employment	Other long term – Long Service leave	Share based payments Shares	Share based payments Options & Rights	Total	S300A (1)(e)(i) Proportion of remuneration performance related %
		Salary & Fees $	Bonus $	Superannuation benefits $	$ *	$	$	$	
Directors									
G Billings	**2015**	**110,725**	-	**10,519**	-	-	-	**121,244**	-
Non-executive (Chairman)	2014	61,825	-	5,719	-	-	-	67,544	-
P Brodribb	**2015**	**61,800**	-	**5,871**	-	-	-	**67,671**	-
Non-executive (Director)	2014	52,100	-	4,819	-	-	-	56,919	-
G Francis (appointed 11 Feb 2014)	**2015**	**77,369**	-	-	-	-	-	**77,369**	-
Non-executive (Director)	2014	25,000	-	-	-	-	-	25,000	-
G Hutchinson (appointed 19 Nov 2014)	**2015**	**48,067**	-	**4,566**	-	-	-	**52,633**	-
Non-executive (Director)	2014	-	-	-	-	-	-	-	-
A Kachellek	**2015**	**309,000**	**15,991**	**36,604**	**9,293**	**-**	**(39,763)**	**331,125**	**(7.2)**
Executive (Managing Director)	2014	300,006	145,862	35,018	14,582	-	43,478	538,946	35.1
S McGregor	**2015**	**272,950**	**10,236**	**26,417**	**7,830**	**-**	**(31,479)**	**285,954**	**(7.4)**
Executive (Finance Director)	2014	265,005	27,011	25,009	21,798	-	34,133	372,956	16.4
Former Director									
P Stancliffe	**2015**	**30,900**	-	**2,936**	-	-	-	**33,836**	-
Non-executive (Director) (retired 18 September 2014)	2014	100,167	-	9,265	-	-	-	109,432	-

* This represents the accounting expense relating to the change in the provision for long service leave. It does not represent cash payments or statutory obligations.

Korvest Ltd
Directors' report
For the year ended 30 June 2015

REMUNERATION REPORT (continued)

Directors and Executive Remuneration (continued)

Name		Short Term Salary & Fees $	Short Term Bonus $	Post employment Superannuation benefits $	Other long term – Long Service leave $ *	Share based payments Shares $	Share based payments Options & Rights $	Total $	S300A (1)(e)(i) Proportion of remuneration performance related %
Executives / other KMP									
C Hartwig	**2015**	**236,900**	**39,800**	**26,230**	**7,201**	**997**	**(21,538)**	**289,590**	**6.3**
Executive General Manager EzyStrut	2014	230,005	160,198	25,000	9,810	997	24,192	450,202	41.0
S Evans	**2015**	**200,850**	**5,523**	**24,330**	**10,182**	**997**	**(14,911)**	**226,971**	**(4.1)**
General Manager Galvanising	2014	195,004	55,256	23,287	4,921	997	15,973	295,438	24.1
P Assaf	**2015**	**216,300**	**4,975**	**20,549**	**12,856**	**997**	**(8,284)**	**247,393**	**(1.3)**
General Manager Power Step & Titan Technologies	2014	209,129	-	24,455	16,948	997	8,284	259,813	3.2

* This represents the accounting expense relating to the change in the provision for long service leave. It does not represent cash payments or statutory obligations.

REMUNERATION REPORT (continued)

Options and rights over equity instruments granted as compensation

Details on performance rights that were granted as compensation to each KMP during the reporting period and details on options that vested during the reporting period are as follows:

	Number of performance rights granted during the year	Grant date	Fair value per option at grant date ($)	Expiry date
Directors				
A Kachellek	24,000	12 Nov 2014	3.76	30 June 2017
S McGregor	19,000	12 Nov 2014	3.76	30 June 2017
Executives				
C Hartwig	14,000	12 Nov 2014	3.76	30 June 2017
S Evans	9,000	12 Nov 2014	3.76	30 June 2017
P Assaf	5,000	12 Nov 2014	3.76	30 June 2017

All performance rights have a nil exercise price.

All performance rights expire on the earlier of their expiry date or termination of the individual's employment. The performance rights are exercisable for one year after the conclusion of the vesting period. In addition to the continuing employment service condition, the ability to exercise performance rights is conditional on the Group achieving performance hurdles. Details of the performance criterion are included in the long-term incentives discussion on page 10.

No equity-settled share-based payment transaction terms (including performance rights granted as compensation to KMP) have been altered or modified by the Group during the reporting period or the prior period.

REMUNERATION REPORT (continued)

Exercise of options granted as compensation

During the reporting period the following shares were issued on the exercise of performance rights previously granted as compensation.

	Number of Shares	Amount paid per share
A Kachellek	13,895	$nil
S McGregor	9,925	$nil
C Hartwig	9,925	$nil
S Evans	3,970	$nil

Analysis of options and rights over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to each director and key executive of the Company are detailed below:

	Options Granted				
	Number	**Date**	**% vested in current year**	**% forfeited or lapsed in current year**	**Year in which grant vests**
Directors					
A Kachellek	25,000	Nov 12	-%	100%	30 Jun-15
	24,000	Nov 13	-%	-%	30 Jun 16
	24,000	Nov 14	-%	-%	30 Jun 17
S McGregor	20,000	Nov 12	-%	100%	30-Jun-15
	19,000	Nov 13	-%	-%	30-Jun 16
	19,000	Nov 14	-%	-%	30 Jun 17
Executives					
C Hartwig	10,000*	Mar 09	-%	-%	30 Jun 11
	15,000	Nov 12	-%	100%	30 Jun-15
	13,000	Nov 13	-%	-%	30 Jun 16
	14,000	Nov 14	-%	-%	30 Jun 17
S Evans	7,500	Nov 12	-%	100%	30 Jun-15
	9,000	Nov 13	-%	-%	30 Jun 16
	9,000	Nov 14	-%	-%	30 Jun 17
P Assaf	5,000	Nov 13	-%	-%	30 Jun 16
	5,000	Nov 14	-%	-%	30 Jun 17

* - These options were issued under the previous Korvest Ltd Executive Share Plan. They vested during the year ended 30 June 2011 and were exercised in January 2011. Restricted ordinary shares were issued at an exercise price of $3.79 per share. Under the terms of the previous Korvest Ltd Executive Share Plan upon exercise of the options the individual must pay the exercise price over a maximum term of 20 years. Dividends, after deduction of an amount intended for the participant's tax, are applied in payment of the exercise price. The arrangement to pay the exercise price over 20 years is interest free and without personal recourse to the participants (recourse is limited to the shares themselves). As a result of these arrangements, under AASBs, the instruments are treated as options until such time as the associated non-recourse loan is fully repaid. The shares remain restricted from transfer until the completion of a 5 year service period from grant date and until such time as the loan is fully paid.

REMUNERATION REPORT (continued)

Analysis of movements in options and rights

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each company director and KMP are detailed below.

	Value of Rights/Options		
	Granted in year $ (A)	**Exercised in year $**	**Lapsed or forfeited in year $ (B)**
Directors			
A Kachellek	90,284	-	118,357
S McGregor	71,475	-	94,685
Executives			
C Hartwig	52,666	-	71,014
S Evans	33,857	-	35,507
P Assaf	18,809	-	-

(A) The value of performance rights granted in the year is the fair value of the options calculated at grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2013 to 1 July 2016).

(B) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved.

Further details regarding options granted to executives under the Executive Share Plan are in Note 21 to the financial statements.

REMUNERATION REPORT (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Korvest Ltd held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2014 IFRS	Granted as compen-sation	Exercised	Other changes *	Held at 30 June 2015 IFRS	Held at 30 June 2015 ASX	Vested during the year	ASX Vested and exercised during the year ended 30 June 2015
Directors								
A Kachellek	62,895	24,000	(13,895)	(25,000)	48,000	48,000	-	13,895
S McGregor	48,925	19,000	(9,925)	(20,000)	38,000	38,000	-	9,925
Executives								
C Hartwig	47,925	14,000	(9,925)	(15,000)	37,000	27,000	-	9,925
S Evans	20,470	9,000	(3,970)	(7,500)	18,000	18,000	-	3,970
P Assaf	5,000	5,000	-	-	10,000	10,000	-	-

* Other changes represent options that expired, were cancelled or were forfeited during the year.

No options held by KMP are vested but not exercisable.

	Held at 1 July 2013 IFRS	Granted as compen-sation	Exercised	Other changes *	Held at 30 June 2014 IFRS	Held at 30 June 2014 ASX	Vested during the year	ASX Vested and exercised during the year ended 30 June 2014
Directors								
A Kachellek	90,000	24,000	(30,000)	(21,105)	62,895	62,895	13,895	-
S McGregor	60,000	19,000	(15,000)	(15,075)	48,925	48,925	9,925	-
Executives								
C Hartwig	50,000	13,000	-	(15,075)	47,925	37,925	9,925	-
S Evans	17,500	9,000	-	(6,030)	20,470	20,470	3,970	-
P Assaf	-	5,000	-	-	5,000	5,000	-	-

* Other changes represent options that expired, were cancelled or were forfeited during the year.

No options held by KMP are vested but not exercisable.

REMUNERATION REPORT (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Korvest Ltd held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Directors	Held at 1 July 2014	Purchases	Allocated under Employee/ Exec share plan	Held at 30 Jun 2015	Shares held subject to non-recourse loans
P Stancliffe *	5,435	-	-	N/A	-
G Billings	590	-	-	590	-
P Brodribb	24,559	-	-	24,559	-
S McGregor	18,318	-	9,925	28,243	-
A Kachellek	38,498	1,015	13,895	53,408	-
G Francis	1,684	3,850	-	5,534	-
G Hutchinson *	N/A	500	-	500	-
Executives					
C Hartwig	1,305	-	10,132	11,437	10,000
S Evans	527	-	4,177	4,704	-
P Assaf	174	-	207	381	-

No shares were granted to KMP during the reporting period as compensation other than those provided under the employee share plan on the same terms and conditions as for all employees.

Directors	Held at 1 July 2013	Purchases	Allocated under Employee/ Exec share plan	Allocated under DRP	Held at 30 June 2014	Shares held subject to non-recourse loans
P Stancliffe	4,600	-	-	835	5,435	-
G Billings	500	-	-	90	590	-
P Brodribb	20,781	-	-	3,778	24,559	-
S McGregor	500	-	15,000	2,818	18,318	-
A Kachellek	2,258	319	30,000	5,921	38,498	-
G Francis *	N/A	1,425	-	259	1,684	-
Executives						
C Hartwig	931	-	174	200	1,305	10,000
S Evans	272	-	174	81	527	-
P Assaf *	-	-	174	-	174	-

No shares were granted to KMP during the reporting period as compensation other than those provided under the employee share plan on the same terms and conditions as for all employees.

* Shareholding has been noted as N/A where the person was not a member of KMP at that date. Purchase and sale transactions have only been recorded where they occurred whilst the person was a member of KMP.

REMUNERATION REPORT (continued)

Analysis of bonuses included in remuneration

Executive bonuses are paid on the achievement of specified performance targets. Those targets vary for each executive and are aligned to each executive's role and responsibilities. The targets relate to financial, operational, strategic and safety measures.

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and to other key management personnel are detailed below.

	Short-term incentive bonus		
KMP	**Included in remuneration $ (A)**	**% vested in year**	**% forfeited in year (B)**
A Kachellek	15,991	12%	88%
S McGregor	10,236	23%	77%
C Hartwig	39,800	40%	60%
S Evans	5,523	11%	89%
P Assaf	4,975	12%	88%

(A) Amounts included in remuneration for the financial year represent the amount related to the financial year based on the achievement of specified performance criteria. The remuneration committee approved these amounts on 30 July 2015.

(B) The amounts forfeited are due to the performance criteria not being met in relation to the current financial year.

DIRECTORS' INTERESTS

The relevant interest of each director over the shares and rights or options over such instruments issued by the Company and other related bodies corporate as notified by the directors to the Australian Securities Exchange in accordance with S250G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Korvest Ltd Ordinary Shares	**Korvest Ltd Performance Rights Unvested**
A Kachellek	51,115	48,000
P Brodribb	18,650	-
G Billings	590	-
S McGregor	28,243	38,000
G Francis	5,534	-
G Hutchinson	500	-

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of these services did not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and rewards.

For details of non-audit services fees charged refer to Note 11 to the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 61 and forms part of the Directors' report for the financial year ended 30 June 2015.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement can be found on the Korvest website at www.korvest.com.au/index.php?PID=110

Signed at Adelaide this Thursday 30th of July 2015 in accordance with a resolution of the directors.

G. A. BILLINGS, Director

A. H. W. KACHELLEK, Director

Korvest Ltd
For the year ended 30 June 2015

5 Year Summary

		2015	2014	2013	2012	2011
Sales Revenue	($'000)	**63,025**	73,756	61,723	72,322	67,384
Profit after tax	($'000)	**1,455**	5,603	3,825	6,201	4,221
Depreciation/Amortisation	($'000)	**1,642**	1,774	1,652	1,542	1,279
Cash flow from operations	($'000)	**5,115**	4,228	7,524	8,681	3,185
Profit from ordinary activities						
- As % of Shareholders' Equity		**4.4%**	15.1%	10.8%	17.1%	12.7%
- As % of Sales Revenue		**2.3%**	7.6%	6.2%	8.6%	6.3%
Dividend						
- Total amount paid	($'000)	**5,032**	12,830	4,863	3,299	2,244
- Per issued share		**48.0c**	146.0c	56.0c	38.0c	26.0c
- Times covered by profit from ordinary activities		**0.3**	0.4	0.8	1.9	1.9
Earnings per share		**13.9c**	64.1c	44.0c	71.6c	48.9c
Number of employees		**225**	242	217	259	242
Shareholders						
- Number at year end		**2,029**	2,034	1,627	1,271	1,247
Net assets per issued ordinary share		**$3.13**	$3.50[1]	$4.01	$4.13	$3.79
Net tangible assets per issued ordinary share		**$3.13**	$3.33[2]	$3.77	$4.13	$3.79
Share price as at 30 June		**$3.55**	$5.60	$5.80	$4.65	$3.57

[1] Net assets per issued ordinary share figure was impacted by the issue of 1,607,000 new shares in June 2014 in relation to the Special dividend and Dividend Reinvestment Plan. Had these not been issued, the figure would have been $4.14.

[2] Net tangible assets per issued ordinary share figure was impacted by the issue of 1,607,000 new shares in June 2014 in relation to Special dividend and Dividend Reinvestment Plan. Had these not been issued, the figure would have been $3.94.

Korvest Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014
Continuing operations			
Revenue	7	63,025	73,756
Expenses, excluding net finance costs	8	(60,305)	(66,101)
Profit before financing costs		2,720	7,655
Finance income	10	41	50
Finance expenses	10	(3)	(1)
Net finance income		38	49
Profit before income tax		2,758	7,704
Income tax expense	12	(1,303)	(2,101)
Profit from continuing operations		1,455	5,603
Profit for the year		1,455	5,603
Other comprehensive income			
Revaluation of property plant and equipment		-	(854)
Related tax		-	256
Total comprehensive income for the period		-	5,005
Attributable to:			
Equity holders of the Company		1,455	5,005
Total comprehensive income for the period		1,455	5,005
Earnings per share attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share from continuing operations	13	13.9	64.1
Diluted earnings per share from continuing operations	13	13.9	63.6

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

Korvest Ltd
Consolidated statement of financial position
As at 30 June 2015

In thousands of AUD	*Note*	2015	2014
Assets			
Cash and cash equivalents	*14A*	-	497
Trade and other receivables	*15*	13,592	17,706
Inventories	*16*	13,611	11,303
Tax receivable		273	-
Assets held for sale	*6*	-	1,452
Total current assets		27,476	30,958
Property, plant and equipment	*17*	15,907	15,912
Deferred tax asset	*12*	-	180
Intangible assets	*18*	25	1,755
Total non-current assets		15,932	17,847
Total assets		43,408	48,805
Liabilities			
Bank overdrafts	*14A*	500	-
Trade and other payables	*19*	6,359	8,184
Employee benefits	*21*	2,743	2,255
Provisions	*22*	42	95
Current tax liabilities		-	699
Total current liabilities		9,644	11,233
Employee benefits	*21*	438	657
Deferred tax liability	*12*	51	-
Provisions	*22*	333	333
Total non-current liabilities		822	990
Total liabilities		10,466	12,223
Net assets		32,942	36,582
Equity			
Issued capital		12,833	12,764
Reserves		20,109	23,818
Retained earnings		-	-
Total equity attributable to equity holders of the Company		32,942	36,582
Total equity		32,942	36,582

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

Korvest Ltd
Consolidated statement of cash flows

For the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014
Cash flows from operating activities			
Cash receipts from customers		73,394	75,806
Cash paid to suppliers and employees		(66,273)	(69,922)
Cash generated from operations		7,121	5,884
Interest received		38	49
Income taxes paid		(2,044)	(1,705)
Net cash from operating activities	*14B*	**5,115**	**4,228**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and assets held for sale		287	23
Acquisition of property, plant and equipment and intangible assets	*17,18*	(1,367)	(1,949)
Net cash from investing activities		**(1,080)**	**(1,926)**
Cash flows from financing activities			
Repayment of borrowings		-	(167)
Proceeds from issue of share capital		-	9,042
Transaction costs related to issue of share capital		-	(288)
Dividends paid	*23*	(5,032)	(12,830)
Net cash from financing activities		**(5,032)**	**(4,243)**
Net decrease in cash and cash equivalents		(997)	(1,941)
Cash and cash equivalents at 1 July		497	2,438
(Bank overdrafts) / cash and cash equivalents at 30 June	*14A*	**(500)**	**497**

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

Korvest Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2015

In thousands of AUD	Share capital	Equity compens-ation reserve	Asset revaluation reserve	Profits reserve	Retained earnings	Total
Balance at 1 July 2014	12,764	343	3,585	19,890	-	36,582
Total comprehensive income for the year						
Profit	-	-	-	-	1,455	1,455
Total comprehensive income for the year	-	-	-	-	1,455	1,455
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners of the Company						
Shares issued under the Share Plans	69	-	-	-	-	69
Dividends to shareholders	-	-	-	(5,032)	-	(5,032)
Share options exercised	-	(132)	-	-	-	(132)
Total contributions by and distributions to owners of the Company	69	(132)	-	(5,032)	-	(5,095)
Transfer to profits reserve	-	-	-	1,455	(1,455)	-
Balance at 30 June 2015	12,833	211	3,585	16,313	-	32,942
Balance at 1 July 2013	3,859	199	4,183	27,120	-	35,361
Total comprehensive income for the year						
Profit	-	-	-	-	5,603	5,603
Other comprehensive income	-	-	(598)	-	-	(598)
Total comprehensive income for the year	-	-	(598)	-	5,603	5,005
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners of the Company						
Shares issued under the Share Plans	64	144	-	-	-	208
Issue of ordinary shares	8,643	-	-	-		8,643
Dividends to shareholders	-	-	-	(12,833)	-	(12,833)
Share options exercised	198	-	-	-	-	198
Total contributions by and distributions to owners of the Company	8,905	144	-	(12,833)	-	(3,784)
Transfer to profits reserve	-	-	-	5,603	(5,603)	-
Balance at 30 June 2014	12,764	343	3,585	19,890	-	36,582

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

Korvest Ltd
Notes to the financial statements

1. Reporting entity

Korvest Ltd (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 580 Prospect Road, Kilburn SA 5084. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a for-profit entity and is primarily involved in manufacturing businesses as detailed in the Segment Reporting (Note 5).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 30th July 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for land and buildings, which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(c) and 15 – Trade and other receivables
- Note 3(g) and 16 – Inventories
- Note 3(j) and 22 – Provisions
- Note 3(q) and 6 – Assets held for sale
- Note 4 – Determination of fair values

3. Significant accounting policies

Except as described below, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages , the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

(c) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or if it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through the profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3 (h)).

Cash and cash equivalents / Bank overdrafts
Cash and cash equivalents and Bank overdrafts comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Group initially recognises financial liabilities initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and other borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management and included as a component of cash and cash equivalents for the statement of cash flows.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Property is measured at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour,
- Any costs directly attributable to bringing the assets to a working condition for their intended use,
- When the Group has an obligation to remove the assets or restore the site, as estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the carrying value of property, plant and equipment less the estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Buildings 40 years
- Plant and equipment 3-12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Leases

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the two following criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of the relative fair values. If the Group concludes for a finance lease that it is impractical to separate the payments reliably, then an asset and liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(f) Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are required by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average cost and includes expenditure incurred in acquiring the inventories, production and conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(h) Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor or indications that a debtor will enter administration. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Any impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amounts does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Employee Share Bonus Plan

The Employee Share Bonus Plan allows Group employees to acquire shares of the Company. Shares are allotted to employees who have served a qualifying period. Up to $1,000 per year in shares is allotted to each qualifying employee. The fair value of shares issued is recognised as an employee expense with a corresponding increase in equity. The fair value of the shares granted is measured using a present value method.

Executive Share Plan

The Executive Share Plan and the Performance Rights Plan allow Group employees to acquire shares of the Company. The fair value of options or rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options/right. The valuation method takes into account the exercise price of the option/right, the life of the option/right, the current price of the underlying shares, the expected volatility of the share price, the dividends expected of the shares and the risk-free interest rate for the life of the option/right.

Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds at the reporting date which have maturity dates approximating to the terms of the Company's obligations.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting risk adjusted future expected cash flows at a pre-tax discount rate that reflects the time value of money. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(k) Revenue

Sale of goods

Revenue from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of the revenue can be measured reliably. Transfer of risks and rewards vary according to the terms of individual sale contracts. Transfer usually occurs when the product is received by the customer or upon completion when the customer requests delayed delivery.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company and the wholly owned Australian subsidiaries set out in Note 27 are part of a tax-consolidated group with Korvest Ltd as the head entity. The implementation date of the tax consolidation system for the tax-consolidated group was 1 March 2013.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are allocated to the Company and recognised using a ‘group allocation’ approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company’s balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of a member of the tax consolidation group are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the member of the tax consolidated group as an equity contribution from or distribution to the head entity.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(p) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

(q) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial asset and deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(r) 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 July 2015, 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	Summary of requirements	Possible impact on consolidated financial statements
IFRS 9 Financial instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing potential impact on its consolidated financial statements resulting from application of IFRS 9. The effect is not expected to be significant.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group adopted IFRS 13 Fair Value Measurement, with date of initial application of 1 July 2013. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs. As a result, the Group has applied additional disclosures in this regard (see Notes 6 and 17).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for the new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Finance Director has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The Finance Director regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Finance Director assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASB, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- *Level 3:* inputs for asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in relevant notes.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. Land and buildings are valued by an independent valuer every three years. In the intervening years between independent valuations the directors make an assessment of the value of the land and buildings having regard for the most recent independent valuation.

(b) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(c) Trade and other receivables

The fair values of trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(d) Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). Since the contingent consideration is long-term in nature, it is discounted to present value.

(e) Share-based payment transactions

The fair value of the performance rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of the Company's share prices, adjusted for changes expected due to publicly available information), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(f) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Segment Reporting

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 Company's reportable segments.

Industrial Products - includes the manufacture of electrical and cable support systems, steel fabrication and access systems. It also includes the sale, hire and repair of high torque tools. It includes the businesses trading under the EzyStrut, Power Step and Titan Technologies names and formerly the Indax name.
Production – represents the Korvest Galvanising business, which provides hot dip galvanising services. The reportable segment also includes light to medium fabrication of components and machine guarding.

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.

	Industrial Products		**Production**		**Total**	
In thousands of AUD	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
External revenue	58,338	67,199	4,687	6,557	63,025	73,756
Depreciation and amortisation	1,157	1,218	291	363	1,448	1,581
Reportable segment profit before tax	5,155	6,609	697	2,085	5,852	8,694
Reportable segment assets	29,561	33,023	3,896	3,842	33,457	36,865
Capital expenditure	692	1,010	209	57	901	1,067

In thousands of AUD	**2015**	**2014**
Reconciliation of reportable segment profit, assets and other material items		
Profit		
Total profit for reportable segments	5,852	8,694
Impairment of goodwill	(1,721)	-
Unallocated amounts – other corporate expenses (net of corporate income)	(1,373)	(990)
Profit before income tax	2,758	7,704
Assets		
Total assets for reportable segments	33,457	36,865
Land and buildings	7,246	7,080
Goodwill	-	1,721
Other unallocated amounts	2,705	3,139
Total assets	43,408	48,805
Capital Expenditure		
Capital expenditure – reportable segments	901	1,067
Other unallocated amounts	466	881
Total	1,367	1,948
Other material items		
Depreciation and amortisation – reportable segments	1,448	1,581
Unallocated amounts – other corporate depreciation	194	193
Total	1,642	1,774

5. Segment Reporting (continued)

Geographical segments

The Group operates predominately in Australia.

Customers

Revenue from one customer of the Group's Industrial Products segment represented $13,029,000 (2014: $8,154,000) of the Group's total revenues.

6. Disposal group held for sale

In April 2014 Korvest advised that the Indax business would be exited and accordingly the assets associated with that business were presented as a disposal group held for sale.

During 2015 all inventory has been sold and all plant and equipment has been either sold or redeployed within the remaining Korvest business.

(a) Impairment loss relating to the disposal group

As at 30 June 2014 impairment losses of $678,000 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell were included in administration expenses. In current year the impairment losses were applied to the carrying amount of the property, plant and equipment ($263,000) and inventory ($415,000) within the disposal group. The impairment losses were reversed to offset cost of property, plant and equipment and inventory sold and shown as a reduction in administrative expenses (see note 8).

(b) Assets and liabilities of disposal group held for sale

At 30 June 2014, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

In thousands of AUD	***Note***	**2015**	**2014**
Plant and equipment	*17*	-	582
Inventories		-	870
Assets held for sale		-	1,452
Payables		-	-
Liabilities held for sale		-	-

(c) Cumulative income or expense included in other comprehensive income

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

(d) Measurement of fair values

(i) Fair value hierarchy

The non-recurring fair value measurement for the disposal group of $1,452,000 was categorised as Level 3 fair value based on the inputs used the valuation technique used (see Note 4).

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the disposal group, as well as significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Fair value property plant and equipment was based on indicative offers from prospective buyers received by the Group. The fair value of inventory reflects recoverable amount determined with reference to market price and considering net realisable value.	Indicative offers from prospective buyers

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7. Revenue and other income

In thousands of AUD	2015	2014
Revenue		
Sales of goods	63,025	73,756
	63,025	73,756

8. Expenses

In thousands of AUD	*Note*	2015	2014
Cost of goods sold		36,515	41,293
Sales, marketing and warehousing expenses		14,769	16,590
Administration expenses		2,876	2,971
Distribution expenses		4,253	5,177
Goodwill impairment		1,721	-
Other expenses		171	70
		60,305	66,101
Profit before income tax has been arrived at after charging / (crediting) the following items			
Depreciation of buildings		36	79
Depreciation of plant and equipment		1,582	1,695
	17	1,618	1,774
Decrease in provisions	*22*	(53)	(74)
Executive share plan expense	*21*	(132)	156
Employee share bonus plan expense	*21*	69	64
Impairment loss on trade receivables		65	37
Impairment loss on disposal group held for sale	*6*	-	678
Loss on disposal of property, plant and equipment		34	71
Research and development expense		64	128

9. Employee benefit expenses

In thousands of AUD			
Wages and salaries		19,227	18,879
Other associated personnel expenses		2,161	2,319
Contributions to defined contribution superannuation funds	*21*	1,493	1,521
Termination benefits		140	34
Increase in liability for annual leave	*21*	41	145
Increase in liability for long service leave	*21*	228	331
Equity-settled share-based payments	*21*	(63)	220
		23,227	23,449

10. Finance income and finance costs

Recognised in profit or loss

In thousands of AUD		
Interest income on bank deposits held	41	50
Interest expense from bank overdrafts	(3)	(1)
Net financing income recognised in profit or loss	38	49

11. Auditor's remuneration

In AUD	2015	2014
Audit services		
Auditors of the Group		
KPMG Australia:		
Audit and review of financial statements	93,300	82,800
	93,300	82,800
Other services		
Auditors of the Group		
KPMG Australia		
Other taxation, consulting and due diligence services	9,900	26,933
	9,900	26,933

12. Taxes

In thousands of AUD

Tax recognised in profit or loss

	2015	2014
Current tax expense		
Current year	1,381	2,815
	1,381	2,815
Deferred tax expense		
Origination and reversal of temporary differences	(78)	(714)
Total income tax expense in Statement of profit and loss and comprehensive income	1,303	2,101

Numerical reconciliation between tax expense and pre-tax net profit

Profit before tax	2,758	7,704
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	827	2,311
Non-deductible expenses – impairment of goodwill	516	-
Non-deductible expenses	(40)	40
Recognition of tax effect of previously unrecognised tax losses	-	(250)
Income tax expense on pre-tax net profit	1,303	2,101

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of AUD	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	1,552	1,488	1,552	1,488
Inventories	(269)	(482)	453	372	184	(110)
Provisions / accruals	(1,119)	(1,053)	-	-	(1,119)	(1,053)
Other items	(319)	(255)	3	-	(316)	(255)
Tax loss carried forward	(250)	(250)	-	-	(250)	(250)
Tax (assets) / liabilities	(1,957)	(2,040)	2,008	1,860	51	(180)
Set off of tax	1,957	1,860	(1,957)	(1,860)	-	-
Net tax (assets) / liabilities	-	(180)	51	-	51	(180)

Movement in deferred tax balances during the year

In thousands of AUD	Balance 30 June 14	Recognised in profit	Balance 30 June 15
Property, plant and equipment	(1,488)	(64)	(1,552)
Inventories	110	(294)	(184)
Provisions / accruals	1,053	66	1,119
Other items	255	61	316
Tax loss carried forward	250	-	250
	180	(231)	(51)

In thousands of AUD	Balance 30 June 13	Recognised in profit	Recognised in OCI	Recognised directly in equity	Balance 30 June 14
Property, plant and equipment	(1,825)	81	256	-	(1,488)
Inventories	217	(107)	-	-	110
Provisions / accruals	917	136	-	-	1,053
Other items	158	11	-	86	255
Tax loss carried forward	78	172	-	-	250
	(455)	293	256	86	180

13. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on the net profit attributable to ordinary shareholders of $1,454,245 (2014: $5,602,803) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2015 of 10,484,041 (2014: 8,774,067). The calculation of diluted earnings per share at 30 June 2015 was based on the profit attributable to ordinary shareholders of $1,454,245 (2014: $5,602,803) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2015 of 10,484,416 (2014: 8,816,524).

Weighted average number of ordinary shares

In thousands of shares

	2015	2014
Issued ordinary shares at 1 July	10,427	8,710
Effect of shares issued during year	57	64
Weighted average number of ordinary shares at 30 June	10,484	8,774

Weighted average number of ordinary shares (diluted)

In thousands of shares

	2015	2014
Weighted average number of ordinary shares (basic)	10,484	8,774
Effect of Executive Share Plan	-	43
Weighted average number of ordinary shares at 30 June	10,484	8,817

Earnings per share

Basic and diluted earnings per share

In AUD cents		
Basic earnings per share from continuing operations	13.9	64.1
Diluted earnings per share from continuing operations	13.9	63.6

14A. (Bank overdraft) / cash and cash equivalents

In thousands of AUD	***Note***	**2015**	**2014**
Cash in hand		1	2
Bank balances		(640)	(1,531)
Call deposits		139	2,026
(Bank overdraft) / cash and cash equivalents in the statement of cash flows		(500)	497

The Group had an overdraft facility of $0.75m as at 30 June 2015.

14B. Reconciliation of cash flows from operating activities

In thousands of AUD			
Cash flows from operating activities			
Profit for the period		1,455	5,603
Adjustments for:			
Depreciation and amortisation	*17,18*	1,642	1,774
Impairment of property, plant and equipment	*17*	-	263
Impairment of trade receivables	*8*	62	214
Impairment of inventories classified as held for sale	*8*	-	415
Impairment of goodwill	*8*	1,721	
Loss on sale of property, plant and equipment	*8*	34	47
Equity-settled share-based payment (reversal) / expenses	*21*	(63)	208
		4,851	8,524
Decrease / (Increase) in trade and other receivables		4,052	(5,376)
Increase in inventories *		(1,438)	(3,082)
(Decrease)/increase in trade and other payables		(1,825)	3,304
Increase / (Decrease) in deferred tax liabilities		231	(292)
(Decrease)/increase in income taxes payable		(972)	748
Increase in provisions and employee benefits		216	402
Net cash from operating activities		5,115	4,228

* Movement includes disposals of assets classified as held for sale as at 30 June 2014

15. Trade and other receivables

In thousands of AUD			
Current			
Trade receivables		13,343	17,471
Other receivables and prepayments		249	235
	24	13,592	17,706

Trade receivables are shown net of provided impairment losses amounting to $627,000 (2014: $562,000).

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16. Inventories

In thousands of AUD	2015	2014
Raw materials and consumables	2,623	832
Work in progress	506	105
Finished goods	10,482	10,366
	13,611	11,303

Finished goods are shown net of impairment losses amounting to $891,000 (2014: $891,000) arising from the likely inability to sell a product range at or equal to the cost of inventory.

17. Property, plant and equipment

In thousands of AUD	Land and buildings (fair value)	Plant and equipment (cost)	Total
Cost			
Balance at 1 July 2013	8,169	18,128	26,297
Revaluation	(1,089)	-	(1,089)
Acquisitions	-	1,948	1,948
Disposals	-	(244)	(244)
Reclassification to assets held for sale	-	(1,424)	(1,424)
Balance at 30 June 2014	7,080	18,408	25,488
Balance at 1 July 2014	7,080	18,408	25,488
Acquisitions	202	1,150	1,352
Disposals	-	(131)	(131)
Transfer from assets held for sale	-	581	581
Transfer of hire equipment to inventory	-	(44)	(44)
Balance at 30 June 2015	7,282	19,964	27,246
Depreciation and impairment losses			
Balance at 1 July 2013	155	8,633	8,788
Depreciation charge for the year	79	1,695	1,774
Revaluation	(234)	-	(234)
Impairment	-	263	263
Disposals	-	(173)	(173)
Reclassification to assets held for sale	-	(842)	(842)
Balance at 30 June 2014	-	9,576	9,576
Balance at 1 July 2014	-	9,576	9,576
Depreciation charge for the year	36	1,582	1,618
Disposals	-	(77)	(77)
Transfer from assets held for sale	-	225	225
Transfer of hire equipment to inventory	-	(3)	(3)
Balance at 30 June 2015	36	11,303	11,339
Carrying amounts			
At 1 July 2013	8,014	9,495	17,509
At 30 June 2014	7,080	8,832	15,912
At 30 June 2015	7,246	8,661	15,907

Fair value hierarchy

At least every three years the directors obtain an independent valuation to support the fair value of Land and Buildings. This valuation is used by the directors as a guide in determining the directors' valuation for the Land and Buildings. An independent valuation of Land and Buildings was carried out in March 2014 by Mr Mark Klenke, AAPI MRICS FFIN of AON Valuation Services on the basis of the open market value of the properties concerned in their highest and best use and was used as a reference for director's valuation as at 30 June 2015.

The carrying amount of the Land and Buildings at cost at 30 June 2015 if not revalued would be $1,217,209.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Land and Buildings being based on Level 3 fair values:

In thousands of AUD	
Opening balance at 1 July 2013	8,014
Depreciation for the year	(80)
Change in fair value recognised in Asset Revaluation Reserve	(598)
Tax effect of revaluation	(256)
Closing balance at 30 June 2014	7,080
Opening balance at 1 July 2014	7,080
Additions	202
Depreciation for the year	(36)
Closing balance at 30 June 2015	7,246

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of Land and Buildings, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalised income approach: the valuation model applies a yield to the property's value to assess its value less any required capital expenditure. The yield applied to the potential rental return from the property is based on recent sales and has been calculated by dividing the estimated rental return from comparable sales to derive a fair market sales price. Capitalised value has been increased by value of a vacant land as the property has below average site coverage indicating further capacity for development.	Market yield - 9.5% Potential rental rate - $56/m^2 Land value for vacant land - $150/m^2	The estimated market value would increase if: • Market yields were higher • Potential rental return was higher • Land value was higher

18. Intangible assets

In thousands of AUD	Goodwill	Patents & Trademarks	Total
Cost			
Balance at 1 July 2013	2,071	44	2,115
Impact of post-acquisition reassessment	(350)	-	(350)
Balance at 30 June 2014	1,721	44	1,765
Balance at 1 July 2014	1,721	44	1,765
Impairment	(1,721)	-	(1,721)
Acquisitions	-	15	15
Balance at 30 June 2015	-	59	59
Accumulated amortisation and impairment losses			
Balance at 1 July 2013	-	1	1
Amortisation for the year	-	9	9
Balance at 30 June 2014	-	10	10
Balance at 1 July 2014	-	10	10
Amortisation for the year	-	24	24
Balance at 30 June 2015	-	34	34
Carrying amounts			
At 1 July 2013	2,071	43	2,114
At 30 June 2014	1,721	34	1,755
At 30 June 2015	-	25	25

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows.

In thousands of AUD	*Note*	2015	2014
Power Step and Titan Technologies		-	1,721

During the year ended 30 June 2015 the Group recognised an impairment of goodwill in relation to the Power Step and Titan Technologies businesses. The carrying amount of the cash generating unit (CGU) was determined to be higher than its recoverable amount and an impairment loss of $1,721,000 (30 June 2014: $nil) was recognised. The impairment loss was allocated fully to goodwill and reduced the goodwill to $nil. The amount has been separately disclosed in Note 8.

The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Value in use as at 30 June 2015 was determined similarly to the 30 June 2014 goodwill impairment test and was based on the following key assumptions:

Discount rate	14.6%
Terminal growth rate	3.0%
Sales growth rate (average of next five years)	7.2%

The values assigned to the key assumptions represent Management's assessment of future trends in the industry and are based on historical data from both internal and external sources.

Following the impairment loss relating to the Power Step and Titan Technologies businesses the recoverable amount is equal to the carrying amount.

Other CGU's were not tested for impairment as there were no impairment indicators at 30 June 2015.

19. Trade and other payables

In thousands of AUD	*Note*	2015	2014
Other trade payables and accrued expenses		3,139	4,338
Non-trade payables and accrued expenses		3,220	3,846
	24	6,359	8,184

20. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24.

In thousands of AUD	2015	2014
Non-current liabilities		
Unsecured government loan at nominal value	40	40
Fair value adjustment	(40)	(40)
Unsecured government loan at fair value	-	-

21. Employee benefits

Current

In thousands of AUD	2015	2014
Liability for annual leave	1,271	1,230
Liability for long service leave	1,472	1,025
	2,743	2,255

Non-current

Liability for long-service leave	438	657
Total employee benefits	3,181	2,912

(a) Defined contribution superannuation funds

The Group makes contributions to defined contribution superannuation funds. The amount recognised as an expense was $1,492,663 for the financial year ended 30 June 2015 (2014: $1,520,782).

(b) Share based payments (equity-settled)

Executive Share Plan (ESP) - discontinued

In March 2005, the Group established a share option plan that entitled selected senior executives to acquire shares in the entity subject to the successful achievement of performance targets related to improvements in total shareholder returns over a two-year option period. The plan was discontinued in 2010 with no new issues made under the plan since that time. The plan remains in operation for those employees granted options under that plan prior to 2010.

The options were exercisable if the total shareholder return (measured as share price growth plus dividends paid) over a two-year period from the grant date exceeded ten per cent plus CPI per annum. Once exercised the shares are forfeited if the holder ceases to be an employee of the Group within a further three-year period. 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.

The options were offered only to selected senior executives. Details of the options are below:

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Korvest Performance Rights Plan (KPRP)

In August 2011 the Company established a performance rights plan to replace the ESP. In November 2011 the first performance rights were granted under the plan and further issues have been granted annually since. The plan is designed to provide long term incentives to eligible senior employees of the Group 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.

Grant date	**Plan**	**Number of options / rights initially granted**	**Number outstanding at balance date AASBs**	**Number outstanding at balance date ASX**
March 2005	ESP	60,000	15,000	-
March 2009	ESP	85,000	10,000	-
November 2013	KPRP	79,500	79,500	79,500
November 2014	KPRP	99,000	99,000	99,000
Total share options / performance rights		323,500	203,500	178,500

Options subject to a non-recourse loan for the purchase of shares are not recognised as exercised by International Financial Reporting Standards, until the loan is extinguished at which point the shares are recognised.

Measurement of fair values

The fair value of the rights granted through the KPRP was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic share price volatility over the twelve months prior to grant date.

The inputs used in the measurement of the fair value at grant date of the KPRP were as follows.

	2015	**2014**
Fair value at grant date	$3.76	$4.97
Share price at grant date	$5.22	$6.44
Exercise price	-	-
Share price volatility	32.0%	32.7%
Dividend yield	10.92%	7.14%
Risk free interest rate (based on government bonds)	3.34%	4.17%
Life of options	3 yrs	3 yrs
Advised Restriction period (after vesting)	2 yrs	2 yrs

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Reconciliation of outstanding share options/rights

Grant date	Exercise date	Expiry date	Exercise price	Number of options /rights at beginning of year	Rights granted	Lapsed	Forfeited	Exercised	Number of options at end of year on issue	Exerc-isable at 30 June
2015										
Previous Plan										
Mar 05	Jan 07	Jan 2027	$4.36	15,000	-	-	-	-	15,000	
Mar 09	Jan 11	Jan 2031	$3.79	10,000	-	-	-	-	10,000	
				25,000	-	-	-	-	25,000	
Weighted average exercise price				$4.13					$4.13	
Current Plan										
Nov 12	Jul 15	Jun 2015	-	73,000	-	(73,000)	-	-	-	
Nov 13	Jul 16	Jun 2016	-	79,500	-	-	-	-	79,500	
Nov 14	Jul 17	Jun 2017	-	-	99,000	-	-	-	99,000	
				152,500	99,000	(73,000)	-	-	178,500	
Weighted average exercise price				$Nil	$Nil	$Nil			$Nil	$Nil
2014										
Previous Plan										
Mar 05	Jan 07	Jan 2027	$4.36	45,000	-	-	-	(30,000)	15,000	-
Mar 09	Jan 11	Jan 2031	$3.79	45,000	-	-	-	(35,000)	10,000	-
Apr 10	Jan 11	Jan 2031	$3.79	15,000	-	-	-	(15,000)	-	-
				105,000	-	-	-	(80,000)	25,000	-
Weighted average exercise price				$4.03				$4.00	$4.13	
Current Plan										
Nov 11	Jul 14	Jun 2014	-	110,000	-	(66,330)	-	-	-	43,670
Nov 12	Jul 15	Jun 2015	-	73,000	-	-	-	-	73,000	-
Nov 13	Jul 16	Jun 2016	-	-	79,500	-	-	-	79,500	-
				183,000	79,500	(66,330)	-	-	152,500	43,670
Weighted average exercise price				$Nil	$Nil	$Nil			$Nil	$Nil

Expense recognised in profit or loss

Equity-settled share-based payment transactions

In thousands of AUD	2015	2014
Share options granted in 2008	-	11
Share options granted in 2009	-	1
Performance rights granted in FY 2012	-	12
Performance rights granted in FY 2013	-	-
Performance rights granted in FY 2014	(132)	132
Performance rights granted in FY 2015	-	-
Expense arising from employee share scheme	69	64
Total expense recognised for equity-settled share-based payment	(63)	220

22. Provisions

In thousands of AUD	Site restoration	Warranties
Balance at 1 July 2014	333	95
Provisions made during the year	-	27
Provisions reduced during the year	-	(79)
Provisions used during the year	-	(1)
Balance at 30 June 2015	333	42
Current	-	42
Non-current	333	-
	333	42

Site restoration and safety

A provision of $360,000 was initially made during the financial year ended 30 June 2003 in respect of the Company's obligation to rectify potential environmental damage at the main site premises in Kilburn. The provision is reassessed annually and is now based on an estimate of the current day cost to rectify the site. It has been assumed that the rectification would occur in 10 years. Provisions are determined by discounting risk adjusted future expected cash flows at a pre-tax discount rate that reflects the time value of money. A discount rate of 6.5% and an inflation rate of 3.0% have been used for the calculation.

Warranties

Power Step assemblies are sold with a warranty period of 12 months from installation date or 18 months from invoice date, whichever occurs first. The provision is based on estimates made from historical warranty data associated with similar products. The entire warranty provision has been treated as current.

23. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2015**	**2014**
On issue at 1 July	10,427	8,710
Issued under the Employee Share Bonus Plan	43	30
Issued under the Executive Share Plan	37	80
Issued under Dividend Reinvestment Plan	-	692
Issued for cash	-	915
On issue at 30 June – fully paid	10,507	10,427

In the previous year the Company issued new shares under the Dividend Reinvestment Plan applying to the Special Dividend. Eligible shareholders (those with registered address in Australia or New Zealand) had an opportunity to reinvest all or part of their Special Dividend entitlement in the Company's shares instead of receiving cash. The new shares were issued at a 5% discount with a cap price of $5.50 per share.

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Asset revaluation reserve

The revaluation reserve relates to land and buildings measured at fair value in accordance with Australian Accounting Standards.

Profits reserve

The profits reserve represents current year and accumulated profits transferred to a reserve to preserve the characteristic as a profit and not appropriate against prior year accumulated losses. Such profits are available to enable payment of franked dividends in the future.

Equity compensation reserve

The Equity compensation reserve represents the accumulated expense recognised for share-based payments granted by the Company to date. This reserve will be reversed against share capital or retained earnings when the underlying shares vest in the employee. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Dividends

Dividends recognised in the current year by the Company are:

In thousands of AUD	Cents per share	Total amount	Franked / unfranked	Date of payment
2015				
Interim 2015 ordinary	17.0	1,786	Fully franked	13 March 2015
Final 2014 ordinary	31.0	3,246	Fully franked	5 September 2014
Total amount		5,032		
2014				
Special 2014	100.0	8,822	Fully franked	27 June 2014
Interim 2014 ordinary	26.0	2,269	Fully franked	12 March 2014
Final 2013 ordinary	20.0	1,739	Fully franked	6 September 2013
Total amount		4,863		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.
After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

In thousands of AUD	Cents per share	Total amount	Franked / unfranked	Date of payment
Final ordinary	12.0	1,264	Fully franked	4 September 2015
Total amount		1,264		

The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2015 and will be recognised in subsequent financial reports.

Dividend franking account

In thousands of AUD	**2015**	2014
30% franking credits available to shareholders of Korvest Ltd for subsequent financial years	9,939	10,975

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon being able to declare dividends. The impact on the dividend franking account of dividends proposed after the reporting date but not recognised as a liability is to reduce it by $541,662 (2014: reduce by $1,388,685).

24. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is summarised below:

In thousands of AUD	*Note*	2015	2014
Cash and cash equivalents	*14A*	-	497
Trade and other receivables	*15*	13,592	17,706

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

There is an established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings and in some trade references when applicable and available. Purchase limits are established for each customer, which represent the maximum open amount without requiring further approval. These limits are subject to on-going review. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by geographic region was as follows.

	Carrying Value	
In thousands of AUD	2015	2014
Australia	12,657	16,844
South East Asia	807	778
Other	128	84
	13,592	17,706

At 30 June 2015, the Group's most significant customer, located in Australia, accounted for $2,683,600 of the trade and other receivables carrying amount (2014: $4,981,412).

Impairment losses

The ageing of the trade and other receivables at the reporting date that were not impaired was as follows:

In thousands of AUD	Gross 2015	Gross 2014
Not past due nor impaired	7,902	11,387
Past due 0-30 days	3,125	5,612
Past due 31-90 days	2,354	707
More than 91 days	211	-
	13,592	17,706

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of AUD	2015	2014
Balance at 1 July	(562)	(525)
Amounts written off against allowance	25	148
Impairment loss recognised	(90)	(185)
Balance at 30 June	(627)	(562)

The impairment loss at 30 June 2015 relates to a number of customers where an assessment has been made that the amounts are likely to be uncollectable.

The Group sells to a variety of customers including wholesalers and end users and does not have a concentration of credit risk in any one sector.

Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

(Bank overdraft) / cash and cash equivalents

The Group had a bank overdraft of $500,000 (2014: cash and cash equivalents of $497,000) at 30 June 2015, which represents its maximum credit exposure on these assets. The bank overdraft / cash and cash equivalents is held with major Australian banks.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Group maintains the following lines of credit:

- $0.75m overdraft facility that is unsecured.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments. The amounts disclosed are the contractual undiscounted cash flows (inflows shown as positive, outflows as negative).

	2015				2014			
In thousands of AUD	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mnths	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mnths
Non-derivative financial liabilities								
Bank overdraft	500	(500)	(500)	-	-	-	-	-
Trade and other payables	6,359	(6,359)	(6,359)	-	8,184	(8,184)	(8,184)	-
	6,859	(6,859)	(6,859)	-	8,184	(8,184)	(8,184)	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Australian dollar (AUD). The currency in which these transactions primarily are denominated is US dollars (USD).

Exposure to currency risk

The Group did not have any material exposure to foreign currency risk and as a result movements in the Australian dollar against other currencies will not have a material impact on the Group's profit or equity.

Interest rate risk

The Group is not currently exposed in any material way to interest rate risk. The risk is limited to the re-pricing of short term deposits utilised for surplus funds. Such deposits generally re-price approximately every 30 days.

Exposure to interest rate risk

Movements in interest rates will not have a material impact on the Group's profit or equity.

Other market price risk

The Group has no material financial instrument exposure to other market price risk as it is not exposed to either commodity price risk or equity securities price risk. The Group does not enter into commodity contracts other than to meet the Group's expected usage requirements.

Capital management

The Group's objectives when managing capital (net debt and equity) are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During the year the Group was not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

Accounting classifications and fair values

Fair values vs carrying values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
In thousands of AUD	***Note***	**2015**	**2015**	**2014**	**2014**
Trade and other receivables	*15*	13,592	13,592	17,706	17,706
Cash and cash equivalents	*14A*	-	-	497	497
Bank overdraft	*14A*	(500)	(500)		
Trade and other payables	*19*	(6,359)	(6,359)	(8,184)	(8,184)
		6,733	6,733	10,019	10,019

The carrying amounts of the above financial assets and liabilities are considered to be a reasonable approximation of their fair values.

25. Operating leases

Leases as lessee
At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

In thousands of AUD	2015	2014
Less than one year	838	778
Between one and five years	1,580	1,043
More than five years	-	-
	2,418	1,821

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of five years, with an option to renew the lease after that date. Lease payments are increased periodically to reflect market rentals. None of the leases includes contingent rentals. Rentals are increased by CPI or similar each year.

During the financial year ended 30 June 2015, $929,913 was recognised as an expense in the Statement of profit and loss and comprehensive income in respect of operating leases (2014: $897,585).

26. Capital and other commitments

In thousands of AUD	2015	2014
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for and payable:		
Within one year	-	133
	-	133

27. Group entities

	Country of Incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Power Step (Australia) Pty Ltd	Australia	100	100
Power Step (Chile) SpA	Chile	100	100
Titan Technologies (SE Asia) Pty Ltd	Australia	100	100

28. Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive Directors
Graeme Billings (Chairman)
Peter Brodribb
Peter Stancliffe (Retired 18 September 2014)
Gary Francis (Appointed 11 February 2014)
Gerard Hutchinson (appointed 19 November 2014)

Executives
Chris Hartwig (General Manager, EzyStrut)
Steven Evans (General Manager Galvanising)
Paul Assaf (General Manager Power Step & Titan Technologies)

Executive Directors
Alexander Kachellek (Managing Director)
Steven McGregor (Finance Director and Company Secretary)

Key management personnel compensation
The key management personnel compensation comprised:

In AUD	2015	2014
Short-term employee benefits	1,641,386	1,826,568
Post employment benefits	158,022	152,572
Long term benefits	47,362	68,059
Equity compensation benefits	(112,984)	129,051
	1,733,786	2,176,250

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosure as permitted by Corporations Regulations 2M.3 is provided in the Remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other key management personnel transactions with the Group

From time to time, key management personnel of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

29. Related party disclosures

Identity of related parties

The Company has a related party with its key management personnel (see Note 28). Hills Limited was considered a related party until 18 September 2014 by virtue of Peter Stancliffe being a director of both companies. Hills Limited ceased to be a related party on 18 September 2014 when Peter Stancliffe retired as a Korvest Director. Transactions between the Company and Hills Limited were carried out under normal commercial terms and conditions.

30. Subsequent events

There has not arisen between the end of the year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group in subsequent financial periods.

31. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2015 the parent entity of the Group was Korvest Ltd.

In thousands of AUD	***Note***	**2015**	**2014**
Result of parent entity			
Profit for the period		2,027	5,995
Other comprehensive income		-	(598)
Total comprehensive income for the period		2,027	5,397
Financial position of parent entity at year end			
Current Assets		25,055	29,017
Total Assets		45,015	49,112
Current Liabilities		8,783	11,008
Total Liabilities		11,201	12,230
Total equity of the parent entity comprising of:			
Share capital		12,833	12,764
Reserves		20,981	24,118
Retained earnings		-	-
Total Equity		33,814	36,882

Guarantees entered into by the Company
Bank guarantees given by the Company in favour of customers amounted to $124,899 (2014: $456,953). The Group's bankers have provided an overdraft facility that is interchangeable between the Australian Group entities. The Company has guaranteed the subsidiaries' debt under this facility.

Contingent liabilities of the Company
The Company does not have any contingent liabilities other than the guarantees disclosed above.

Parent entity capital commitments for acquisition of property, plant and equipment
At 30 June 2015, the Company had contractual commitments for the acquisition of property, plant and equipment totalling $nil (2014: $133,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

Directors' declaration

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

(a) the consolidated financial statements and notes that are set out on pages 22 to 57 and the Remuneration report in the Directors' report, set out on pages 9 to 19, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

3 The Directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Adelaide this 30th day of July 2015.

Signed in accordance with a resolution of directors:

Graeme Billings
Director

KPMG

Independent auditor's report to the members of Korvest Ltd

Report on the financial report

We have audited the accompanying financial report of Korvest Ltd (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a) the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Korvest Ltd for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

30 July 2015

KPMG

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

To: the directors of Korvest Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

30 July 2015

ASX Additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 28 July 2015)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder		Number
Perpetual Limited	**10.1%**	**1,063,197**
Colonial First State Asset Management (Australia) Limited	**9.2%**	**972,869**
Donald Cant Pty Ltd	**6.2%**	**650,724**

Voting rights

Ordinary shares

Refer to note 23 in the financial statements

Options

Refer to note 21 in the financial statements

Distribution of equity security holders

	NUMBER OF EQUITY SECURITY HOLDERS		
Category	**Total Holders**	**Units**	**% Issued Capital**
1 - 1,000	934	370,738	3.52
1,001 - 5,000	759	1,896,903	18.01
5,001 - 10,000	195	1,448,663	13.75
10,001 - 100,000	131	2,938,250	27.90
100,001 and over	10	3,877,766	36.82
	2,029	10,532,320	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 252.

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Adelaide.

Other information

Korvest Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

On Market Buy Back

There is no current on-market buy back.

ASX Additional information (continued)

Twenty largest shareholders

Name	*Number of ordinary Shares held*	*Percentage of capital held*
Citicorp Nominees Pty Limited	1,068,075	10.14
RBC Investor Services Australia Nominees Pty Limited <Pi Pooled A/C>	800,715	7.60
Donald Cant Pty Ltd	650,724	6.18
De Bruin Securities Pty Ltd	320,000	3.04
Brazil Farming Pty Ltd	319,094	3.03
J P Morgan Nominees Australia Limited	294,337	2.79
Angueline Capital Pty Limited	168,122	1.60
BNP Paribas Noms Pty Ltd <Drp>	165,359	1.57
National Nominees Limited	100,276	0.95
Keiser Investments Pty Ltd <Gann Family Retirement A/C>	87,919	0.83
Gotterdamerung Pty Limited <Gotterdamerung Family A/C>	84,327	0.80
Bourgeoisie Calypso Pty Ltd <Col Clints Super Ben A/C>	65,000	0.62
Allegro Two Super Fund Pty Ltd <Allegro Super Fund No 2 A/C>	64,546	0.61
Mr William Francis Cannon	61,481	0.58
Mr John Frederick Bligh	60,720	0.58
Mr Geoffrey Neil Huddleston + Mrs Raelene Jane Huddleston	54,644	0.52
Manovert Pty Ltd <Rollinson Super Fund A/C>	51,440	0.49
Fosterton Holdings Pty Limited <Fosterton A/C>	50,000	0.47
Mr Francis Stephen Rudolph Sullivan	50,000	0.47
R & GK Holdings Pty Limited	49,859	0.47
	4,566,638	43.34

Offices and officers

Company Secretary

Steven John William McGregor BA(Acc), CA, AGIA, ACIS

Principal Registered Office

Korvest Ltd
580 Prospect Road
Kilburn, South Australia, 5084
Ph: (08) 8360 4500
Fax: (08) 8360 4599

Locations of Share Registry

Adelaide

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
Adelaide, South Australia, 5000
Ph: (08) 8236 2300
Fax: (08) 8236 2305