

**Company announcements platform
Australian Securities Exchange**

**Korvest Ltd Annual Result
Year ended 30 June 2015**

REVIEW AND RESULTS OF OPERATIONS

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 \$1.7 million 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.

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.

The Group is comprised of the Industrial Products Group which includes the EzyStrut, Power Step and Titan Technologies businesses 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.

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.

DIVIDEND

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 will be paid on 4 September 2015 with a record date of 21 August 2015. 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.

OUTLOOK

Market conditions remain difficult in the Australian markets serviced by Korvest's businesses. Korvest continues to explore opportunities in export markets. The large oil and gas project that has been serviced over the past year is expected to continue throughout the first half of FY2016. As a result of market conditions margins continue to be under pressure and accordingly Korvest continues to critically examine internal cost structures in response to this. General uncertainty about the activity levels across many industries in the Australian market make it difficult to provide specific guidance.

An update on trading conditions will be provided at the Company's Annual General Meeting.



**G BILLINGS
CHAIRMAN**

30 July 2015

For further information contact:

ALEXANDER KACHELLEK (Managing Director)

Mobile 0423 847 627