



KORVEST LTD

ABN 20 007 698 106

PRESS RELEASE

Korvest announces record half-year earnings and special dividend

The Chairman, Mr Peter Stancliffe, today announced the following operating results for the 6 months ended 31st December 2011 for Korvest Ltd.

	6 MONTHS TO 31/12/11 \$'000	6 MONTHS TO 31/12/10 \$'000	% CHANGE
Revenues	38,494	31,121	+ 23.7%
Operating Profit After Tax	3,718	1,872	+98.7%
Earnings per share (cents)	43.0	21.7	98.2%
Dividends per share (cents)	18.0	11.0	+63.6%
Special Dividend (cents)	5.0	-	

Mr Stancliffe said that revenue from trading operations for the half-year increased by 23.7% to \$38.494m whilst profit after tax for the period increased by 98.6% to \$3.718m, a company record. As foreshadowed in earlier guidance the first half result was substantially improved on the prior year due to the impact of a number of projects.

Within the Industrial Products segment, the EzyStrut business achieved improved revenue resulting in a higher EBIT. Significant projects in the Eastern States and Western Australia contributed to the much improved result. In almost all markets in which EzyStrut operates it achieved improved results compared to the same period last year. EzyStrut's success can be attributed to its position as national market leader in the cable support market. The ability to utilise Korvest's in-house engineering resources to support customers on large projects along with being first to market with specialised products were factors that influenced the first half success with project work. Whilst the first half result benefited significantly from these projects most of them are now largely completed and will contribute little to the second half results. The pipeline of known projects is not currently as significant as it was six months ago, however, EzyStrut's supply chain, national distribution network and Australian manufacturing facility ensures that it is well placed to secure projects as they become available.

Included in the Industrial Products segment is the Indax handrail and walkway system business. Indax's performance improved when compared to recent

reporting periods however further improvements are still to be made. Operational changes were made to the Kilburn facility over the Christmas period and these are expected to result in improved efficiency and output from this site in the second half. Pricing has remained competitive during the first half although there are now signs that the surplus capacity within the market is diminishing and pricing may respond accordingly. The work generated by Indax in the Western Australian market increased during the first half.

Within the Production segment the Galvanising business experienced improved trading conditions during the first half. This reverses the trend of recent reporting periods. During the first half, overall plant volumes were up when compared to the same period last year and strong project driven trading conditions in the Industrial Products segment meant that internal volumes provided to the Galvanising business were significantly increased. Volumes through the spin plant were substantially improved on recent years and this contributed positively to an overall improved result for the business. There are a number of projects that are expected to flow through during the second half and accordingly the improved performance for the Galvanising business is likely to continue into the second half.

DIVIDEND

The Directors announced a fully franked interim dividend of 18.0 cents per share.

In addition the Directors announced a special dividend of 5.0 cents per share. This reflects the impact of significant projects referred to earlier that were completed in the first half.

The dividends will be paid on 9th March 2012. The record date is 24th February 2012.

OUTLOOK

As a result of the completion of the major projects that contributed to the excellent first half result it is expected that the second half will return to levels more consistent with prior reporting periods. In particular the second half result is expected to be in line with that achieved for the second half of FY 2011.

P W STANCLIFFE CHAIRMAN

25 January 2012

For further information contact:

ALEXANDER KACHELLEK (Managing Director)

Mobile 0423 847 627