

## Appendix 4D

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

### Half-Year Financial Report 31 December 2012

#### Results for announcement to the market:

\$A'000

Revenues	<b>Down 15.1%</b>	to	<b>32,685</b>
Net profit after tax for the period attributable to members	<b>Down 39.3%</b>	to	<b>2,258</b>
<b>Dividends</b>	Amount per security	Franked amount per security	
Special dividend (#)			
- current reporting period	-		-
- previous corresponding period	5.0¢		5.0¢
Interim dividend (##)			
- current reporting period	<b>26.0¢</b>		<b>26.0¢</b>
- previous corresponding period	18.0¢		18.0¢
<p># The financial effect of this dividend will be recognised in the next reporting period. ## Interim dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.</p>			
Record date for determining entitlements to the dividend	<b>27 February 2013</b>		
<p>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:</p> <p style="text-align: center;"><b>Refer Directors' report on pages 2 to 4 of this financial report.</b></p>			

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

**This half-year financial report should be read in conjunction with the 2012 annual financial report.**

## Korvest Ltd Directors' Report

The Directors present their report together with the financial report of Korvest Ltd ("the Company") for the half-year ended 31 December 2012 and the auditor's review report thereon.

### Directors

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

**Peter William Stancliffe** BE(Civil), FAICD

Age 64

Chairman appointed 1 January 2009

Non-Executive Director

Appointed Director in January 2009

Director Hills Holdings Limited

Director Automotive Holdings Group Limited

**Edward Noel Pretty** BA, LLB (Hons)

Age 54

A Director since September 2012

Chairman of Audit Committee

Managing Director, Hills Holdings Limited

Non-Executive Director, NextDC Limited

**Graham Lloyd Twartz** B.A. (Adel), Dip Acc (Flinders)

Age 55

A Director since November 1999. Resigned 2 September 2012.

Former Managing Director, Hills Holdings Limited

**Peter Brodribb** F.I.E (Aust)

Age 68

Non-Executive Director

A Director since 1984

Appointed Non-Executive Director in January 2005

**Alexander Henrik Wilhelm Kachellek** C.Eng, Bsc. MIET, FAICD

Age 59

Managing Director

A Director since June 2007

Director Austmine Ltd.

Director Galvanising Association of Australia

**Steven John William McGregor** BA (Acc), CA, ACSA, ACIS

Age 41

Finance Director

Appointed 1 January 2009

Company Secretary since April 2008

### Result

The profit for the half-year attributable to the members of the Company was:

	31 Dec 12	31 Dec 11
<i>In thousands of AUD</i>		
Profit after income tax expense	2,258	3,718
Net profit attributable to members of the Company	2,258	3,718

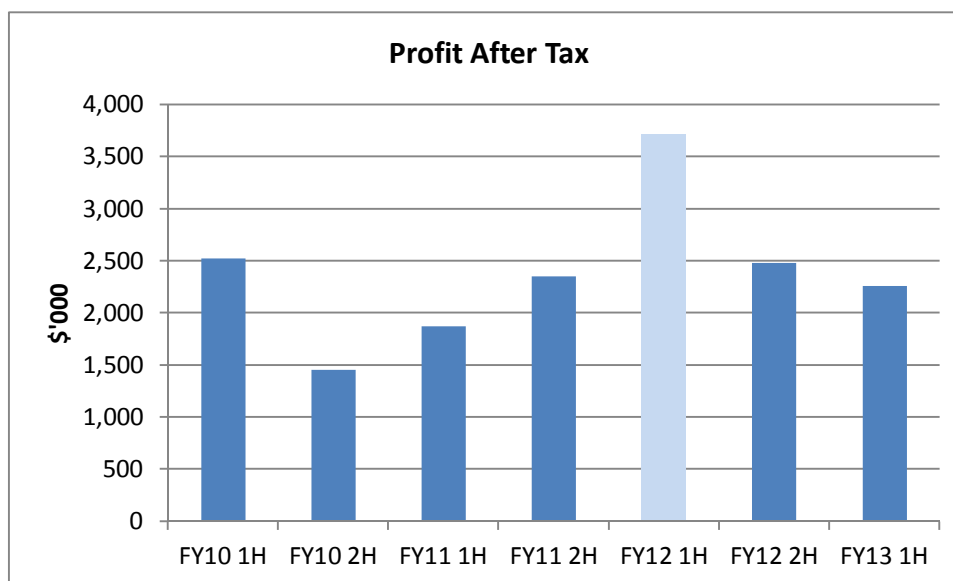
**Other Ratios**

	31 Dec 12	31 Dec 11
<b>Net tangible asset (NTA) backing</b>		
Net tangible assets per ordinary share	\$4.21	\$4.07
Profit before tax / revenue	9.9%	13.5%
Profit after tax / equity interests	6.3%	10.4%

**Review of Operations**

Revenue from trading operations for the half-year decreased by 15.1% to \$32.685m whilst profit after tax for the period decreased by 39.3% to \$2.258m. As foreshadowed in earlier guidance, the first half result is more in line with the second half result from FY12 which did not contain the significant benefits of a number of large projects that were completed during the first half of FY12. The following table and graph shows the comparison:

\$'000	FY13 1H	FY12 2H	
Revenue	32,685	33,828	Down 3.4%
Profit After Tax	2,258	2,482	Down 9.0%



Within the Industrial Products segment, the EzyStrut business was the main beneficiary of the large projects in FY12 1H. There were no extraordinary major projects undertaken during this reporting period. The results were therefore underpinned by smaller projects and day-to-day business and in these segments of the market EzyStrut performed well. Despite the overall reduced level of activity this year, the results from the Western Australian and New South Wales markets exceeded those of the prior year. The overall performance of the EzyStrut business in the current reporting period was approximately 5% down on the FY12 2H result and reflects the level of activity in the general market along with the reduced availability of larger projects.

Sales of the EzyStrut Pipe Support product range increased this reporting period to show the benefit of an investment in this area through improved sales representation, equipment to respond better to customer demands and improved inventory quality.

EzyStrut continues to utilise the expertise of the Korvest in-house engineering staff to engage with customers to maximise the opportunities from projects. The pipeline of known projects is largely as it was six months ago. EzyStrut's supply chain, national distribution network and Australian manufacturing facility ensure 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 during the reporting period remained similar to the second half of FY12. The half year started strongly however demand weakened noticeably in the pre-Christmas period. During the reporting period the fabrication capacity at the Kilburn site was expanded and this has allowed all fabrication to be consolidated into this facility in January 2013. The Korvest group will benefit from the increased volumes through the Kilburn galvanising facility and customer lead times should improve by bringing this part of the supply chain in-house. Indax successfully built its presence in the WA market during the half and strong growth from this region was recorded.

Within the Production segment the Galvanising business experienced a continuation of the solid trading conditions experienced over the previous two half years. During the first half, overall plant volumes were up when compared to the same period last year albeit that the volumes through the spin plant were reduced. Reduced activity in the Industrial Products businesses resulted in lower internal tonnes during the reporting period. There are a number of projects that are expected to flow through during the second half and accordingly the performance for the Galvanising business is expected to continue into the second half.

### **Dividends**

The Directors announced a fully franked interim dividend of 26.0 cents per share.

The dividend can be taken as cash only as the Dividend Investment and Share Investment Plans have been suspended. The dividends will be paid on 13 March 2013 and the record date is 27 February 2013.

### **Events Subsequent to Reporting Date**

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

### **2013 Guidance**

As a result of stable day-to-day trading, the second half performance is expected to be an improvement on the first half albeit broadly consistent with the last two half years. Whilst the national outlook for construction remains subdued compared to recent years, there are still some sizable projects being undertaken around Australia requiring Korvest products and accordingly this provides some potential in the event that Korvest secures contracts from these projects. The Board has targeted management with seeking new growth opportunities including by way of acquisition.

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2012.

### **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.

Dated at Kilburn this 24<sup>th</sup> day of January 2013.

Signed in accordance with a resolution of the Directors:



**PW Stancliffe**  
Director



**AHW Kachellek**  
Director

## Lead Auditor's Independence Declaration



### *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 review for the half-year ended 31 December 2012 there have been:

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

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

KPMG

A handwritten signature in blue ink that reads 'N/T Faulkner'.

N/T Faulkner  
Partner

Adelaide

24 January 2013

**Korvest Ltd**  
**Interim Statement of Comprehensive Income for the Half-Year Ended 31 December 2012**

*In thousands of AUD*

	Note	31 Dec 12	31 Dec 11
Revenue	6(a)	32,685	38,494
Expenses excluding net financing costs	6(b)	(29,522)	(33,366)
<b>Results from operating activities excluding net financing costs</b>		<b>3,163</b>	<b>5,128</b>
Financial income		83	52
Financial expenses		-	-
<b>Net financing costs</b>		<b>83</b>	<b>52</b>
<b>Profit before income tax expense</b>		<b>3,246</b>	<b>5,180</b>
Income tax expense		(988)	(1,462)
<b>Net profit for the period</b>		<b>2,258</b>	<b>3,718</b>
<b>Attributable to:</b>			
Members of the Company		2,258	3,718
Profit for the period		2,258	3,718
<b>Total comprehensive income for the period</b>		<b>2,258</b>	<b>3,718</b>
Basic earnings per share		25.9¢	43.0¢
Diluted earnings per share		25.1¢	42.3¢

The Interim Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 15.

**Korvest Ltd**
**Interim Statement of Changes in Equity for the Half-Year Ended 31 December 2012**

*In thousands of AUD*

	Share capital	Equity compensation reserve	Asset revaluation reserve	Retained earnings	Total
Balance at 1 July 2012	3,783	204	4,183	28,157	36,327
<b>Total comprehensive income for the year</b>					
Profit	-	-	-	2,258	2,258
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,258	2,258
<b>Transactions with owners of the Company recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Shares issued under the Share Plans	27	65	-	-	92
Dividends to members	-	-	-	(2,604)	(2,604)
Total contributions by and distributions to owners of the Company	27	65	-	(2,604)	(2,512)
Balance at 31 December 2012	3,810	269	4,183	27,811	36,073
Balance at 1 July 2011	3,713	67	4,183	25,255	33,218
<b>Total comprehensive income for the year</b>					
Profit	-	-	-	3,718	3,718
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,718	3,718
<b>Transactions with owners of the Company recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Shares issued under the Share Plans	26	69	-	-	95
Issue of shares	18	-	-	-	18
Dividends to members	-	-	-	(1,300)	(1,300)
Total contributions by and distributions to owners of the Company	44	69	-	(1,300)	(1,187)
Balance at 31 December 2011	3,757	136	4,183	27,673	35,749

The Interim Statement of Changes in Equity is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 15.

**Korvest Ltd**  
**Interim Statement of Financial Position as at 31 December 2012**

<i>In thousands of AUD</i>	Note	<b>31 Dec 12</b>	<b>30 June 12</b>
<b>Current Assets</b>			
Cash and cash equivalents	12	6,275	5,170
Trade and other receivables		12,521	14,779
Inventories		8,656	8,683
<b>Total current assets</b>		<b>27,452</b>	<b>28,632</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		17,207	17,381
<b>Total non-current assets</b>		<b>17,207</b>	<b>17,381</b>
<b>Total assets</b>		<b>44,659</b>	<b>46,013</b>
<b>Current Liabilities</b>			
Trade and other payables		4,885	5,078
Income tax payable		616	1,428
Employee benefits		1,199	1,314
<b>Total current liabilities</b>		<b>6,700</b>	<b>7,820</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		746	886
Employee benefits		807	647
Provisions		333	333
<b>Total non-current liabilities</b>		<b>1,886</b>	<b>1,866</b>
<b>Total liabilities</b>		<b>8,586</b>	<b>9,686</b>
<b>Net assets</b>		<b>36,073</b>	<b>36,327</b>
<b>Equity</b>			
Issued capital	10	3,810	3,783
Reserves		4,452	4,387
Retained earnings		27,811	28,157
<b>Total equity attributable to equity holders of the parent</b>		<b>36,073</b>	<b>36,327</b>
<b>Total equity</b>		<b>36,073</b>	<b>36,327</b>

The Interim Statement of Financial Position is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 15.



**Korvest Ltd****Interim Statement of Cash Flows for the Half-Year Ended 31 December 2012***In thousands of AUD*

	Note	31 Dec 12	31 Dec 11
<b>Cash flows from Operating Activities</b>			
Cash receipts from customers		34,797	42,708
Cash payments paid to suppliers and employees		(28,602)	(37,904)
Interest received		83	51
Income taxes paid		(1,940)	(985)
<b>Net cash provided by operating activities</b>		<b>4,338</b>	<b>3,870</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		6	16
Acquisition of property, plant and equipment		(635)	(898)
<b>Net cash (used in) investing activities</b>		<b>(629)</b>	<b>(882)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from the issue of share capital		-	18
Dividends paid	11	(2,604)	(1,300)
<b>Net cash (used in) financing activities</b>		<b>(2,604)</b>	<b>(1,282)</b>
<b>Net increase in cash held</b>		<b>1,105</b>	<b>1,706</b>
<b>Cash at the beginning of the period</b>		<b>5,170</b>	<b>1,577</b>
<b>Cash at the end of the period</b>	12	<b>6,275</b>	<b>3,283</b>

The Interim Statement of Cash Flows is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 15.

## **Korvest Ltd – 31 December 2012 Interim Financial Report Condensed Notes to the Interim Financial Report**

### **1. Reporting entity**

Korvest Ltd (the Company) is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at 580 Prospect Road Kilburn SA 5084 or at [www.korvest.com.au](http://www.korvest.com.au).

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

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

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2012.

This interim financial report was approved by the Board of Directors on 24 January 2013.

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

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

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2012.

### **4. Estimates**

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

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2012.

### **5. Financial risk management**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2012.

**Korvest Ltd– 31 December 2012 Interim Financial Report**  
**Condensed Notes to the Interim Financial Report**

	<b>31 Dec 12</b>	<b>31 Dec 11</b>
<b>6. Revenues and Expenses</b>		
<i>In thousands of AUD</i>		
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Sales of goods	32,685	38,494
<b>Total revenue</b>	<b>32,685</b>	<b>38,494</b>
<b>(b) Expenses</b>		
Costs of goods and services sold	18,106	21,150
Sales and marketing expenses	7,564	7,549
Distribution expenses	2,743	3,197
Administration expenses	1,111	1,366
Other expenses	(2)	104
	<b>29,522</b>	<b>33,366</b>
<b>(c) Depreciation</b>		
Depreciation of buildings	39	39
Depreciation of plant and equipment	763	726
Total depreciation of property, plant and equipment	<b>802</b>	<b>765</b>

**Korvest Ltd – 31 December 2012 Interim Financial Report  
Condensed Notes to the Interim Financial Report**

**7. Segment disclosures**

The Company 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 and steel fabrication. It includes the businesses trading under the EzyStrut and Indax names.
- 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. Performance is measured based on segment earnings before interest and tax (EBIT). Inter-segment transactions are not recorded as revenue. Instead a cost allocation relating to the transactions is made based on negotiated rates.

**Information about reportable segments**

	Industrial Products		Production		Total	
\$'000s	31 Dec 12	31 Dec 11	31 Dec 12	31 Dec 11	31 Dec 12	31 Dec 11
External Revenues	29,580	35,558	3,105	2,936	32,685	38,494
Reportable segment profit before tax	2,515	4,769	794	801	3,309	5,570
	31 Dec 12	31 Dec 11	31 Dec 12	31 Dec 11	31 Dec 12	31 Dec 11
Reportable segment assets	25,489	29,136	3,787	4,582	29,276	33,718

**Reconciliation of reportable segment profit and assets**

*In thousands of AUD*

**Profit**

Total profit or loss for reportable segments  
Unallocated amounts – other corporate expenses  
Profit before income tax

	<b>31 Dec 12</b>	<b>31 Dec 11</b>
	3,309	5,570
	(63)	(390)
	<u>3,246</u>	<u>5,180</u>

**Assets**

Total assets for reportable segments  
Other unallocated amounts  
Total assets

	<b>31 Dec 12</b>	<b>31 Dec 11</b>
	29,276	33,718
	15,383	12,153
	<u>44,659</u>	<u>45,871</u>

**Geographical segments**

The Company operates in Australia.

## 8. Write-down of obsolete inventory

During the six months ended 31 December 2012 the Company increased its write-down provision for finished goods inventory by \$8,000 (31 December 2011: \$80,000).

## 9. Property, plant and equipment

### *Acquisitions and disposals*

During the six months ended 31 December 2012, the Company acquired assets with a cost of \$635,000 (six months ended 31 December 2011: \$898,000). No assets were acquired through business combinations. Assets with a net book value of \$4,000 were disposed of during the six months ended 31 December 2012 (six months ended 31 December 2011: \$120,000), resulting in a \$2,000 profit on disposal (six months ended 31 December 2011: \$104,000 loss).

### *Capital commitments*

The Company has \$131,000 in capital commitments at 31 December 2012 (31 December 2011: \$294,000).

## 10. Share Capital

*In thousands of AUD*

### **Issued and paid-up capital**

8,691,640 (30 June 2012: 8,680,408) ordinary shares fully paid

	31 Dec 12	30 June 12
	3,810	3,783

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

### **Employee Share Bonus Plan**

The Company made one issue of ordinary shares under the Employee Share Bonus Plan during the period. During the comparative period to 31 December 2011 one issue was made under the Employee Share Bonus Plan. All employees meeting the service criteria were eligible to participate in the issue. The shares are issued at market value for no consideration. Details of the issue are as follows:

Date of issue	Total number of shares issued	Market value of shares issued	Shares issued per participating employee	Number of participating executive directors
<b>31 December 2012</b>				
12 October 2012	11,232	71,436	78	-
<b>31 December 2011</b>				
10 October 2011	17,940	68,890	130	-

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued being \$26,860 (2011: \$25,902). The fair value has been measured consistently with the previous annual report and takes into account that the shares issued are unable to be sold by employees for a period of 7 years after issue.

### Share-based payment – Executive Share Plan

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

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

A total of 80,500 Performance Rights were issued in November 2012.

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

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

#### *Fair value of Performance Rights granted*

The fair value assessed in accordance with AASB 2 *Share Based Payment* at grant date of Performance Rights granted during the period ended 31 December 2012 was \$4.7343 per Performance Right. The fair value at grant date is determined using a Black Scholes valuation methodology that takes into account a number of factors. Those factors have been set out below including details of the model inputs used for the purposes of valuing the Performance Rights in accordance with AASB 2 *Share based Payment* for the period ended 31 December 2012.

- a) Exercise price: \$0.00
- b) Vesting period: 3 years
- c) Grant date (for Accounting Standards): 2 November 2012
- d) Expiry date: 30 June 2015
- e) Share price at grant date: \$6.40
- f) Expected price volatility of the Company's shares: 35%
- g) Expected dividend yield: 8.28%
- h) Risk-free interest rate: 3.11%
- i) Cost of borrowing: 10.99%
- j) Restricted period: 2 years

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

#### *In thousands of AUD*

	31 Dec 12	31 Dec 11
Performance rights issued under Korvest Performance Rights Plan	63	63
Options issued under the Korvest Ltd Executive Share Plan	2	6
Shares issued under Employee Share Bonus Plan	27	26
	<u>92</u>	<u>95</u>

### Dividend and Share Investment Plans

The Dividend Investment Plan and Share Investment Plan remain suspended.

**Korvest Ltd – 31 December 2012 Interim Financial Report  
Condensed Notes to the Interim Financial Report**

**11. Dividends**

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

	Cents per share	Total amount \$'000	Franked / unfranked	Date of payment
<b>31 December 2012</b>				
Final – ordinary	30.0	<u>2,604</u>	Franked	6 September 2012

**31 December 2011**

Final – ordinary	15.0	<u>1,300</u>	Franked	8 September 2011
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**Subsequent events**

Since the end of the half-year, the Directors declared the following dividends:

Interim – ordinary	26.0	<u>2,259</u>	Franked	13 March 2013
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The financial effect of these dividends has not been brought to account in this financial report. It will be recognised in the next reporting period.

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

**12. Reconciliation of Cash and Cash Equivalents**

For the purposes of the Interim Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the period as shown in the Interim Statement of Cash Flows is reconciled to the related items in the Interim Statement of Financial Position as follows:

<i>In thousands of AUD</i>	<b>31 Dec 12</b>	<b>31 Dec 11</b>
Cash	6,275	3,283
Cash and cash equivalents	<u>6,275</u>	<u>3,283</u>

**13. Contingent Liabilities and Contingent Assets**

There have been no material changes in contingent liabilities or contingent assets since 30 June 2012.

**14. Events Subsequent to Reporting Date**

No matter or circumstance has occurred subsequent to 31 December 2012 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

**Dividends**

For dividends declared after 31 December 2012 refer to Note 11.

**15. Related Parties**

Arrangements with related party transactions continue to be in place. For details on these arrangements, refer to the 30 June 2012 Annual Financial Report.

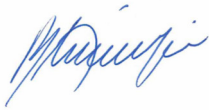
**Korvest Ltd**  
**Directors' Declaration**

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

- 1 the financial statements and notes set out on pages 6 to 15, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the financial position of the Company as at 31 December 2012 and of its performance, for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 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 half-year ended 31 December 2012.

Dated at Kilburn this 24<sup>th</sup> day of January 2013.

Signed in accordance with a resolution of the Directors:



**PW Stancliffe**  
Director



**AHW Kachellek**  
Director





## **Independent auditor's review report to the members of Korvest Ltd**

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Korvest Ltd (the "Company"), which comprises the interim statement of financial position as at 31 December 2012, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

#### *Directors' responsibility for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Korvest Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



*Independence*

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

*Conclusion*

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

N T Faulkner  
*Partner*

Adelaide

24 January 2013