



**KORVEST LTD**

**ABN 20 007 698 106**

## **PRESS RELEASE**

The Chairman, Mr Peter Stancliffe, today announced the following operating results for the 12 months ended 30<sup>th</sup> June 2010 for Korvest Ltd.

	<b>12 MONTHS TO 30/06/10 \$'000</b>	<b>12 MONTHS TO 30/06/09 \$'000</b>	<b>% CHANGE</b>
Revenues	55,774	62,896	-11.3%
Operating Profit After Tax	3,983	5,655	-29.6%
Earnings per share (cents)	46.3	65.9	-29.7%
Dividends per share (cents)	32.0	34.0	-5.9%

Mr Stancliffe said that the full year operating profit was broadly in line with previous guidance. Mr Stancliffe noted that “it has clearly been a difficult year for our business with significantly softer conditions impacting on the markets serviced by Korvest”. The activity in a number of key markets was less than had been experienced over recent years. The volume of larger project work has diminished during the year and the smaller day-to-day business was inconsistent from month to month and also from state to state.

During June a business restructure took place to streamline the operations of the business and remove overhead expenses. The \$186,000 cost impact of the restructure was brought to account in June. It is expected that this restructure will result in annual on-going savings of at least \$500,000.

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. The overriding feature of the year was the lack of significant projects. There had been an expectation that a number of these larger projects would commence in the second half of the year however as previously advised this did not occur. The quoting activity in the larger projects has shown recent signs of improvement however the transition from quote to contract is proving to be a much slower process than was experienced a few years ago.

Also included in the Industrial Products group is the Indax grating and stanchion business. This business has experienced significant growth over recent years and as a result of this growth a new production facility was successfully opened in Queensland in March 2010. It was expected that the new facility would take a short period to become profitable and this has proved to be the case. Most importantly the new facility when fully operational will replicate the Kilburn capacity and therefore double the Group's capacity. It will also provide a facility that is geographically able to better service the significant eastern states markets.

In the Production group the Galvanising business had a difficult year. Volume was at historically low levels over the course of the year once again driven by a lack of active infrastructure projects. As a result of surplus capacity in national markets selling prices were generally down as competition became more intense for the reduced quantity of available work. The business is well positioned to capitalise on any improvements in the market conditions.

## **DIVIDEND**

The Directors announced a fully franked final dividend of 15.0 cents per share. The full year dividend in relation to the 2010 year will be 32 cents per share compared to 34 cents per share for the previous year.

The final dividend will be paid on 7<sup>th</sup> September 2010. The record date for the dividend will be 24<sup>th</sup> August 2010. The dividend reinvestment plan remains suspended.

## **OUTLOOK**

It is expected that the markets in which Korvest's businesses operate will remain subdued during 2011 albeit with expectation of gradual improvement later in the year. With the impact of the 2010 restructure flowing through in the 2011 year the Company should produce a satisfactory result. With recent investment in expansion and plant improvements Korvest is well placed to take advantage of any improved economic conditions during the coming year.



**P.W. STANCLIFFE**  
**CHAIRMAN**

29 July 2010

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