

Appendix 4D

Korvest Ltd ABN 20 007 698 106 and its Controlled Entities

Half-Year Financial Report 31 December 2006

Results for announcement to the market:

\$A'000

Revenues	Up	8.1%	to	22,407
Net profit after tax for the period attributable to members	Up	12.8%	to	2,241
Dividends		Amount per security		Franked amount per security
Interim dividend (#)				
- current reporting period		13.0¢		13.0¢
- previous corresponding period		12.0¢		12.0¢
# Interim dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.				
Record date for determining entitlements to the dividend	23 February 2007			
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 directors' report on pages 2 to 4 of this financial report.				

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 2006 annual financial report.

Korvest Ltd and its Controlled Entities Directors' Report

The directors present their report together with the consolidated financial report of Korvest Ltd ("the Company") and its controlled entities for the half-year ended 31 December 2006 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:

David James Simmons B.A. (Accounting), F.C.P.A

Age 52

Chairman

A Director since 1994.

Managing Director, Hills Industries Ltd.

Director, Fielders Australia Pty Ltd

Ric Gros F.A.I.C.D

Age 48

Managing Director

Appointed Managing Director in January 2005.

Peter Brodribb F.I.E (Aust)

Age 62

Non-Executive Director

A Director since 1984.

Appointed Non-Executive Director in January 2005.

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

Age 49

Non-Executive Director

A Director since November 1999.

Chairman of Audit Committee.

Director, Hills Industries Ltd.

Director, Fielders Australia Pty Ltd.

Nicole Anne Peake (nee Peters) B.Ec (Adel), A.C.A, A.C.S.A, G.A.I.C.D

Age 35

Finance Director

Appointed Finance Director in February 2006.

Company Secretary since November 2005.

John Alistair Easling

Age 46

Non-Executive Director

A Director since October 2006.

Managing Director, Fielders Australia Pty Ltd

Consolidated Result

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

<i>In thousands of AUD</i>	31 Dec 06	31 Dec 05
Profit after income tax expense	2,241	1,987
Net profit attributable to members of the Company	2,241	1,987

Korvest Ltd and its Controlled Entities Directors' Report

Other Ratios

	31 Dec 06	31 Dec 05
Net tangible asset (NTA) backing		
Net tangible assets per ordinary share	\$2.40	\$2.14
Profit before tax / revenue	14.6%	13.8%
Profit after tax / equity interests	10.9%	10.9%

Review of Operations

The revenue from trading activities for the half-year was up 8.3% to \$22.407m. The profit after tax for the period under review was also up by 12.8% at \$2.241m. These results continue to be in line with our expected growth targets.

The Ezystrut business continues to perform well still buoyed by ongoing strong levels of investment in infrastructure, mining and industrial markets. New South Wales, Victoria and Western Australia have performed particularly well with South Australia and Queensland also continuing to support the business growth expectations.

The launch by Ezystrut into a new product range of pipe supports occurred in October 2006 and the range is expected to deliver another growth area for the remainder of this year and for future financial years.

Continued effort over the six months has been in strengthening the level of resources, both human and systems, in support of Ezystrut key objectives with particular emphasis on our supply chain as part of the ongoing commitment to delivering in full on time all of the time.

The Galvanising business has performed well with the expenditure incurred in last year's financial period beginning to deliver benefits from process controls delivering reduction in inputs and gradual increases in outputs. Further ongoing improvements in our core Galvanising competencies are planned and expected to support ongoing profit improvements.

The spiralling increase in Zinc prices, a core input to the Galvanising business, has been a significant challenge and managed through purchasing strategies and price management in the market as required. Given the transparency in pricing of commodities such as zinc, markets have commonly accepted the required increases.

The grating and stanchion business has grown substantially in the last six months as our product range becomes established in the market place. Large volumes of project work predominately in South Australia have assisted in this growth. Work is now being sourced from a number of other states and it is expected that this growth will continue. Additional product lines will also be added to this business over time. Additional leased premises alongside the current Korvest site have been taken up to facilitate continued growth of this business.

A new General Manager commenced running the Galvanising and Grating Divisions in August 2006. Chris Hartwig joined us after an extensive career at Onesteel. He is already bringing positive changes to the business and is proving a good addition to the Korvest Management team.

Dividends

The Company's dividend policy is to pay 50% of its after-tax profits to shareholders as dividends as long as the following conditions are met:

- no change in the law in connection with the distribution of accumulated franking credits; and
- an acceptable level of profitability.

The directors announced an increased fully franked interim dividend of 13.0 cents per share. This dividend can be taken as cash only as the Dividend Investment and Share Investment Plans have been suspended. The dividend will be paid on 9 March 2007 and the record date is 23 February 2007.

Events Subsequent to Reporting Date

Events subsequent to the reporting date are included in note 16 of the *Condensed Notes to the Consolidated Interim Financial Report*.

2007 Guidance

The continued strength of the markets in which the Ezystrut business operates in conjunction with the additional products and productivity improvements that the Galvanising and Grating businesses have and will continue to introduce promise to show continued acceptable growth levels across the business for 2007.

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

The lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2006.

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 30th day of January 2007.

Signed in accordance with a resolution of the directors:

DJ Simmons
Director

R Gros
Director

Lead Auditor's Independence Declaration

**This page to be provided by KPMG on their letterhead
and numbered accordingly.**

Korvest Ltd and its Controlled Entities
Consolidated Interim Income Statement for the Half-Year Ended 31 December 2006

<i>In thousands of AUD</i>	Note	Consolidated	
		31 Dec 06	31 Dec 05
Revenue	6(a)	22,405	20,684
Other income	6(b)	2	48
		<u>22,407</u>	<u>20,732</u>
Expenses excluding net financing costs	6(c)	(19,253)	(18,083)
Results from operating activities		<u>3,154</u>	<u>2,649</u>
Financial income		121	232
Financial expenses		-	-
Net financing costs		<u>121</u>	<u>232</u>
Profit before income tax expense		<u>3,275</u>	<u>2,881</u>
Income tax expense		(1,034)	(894)
Net profit for the period		<u>2,241</u>	<u>1,987</u>
Attributable to:			
Shareholders of the Company		2,241	1,987
Profit for the period		<u>2,241</u>	<u>1,987</u>
Basic earnings per share		26.2¢	23.3¢
Diluted earnings per share		26.2¢	23.3¢

The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 10 to 14.

Korvest Ltd and its Controlled Entities
Consolidated Interim Statement of Recognised Income and Expense for the Half-Year Ended 31 December 2006

	Consolidated	
<i>In thousands of AUD</i>	31 Dec 06	31 Dec 05
Foreign exchange translation differences	44	26
Items taken directly to share capital – employee share plan	21	21
Net income/(expense) recognised directly in equity	65	47
Profit for the period	2,241	1,987
Total recognised income and expense for the period	2,306	2,034
Attributable to:		
- Shareholders of the Company	2,306	2,034
	2,306	2,034

Other movements in equity arising from transactions with owners are set out in note 10.

The statement of recognised income and expense is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 10 to 14.

Korvest Ltd and its Controlled Entities
Consolidated Interim Balance Sheet as at 31 December 2006

		Consolidated		
<i>In thousands of AUD</i>		Note	31 Dec 06	30 June 06
Current Assets				
Cash and cash equivalents			3,192	4,645
Trade and other receivables			7,505	7,837
Inventories			8,646	7,146
Total current assets			19,343	19,628
Non-Current Assets				
Property, plant and equipment			7,294	6,870
Deferred tax assets			188	493
Total non-current assets			7,482	7,363
Total assets			26,825	26,991
Current Liabilities				
Trade and other payables			3,999	4,769
Income tax payable			246	818
Employee benefits			1,032	996
Provisions			370	456
Total current liabilities			5,647	7,039
Non-Current Liabilities				
Interest-bearing loans and borrowings			40	40
Employee benefits			293	260
Provisions			356	360
Total non-current liabilities			689	660
Total liabilities			6,336	7,699
Net assets			20,489	19,292
Equity				
Issued capital	10		3,527	3,506
Reserves	10		1,294	1,250
Retained earnings	10		15,668	14,536
Total equity attributable to equity holders of the parent			20,489	19,292
Minority interest	10		-	-
Total equity	10		20,489	19,292

The balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 10 to 14.

Korvest Ltd and its Controlled Entities
Consolidated Interim Statement of Cash Flows for the Half-Year Ended 31 December 2006

		Consolidated		
<i>In thousands of AUD</i>		Note	31 Dec 06	31 Dec 05
Cash flows from Operating Activities				
Cash receipts from customers			25,091	22,698
Cash payments paid to suppliers and employees			(23,597)	(21,878)
Interest received			120	233
Income taxes paid			(1,302)	(1,061)
Net cash provided by operating activities			<u>312</u>	<u>(8)</u>
Cash flows from Investing Activities				
Proceeds from sale of property, plant and equipment			10	-
Acquisition of property, plant and equipment			(710)	(921)
Net cash used in investing activities			<u>(700)</u>	<u>(921)</u>
Cash flows from Financing Activities				
Dividends paid to members of the parent entity		12(a)	(1,109)	(936)
Net cash (used in) / provided by financing activities			<u>(1,109)</u>	<u>(936)</u>
Net decrease in cash held			(1,497)	(1,865)
Cash at the beginning of the period			4,645	8,341
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies			44	25
Cash at the end of the period		13	<u>3,192</u>	<u>6,501</u>

The statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 10 to 14.

Korvest Ltd and its Controlled Entities – 31 December 2006 Interim Financial Report Condensed Notes to the Consolidated Interim Financial Report

1. Reporting entity

Korvest Ltd is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the “consolidated entity”).

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company’s registered office at 580 Prospect Road Kilburn SA 5084 or at www.korvest.com.au.

2. Statement of compliance

The consolidated 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 consolidated 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 consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

This consolidated interim financial report was approved by the Board of Directors on 30 January 2007.

The consolidated entity 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 consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

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 consolidated interim financial report, the significant judgements made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2006.

5. Financial risk management

The consolidated entity’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2006.

Korvest Ltd and its Controlled Entities – 31 December 2006 Interim Financial Report
Condensed Notes to the Consolidated Interim Financial Report

		Consolidated	
		31 Dec 06	31 Dec 05
6.	Revenues and Expenses		
	<i>In thousands of AUD</i>		
(a)	Revenue		
	<i>Sales revenue</i>		
	Sales of goods	22,405	20,684
	Total revenue	<u>22,405</u>	<u>20,684</u>
(b)	Other income		
	Net gain on disposal of property, plant and equipment	2	-
	Other income	-	48
		<u>2</u>	<u>48</u>
(c)	Expenses		
	Costs of goods and services sold	13,287	11,817
	Sales and marketing expenses	3,183	3,580
	Distribution expenses	1,242	1,206
	Administration expenses	1,087	1,171
	Occupancy expenses	278	179
	Other expenses	176	130
		<u>19,253</u>	<u>18,083</u>
(d)	Depreciation and amortisation		
	Depreciation of buildings	25	22
	Depreciation of plant and equipment	253	489
	Total depreciation of property, plant and equipment	<u>278</u>	<u>511</u>

**Korvest Ltd and its Controlled Entities – 31 December 2006 Interim Financial Report
Condensed Notes to the Consolidated Interim Financial Report**

7. Segment Reporting

Business Segments

The entity operates in the Industrial Products sector in the manufacture of electrical and cable support systems, steel fabrication, associated metal treatment and galvanising services.

Geographical Segments

The entity operates predominately in Australia.

8. Write-down of inventory

During the six months ended 31 December 2006 the consolidated entity recognised a write-down of finished goods inventory of \$189,000 (31 December 2005: \$250,000).

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2006, the consolidated entity acquired assets with a cost of \$711,000 (six months ended 31 December 2005: \$921,000). No assets were acquired through business combinations. Assets with a net book value of \$8,000 were disposed of during the six months ended 31 December 2006 (six months ended 31 December 2005: \$Nil), resulting in a gain on disposal of \$2,000 (six months ended 31 December 2005: \$Nil).

Capital commitments

The consolidated entity has no capital commitments at 31 December 2006 (six months ended 31 December 2005 : \$Nil).

10. Reconciliation of movement in equity attributable to shareholders of the Company

Consolidated	Share capital	Equity compensation reserve	Trans-lation reserve	Asset revaluation reserve	Retained earnings	Total
<i>In thousands of AUD</i>						
Balance at 1 July 2005	3,463	-	39	1,264	12,372	17,138
Total recognised income and expense	-	-	26	-	1,987	2,013
Shares issued under the Employee Share Bonus Plan	21	-	-	-	-	21
Dividends to shareholders	-	-	-	-	(936)	(936)
Balance at 31 December 2005	<u>3,484</u>	<u>-</u>	<u>65</u>	<u>1,264</u>	<u>13,423</u>	<u>18,236</u>
Balance at 1 July 2006	3,506	5	(19)	1,264	14,536	19,292
Total recognised income and expense	-	-	44	-	2,241	2,285
Shares issued under the Employee Share Bonus Plan	21	-	-	-	-	21
Dividends to shareholders	-	-	-	-	(1,109)	(1,109)
Balance at 31 December 2006	<u>3,527</u>	<u>5</u>	<u>25</u>	<u>1,264</u>	<u>15,668</u>	<u>20,489</u>

Korvest Ltd and its Controlled Entities – 31 December 2006 Interim Financial Report
Condensed Notes to the Consolidated Interim Financial Report

		Consolidated	
		31 Dec 06	30 June 06
11. Share Capital			
	<i>In thousands of AUD</i>		
	Issued and paid-up capital		
	8,540,751 (30/06/06: 8,529,726) ordinary shares fully paid	3,527	3,506

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 (31/12/05: one) issue of ordinary shares under the Employee Share Bonus Plan during the period. All employees who commenced on or before 1 July 2005 are eligible to participate in the plan, with 116 (31/12/05: 111) employees being eligible for this 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
31 December 2006				
1 September 2006	11,025	\$56,999	96	1
31 December 2005				
2 September 2005	14,208	\$55,695	128	2

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued.

Dividend and Share Investment Plans

The Company has suspended the Dividend Investment Plan and Share Investment Plan for the last three reporting periods.

Options
31 December 2006

On 31 December 2006, 52,500 share options became exercisable under the Executive Share Plan as a result of the performance hurdles in respect of those options being satisfied. During January 2007, the options were exercised by certain senior executives of the consolidated entity, including 30,000 being exercised by one executive director. The exercise price was \$4.36 per share. The financial effect of the exercise of the options will be recognised in the next reporting period.

31 December 2005

On 31 December 2005, Nil share options became exercisable under the Executive Share Plan.

Further details in respect of these options are included in the 2006 annual financial report. No further options have been issued during or since the end of the current reporting period.

**Korvest Ltd and its Controlled Entities – 31 December 2006 Interim Financial Report
Condensed Notes to the Consolidated Interim Financial Report**

12. 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
31 December 2006				
Final – ordinary	13.0	<u>1,109</u>	Franked	1 September 2006
31 December 2005				
Final – ordinary	11.0	<u>936</u>	Franked	2 September 2005

Subsequent events

Since the end of the half-year, the directors declared the following dividend:

Interim – ordinary	13.0	<u>1,110</u>	Franked	9 March 2007
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The financial effect of this dividend 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.

13. Reconciliation of Cash and Cash Equivalents

For the purposes of the 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

<i>In thousands of AUD</i>	31 Dec 06	31 Dec 05
Cash	<u>3,192</u>	<u>6,501</u>

14. Contingent Liabilities and Contingent Assets

There have been no material changes in contingent liabilities or contingent assets since 30 June 2006.

15. Events Subsequent to Reporting Date

(a) Issued and paid-up capital

For shares issued after 31 December 2006 refer Note 11.

(b) Dividends

For dividends declared after 31 December 2006 refer Note 12.

16. Related Parties

Arrangements with related party transactions continue to be in place. For details on these arrangements, refer to the 30 June 2006 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 14, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows, 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.

Dated at Kilburn this 30th day of January 2007.

Signed in accordance with a resolution of the directors:

DJ Simmons
Director

R Gros
Director

Independent Review Report to the Members of Korvest Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration set out on pages 6 to 15 for the Korvest Ltd Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2006. The Consolidated Entity comprises Korvest Ltd ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent Review Report to the Members of Korvest Ltd

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

KPMG

Tony Santin
Partner

Place: Adelaide
Date: 30th January 2007