



**KORVEST LTD**

**ABN 20 007 698 106**

**CHAIRMAN'S ADDRESS  
TO SHAREHOLDERS**

Delivered at the Annual General Meeting on  
Friday 21 October 2005  
14<sup>TH</sup> FLOOR,  
115 Grenfell Street, Adelaide, SA 5000

Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 35<sup>TH</sup> Annual General Meeting of Korvest Ltd and to present for your approval, the financial statements for the year ended 30 June 2005, together with the reports of the Directors and the Auditors.

## **FINANCIAL RESULTS**

Revenue from trading activities for the year under review was \$32.6m down 35% on last year and profit after tax was \$3.1m down 11%. Last year, revenue from disposed business was \$21.3m and the profit after tax from the sale of the business was \$0.76m.

Revenue from trading activities of continuing businesses for the year under review was \$32.6m up 14% on last year and profit after tax was \$3.1m up 10%. The achievement of a 14% increase in revenue for the year and a 10% increase in profit were very satisfying given the volatility in input costs, particularly steel.

Growth to date has largely been through organic growth initiatives via range and geographic extension. These initiatives will be further pursued in the coming year and the company is also reviewing a number of acquisition opportunities in related areas.

Ric Gros had settled in very well as the new Managing Director of the company and has been instrumental in identifying a number of new growth opportunities. Following the sale of the Elite Built business last year the Board is very much focused on diversifying the company's revenues and pursuing profitable growth.

Ezy-Strut continued to grow market share in Australia and New Zealand and it was pleasing to note that we managed to further diversify our customer base although we will continue to pursue large infrastructure projects.

We have carried out a detailed review of our Galvanising operations and will shortly proceed to upgrade our processing capabilities, which will result in reduced costs and improved profits.

Later this year we will be introducing an extensive range of pipe fitting featuring a number of unique designs to the Australian market.

We have established a small presence in the South Australian market for grating and associated products and we will continue to grow this segment of our business.

## **DIVIDEND**

The Directors announced an increased fully franked final dividend of 11.0 cents per share compared to 9.0 cents per share last year and 10 cents at the half year. The full year dividend in relation to the 2005 is 21.0 cents per share compared to 17.0 cents per share for the previous year.

The dividend and share investment plans remain suspended. The final dividend was paid on 2<sup>nd</sup> September 2005.

## **STRATEGY AND FUTURE PERFORMANCE**

It is expected that the non-residential and engineering construction sectors will remain strong. There are significant infrastructure and mining projects forecast for development, particularly in Queensland and Western Australia where we will be focussing additional resources.

The strategy to diversify our product base through the addition of complimentary products will be pursued and we will continue to progress a number of acquisition opportunities.

Steel prices are expected to moderate during the year, which in combination with our growth strategies should see us produce acceptable results again for the year to June 2006

## **RE-ELECTIONS**

In accordance with our Articles of Association Peter Brodribb and Graham Twartz retire from the Board at this meeting. Each is eligible for re-election at that meeting and offer themselves accordingly.

## **KORVEST PEOPLE**

The Directors express their appreciation to all management and staff for their efforts throughout this year.

Additional share allotments were made to employees under the Company's Employee Share Bonus Plan approved by shareholders at the 1996 Annual General Meeting.

These allotments were made in recognition of the Company's performance last year.

## **CORPORATE GOVERNANCE**

We have set out our approach to Corporate Governance in our Annual Report. Overall we believe our approach to Corporate Governance is appropriate for a small, long established, consistently profitable public company.

## **CURRENT YEAR TO DATE**

It is expected that the non-residential construction industry will remain strong, particularly in the areas that Korvest operates in. On this basis we expect to achieve acceptable results for the 12 months to June 2006.

**D.J. SIMMONS, Chairman**

**21 October 2005**