



**KORVEST LTD**

ABN 20 007 698 106

**CHAIRMAN'S ADDRESS  
TO SHAREHOLDERS**

Delivered at the Annual General Meeting on  
Friday 13<sup>th</sup> October 2006  
7<sup>th</sup> Floor,  
151 Pirie Street Adelaide SA 5000

Ladies and Gentlemen,

Welcome to the 36<sup>th</sup> Annual General Meeting of Korvest Ltd. Today we present for your approval the financial statements for the year ended 30 June 2006 together with the reports of the Directors and Auditors.

## **FINANCIAL RESULTS**

Korvest performed strongly in the last financial year with revenue from trading activities for the year under review up 27% to \$40.869m and profit after tax up 35% to \$4.122m on the previous year. The growth in both revenue and profit was a pleasing result and was boosted by the strength of the mining, infrastructure and non-residential markets. Earnings per share increased 34% to 48.4c.

Strong activity in our key markets continued to provide valuable growth for the EzyStrut business. The business also benefited from investments to upgrade the national distribution centre in South Australia and our other facilities around Australia. Increases in inventory levels were made to support new initiatives as well as optimising customer service levels.

The Galvanising business is now benefiting from substantial expenditure in process and material handling improvements made during the course of the year. These improvements are expected to deliver ongoing productivity increases in the coming years. In addition a small presence has been established in the South Australian market for grating and associated products and this has provided growth for this division.

With the ongoing difficulty of finding suitable acquisition targets, we have focused on strengthening our existing businesses and have positioned them to maximise their growth potential over coming years. The results can be seen in the current years performance

## **DIVIDEND**

We have announced an increased fully franked final dividend of 13.0 cents per share compared to 11.0 cents per share last year and 12.0 cents at the half year. The full year dividend in relation to the 2006 year will be 25.0 cents per share compared to 21.0 cents per share for the previous year.

The final dividend was paid on 1<sup>st</sup> September 2006.

## **STRATEGY AND FUTURE PERFORMANCE**

We will continue to focus on providing excellent customer service, and we will seek ongoing improvements across all of our systems and processes. 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 South Australia, 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.

Consistent with these strategies, the EzyStrut business is pleased to announce the release of its newest product range of Pipe Supports aimed at serving the Refrigeration, Fire Services, Industrial/Mechanical and Air-conditioning/ Hydraulic markets. Where applicable, innovative designs have been patented and incorporated into the products to provide a complete and superior package. The new range was launched on October 9<sup>th</sup>.

## **RE-ELECTIONS**

Korvest has strengthened its Board with the appointment of two new Directors since our last Annual General Meeting.

Nicole Peters joined Korvest as Chief Financial Officer in October 2005 and was appointed Finance Director in February 2006. John Easling was recently invited to join the Korvest Board as a Non-Executive Director. John is the Managing Director and one of the founders of Fielders Australia Pty Ltd, one of Australia's largest steel rollformers, specialising in innovative roofing and flooring products for both the domestic and commercial building markets.

John's extensive experience in the steel industry both from a manufacturing and machinery perspective, coupled with his innovative and entrepreneurial style will compliment the current Korvest Board.

In accordance with our Articles of Association Nicole and John both retire from the board at this meeting. Each is eligible for re-election at this meeting and offer themselves accordingly.

## **KORVEST PEOPLE**

The Directors express their appreciation to all management and staff for their loyal efforts this past financial year. It is pleasing that despite today's tough working environment we are steadily increasing our workforce. Korvest's growth is a reflection of its people's efforts and I am sure that all here today join with me in thanking them for their continued hard work.

## **CORPORATE GOVERNANCE**

Korvests' approach to Corporate Governance is a practical one determined by the nature and size of our business and the risks identified in our operating environment. Our practises are set out in detail in the Annual Report.

## **CURRENT YEAR TO DATE**

It is expected that the markets that Korvest operates in will continue to grow and Korvest will maintain its share of this growth. On this basis we expect to achieve acceptable results for the 12 months to June 2007.

D.J.SIMMONS  
Chairman  
13 October 2006