

Appendix 4D

Korvest Ltd
ABN 20 007 698 106

Half-Year Financial Report 31 December 2013

Results for announcement to the market:

\$A'000

Revenues	Up 4.2%	to	34,073
Net profit after tax for the period attributable to members	Up 3.5%	to	2,338
Dividends	Amount per security	Franked amount per security	
Interim dividend (#)			
- current reporting period	26.0¢		26.0¢
- previous corresponding period	26.0¢		26.0¢
# 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	26 February 2014		
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 2013 annual financial report.

Korvest Ltd Directors' Report

The Directors present their report together with the financial report of Korvest Ltd ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2013 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 65

Chairman appointed 1 January 2009

Independent Non-Executive Director

Appointed Director in January 2009

Director Hills Limited

Director Automotive Holdings Group Limited

Graeme A Billings B Com, FCA, MAICD

Age 57,

A Director since May 2013

Chairman of Audit Committee

Director G.U.D. Holdings Limited

Director Clover Corporation Limited

Peter Brodribb F.I.E (Aust)

Age 69

Non-Executive Director

A Director since 1984

Appointed Non-Executive Director in January 2005

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

Age 60

Managing Director

A Director since June 2007

Director Austmine Ltd.

Steven John William McGregor BA (Acc), CA, AGIA, ACIS

Age 42

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 13	31 Dec 12
<i>In thousands of AUD</i>		
Profit after income tax expense	2,338	2,258
Net profit attributable to members of the Company	2,338	2,258

Korvest Ltd Directors' Report

Other Ratios

	31 Dec 13	31 Dec 12
Net tangible asset (NTA) backing		
Net tangible assets per ordinary share	\$3.90	\$4.21
Profit before tax / revenue	9.9%	9.9%
Profit after tax / equity interests	6.5%	6.3%

Review of Operations

Revenue from trading operations for the half-year increased by 4.2% to \$34.073m whilst profit after tax for the period increased by 3.5% to \$2.338m. This result is at the upper end of the guidance range provided at the 2013 Annual General Meeting. Day-to-day trading in most businesses remained subdued however a number of small to medium-sized projects were supplied during the half which resulted in the improvement on the second half of FY13.

Within the Industrial Products segment the EzyStrut business achieved an improvement with most Branches exceeding the prior year's results. This was despite continual pressure on margins and increased opposition. EzyStrut has laid the foundation for the medium term by successfully tendering on projects that are expected to continue at least for the next year. This success has been aided by the Korvest in-house Engineering department which has provided innovative solutions to Customer needs.

The Indax handrail and walkway system business is included in the Industrial Products segment. Indax's management and operating structure was substantially altered in June 2013. The first half was a transitional period as the business bedded down the new structure and processes. The overall management of Indax now falls under the Galvanising management team whilst the fabrication workshop is managed by the EzyStrut manufacturing team. The new structure has resulted in improved processes and procedures within the business.

The Power Step and Titan Technologies businesses were acquired in February 2013. Power Step supplies access systems for large mining equipment. Capital expenditure in the mining industry slowed appreciably and this adversely impacted on the Power Step results. Titan Technologies sells, hires and services high torque tools and hydraulic pumps. Relatively small investments have been made in people and equipment to improve the position of this business for the future.

Within the Production segment the Galvanising business improved upon the recent good results. The main plant volumes increased compared to the prior year with both internal and external tonnes improving. Infrastructure projects in South Australia and the ongoing success of South Australian fabricators winning work nationally and having it galvanised by Korvest have driven the pleasing result.

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 dividend will be paid on 12 March 2014 and the record date is 26 February 2014.

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*.

2014 Guidance

In general terms the overall level of activity experienced in the first half is expected to continue at similar or slightly improved levels into the second half. Day to day trading conditions in most businesses remain challenging however offsetting this there is a slightly higher level of project activity than has been evident over more recent times. Some of the Korvest business units have secured project work with delivery schedules throughout the second half. These are expected to replace the medium sized projects undertaken during the first half that are now complete. In light of this it is expected that the second half result will continue the trend of the first half.

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 2013.

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 23rd day of January 2014.

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 2013 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 black ink, appearing to be 'K. Paul'.

KPMG

A handwritten signature in black ink, appearing to be 'S. G. Fleming'.

Scott Fleming
Partner

Adelaide

23 January 2014

Korvest Ltd
Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income for the Half-Year Ended 31 December 2013

<i>In thousands of AUD</i>	Note	31 Dec 13	31 Dec 12
Revenue	6(a)	34,073	32,685
Expenses excluding net financing costs	6(b)	(30,721)	(29,522)
Results from operating activities excluding net financing costs		3,352	3,163
Financial income		21	83
Financial expenses		-	-
Net financing costs		21	83
Profit before income tax expense		3,373	3,246
Income tax expense		(1,035)	(988)
Net profit for the period		2,338	2,258
Attributable to:			
Members of the Company		2,338	2,258
Profit for the period		2,338	2,258
Total comprehensive income for the period		2,338	2,258
Basic earnings per share		26.8¢	25.9¢
Diluted earnings per share		26.6¢	25.1¢

The Interim Condensed Consolidated Statement of Profit or Loss and other 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 Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended 31
December 2013

In thousands of AUD

	Share capital	Equity compensation reserve	Asset revaluation reserve	Profits reserve	Retained earnings	Total
Balance at 1 July 2013	3,859	199	4,183	27,120	-	35,361
Total comprehensive income for the year						
Profit for the period	-	-	-	-	2,338	2,338
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	2,338	2,338
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners of the Company						
Shares issued under the Share Plans	31	67	-	-	-	98
Dividends to members	-	-	-	(1,739)	-	(1,739)
Total contributions by and distributions to owners of the Company	31	67	-	(1,739)	-	(1,641)
Transfer to profits reserve	-	-	-	2,338	(2,338)	-
Balance at 31 December 2013	3,890	266	4,183	27,719	-	36,058
Balance at 1 July 2012	3,783	204	4,183	-	28,157	36,327
Total comprehensive income for the year						
Profit for the period	-	-	-	-	2,258	2,258
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	2,258	2,258
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners of the Company						
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

The Interim Condensed Consolidated 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 Condensed Consolidated Statement of Financial Position as at 31 December 2013

<i>In thousands of AUD</i>	Note	31 Dec 13	30 Jun 13
Current Assets			
Cash and cash equivalents	12	3,882	2,438
Trade and other receivables		12,528	12,534
Inventories		10,958	9,506
Tax receivable		209	50
Total current assets		27,577	24,528
Non-Current Assets			
Property, plant and equipment		17,394	17,509
Intangible assets and goodwill		2,108	2,114
Total non-current assets		19,502	19,623
Total assets		47,079	44,151
Current Liabilities			
Trade and other payables		7,258	5,230
Loans and borrowings		137	167
Employee benefits		2,007	1,812
Provisions		151	169
Total current liabilities		9,553	7,378
Non-Current Liabilities			
Deferred tax liabilities		502	455
Employee benefits		633	624
Provisions		333	333
Total non-current liabilities		1,468	1,412
Total liabilities		11,021	8,790
Net assets		36,058	35,361
Equity			
Issued capital	10	3,890	3,859
Reserves		32,168	31,502
Total equity attributable to equity holders of the parent		36,058	35,361
Total equity		36,058	35,361

The Interim Condensed Consolidated 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 Condensed Consolidated Statement of Cash Flows for the Half-Year Ended 31 December
2013

<i>In thousands of AUD</i>	Note	31 Dec 13	31 Dec 12
Cash flows from Operating Activities			
Cash receipts from customers		37,524	34,797
Cash payments paid to suppliers and employees		(32,401)	(28,602)
Interest received		21	83
Income taxes paid		(1,148)	(1,940)
Net cash provided by operating activities		3,996	4,338
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		20	6
Acquisition of property, plant and equipment		(803)	(635)
Net cash (used in) investing activities		(783)	(629)
Cash flows from Financing Activities			
Repayment of borrowings		(30)	-
Dividends paid	11	(1,739)	(2,604)
Net cash (used in) financing activities		(1,769)	(2,604)
Net increase in cash held		1,444	1,105
Cash at the beginning of the period		2,438	5,170
Cash at the end of the period	12	3,882	6,275

The Interim Condensed Consolidated 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 2013 Interim Consolidated Financial Report Condensed Notes to the Interim Financial Report

1. Reporting entity

Korvest Ltd (the Company) is a company domiciled in Australia. The interim condensed consolidated financial statements of the Group as at and for the half year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The annual financial report of the Group as at and for the year ended 30 June 2013 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 interim condensed consolidated 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 consolidated 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 Group as at and for the year ended 30 June 2013.

This interim financial report was approved by the Board of Directors on 23 January 2014.

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 Group in its financial report as at and for the year ended 30 June 2013, except as detailed below.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 *Consolidated Financial Statements* (2011)

AASB 13 *Fair Value Measurement*

AASB 119 *Employee Benefits* (2011)

Annual Improvements to Australian Accounting Standards 2009–2011 Cycle

The adoptions did not have any material impact on the Group's reported results or disclosures.

4. Judgements and 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 Group'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 2013.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2013.

**Korvest Ltd– 31 December 2013 Interim Consolidated Financial Report
Condensed Notes to the Interim Consolidated Financial Report**

	31 Dec 13	31 Dec 12
6. Revenues and Expenses		
<i>In thousands of AUD</i>		
(a) Revenue		
<i>Sales revenue</i>		
Sales of goods	34,073	32,685
Total revenue	34,073	32,685
(b) Expenses		
Costs of goods and services sold	18,697	18,106
Sales and marketing expenses	7,937	7,564
Distribution expenses	2,627	2,743
Administration expenses	1,446	1,111
Other expenses	14	(2)
	30,721	29,522
(c) Depreciation		
Depreciation of buildings	40	39
Depreciation of plant and equipment	848	763
Total depreciation of property, plant and equipment	888	802

**Korvest Ltd – 31 December 2013 Interim Consolidated Financial Report
Condensed Notes to the Interim Consolidated Financial Report**

7. Segment disclosures

The Group has two reportable segments. The business is organised based on products and services. The following summary describes the operations in each of the Group'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, Indax, Power Step and Titan Technologies 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 in the manner reported to the chief operating decision maker as defined in AASB 8. 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	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
\$'000s						
External Revenues	30,214	29,580	3,859	3,105	34,073	32,685
Reportable segment profit before tax	2,402	2,515	1,440	794	3,842	3,309
Reportable segment assets	26,981	25,489	4,070	3,787	31,051	29,276

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

	31 Dec 13	31 Dec 12
	3,842	3,309
	(469)	(63)
	3,373	3,246

Assets

Total assets for reportable segments
Other unallocated amounts
Total assets

	31 Dec 13	31 Dec 12
	31,051	29,276
	16,028	15,383
	47,079	44,659

Geographical segments

The Group operates predominantly in Australia.

Customers

The Group does not derive 10% or more of its revenue from any single customer.

8. Write-down of obsolete inventory

During the six months ended 31 December 2013 the Company did not amend its write-down provision for finished goods inventory (31 December 2012: \$8,000 increase).

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2013, the Company acquired assets with a cost of \$803,000 (six months ended 31 December 2012: \$635,000). No assets were acquired through business combinations. Assets with a net book value of \$26,000 were disposed of during the six months ended 31 December 2013 (six months ended 31 December 2012: \$4,000), resulting in a \$6,000 loss on disposal (six months ended 31 December 2012: \$2,000 profit).

Capital commitments

The Group has \$366,000 in capital commitments at 31 December 2013 (31 December 2012: \$131,000).

10. Share Capital

In thousands of AUD

Issued and paid-up capital

8,725,845 (30 June 2013: 8,709,861) ordinary shares fully paid

	31 Dec 13	30 June 13
	3,890	3,859

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 2012 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
31 December 2013				
27 September 2013	15,624	83,588	93	-
31 December 2012				
12 October 2012	11,232	71,436	78	-

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued being \$31,429 (2012: \$26,860). 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 79,500 Performance Rights were issued in November 2013.

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 2013 was \$4.9703 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 2013.

- a) Exercise price: \$0.00
- b) Vesting period: 3 years
- c) Grant date (for Accounting Standards): 13 November 2013
- d) Expiry date: 30 June 2016
- e) Share price at grant date: \$6.44
- f) Expected price volatility of the Company's shares: 33%
- g) Expected dividend yield: 7.14%
- h) Risk-free interest rate: 4.17%
- i) Cost of borrowing: 9.49%
- j) Restricted period: 2 years (post vesting)

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 13	31 Dec 12
Performance rights issued under Korvest Performance Rights Plan	66	63
Options issued under the Korvest Ltd Executive Share Plan	1	2
Shares issued under Employee Share Bonus Plan	31	27
	<u>98</u>	<u>92</u>

Dividend and Share Investment Plans

The Dividend Investment Plan and Share Investment Plan remain suspended.

**Korvest Ltd – 31 December 2013 Interim Consolidated Financial Report
Condensed Notes to the Interim Consolidated 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
31 December 2013				
Final – ordinary	20.0	<u>1,739</u>	Franked	6 September 2013
31 December 2012				
Final – ordinary	30.0	<u>2,604</u>	Franked	6 September 2012
Subsequent events				
Since the end of the half-year, the Directors declared the following dividends:				
Interim – ordinary	26.0	<u>2,269</u>	Franked	12 March 2014

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. Financial Instruments

Carrying amounts versus fair values

The fair values of all financial assets and liabilities approximate their carrying amounts.

13. Contingent Liabilities and Contingent Assets

There have been no material changes in contingent liabilities or contingent assets since 30 June 2013.

14. Events Subsequent to Reporting Date

No matter or circumstance has occurred subsequent to 31 December 2013 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 2013 refer to Note 11.

15. Related Parties

There have been no material changes to arrangements with related parties since 30 June 2013.

Korvest Ltd
Directors' Declaration

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

- 1 the condensed consolidated 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 Group as at 31 December 2013 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.

Dated at Kilburn this 23rd day of January 2014.

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, which comprises the interim condensed consolidated statement of financial position as at 31 December 2013, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated 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 Group, comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 control 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 Group's financial position as at 31 December 2013 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 Group's financial position as at 31 December 2013 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*.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'S. G. Fleming'.

Scott Fleming
Partner

Adelaide

23 January 2014