

## Appendix 4D

**Korvest Ltd**  
**ABN 20 007 698 106**

### Half-Year Financial Report 31 December 2015

#### Results for announcement to the market:

\$A'000

Revenues	<b>Down 14.8%</b>	to	<b>27,330</b>
Net loss after tax for the period attributable to members	<b>Down 171.0%</b>	to	<b>(88)</b>
<b>Dividends</b>	Amount per security	Franked amount per security	
Interim dividend (#)			
- current reporting period	<b>10.0¢</b>		<b>10.0¢</b>
- previous corresponding period	17.0¢		17.0¢
# 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	<b>26 February 2016</b>		
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:  <b>Refer Directors' report on pages 2 to 4 of this financial report.</b>			

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 2015 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 2015 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:

**Graeme Ambery Billings** BCom, FCA, MAICD

Age 59

Chairman – appointed 18 December 2014

Independent Non-Executive Director

A Director since May 2013

Director G.U.D. Holdings Limited

Director Clover Corporation Limited

Chairman Azure Healthcare Ltd

**Peter Brodribb** F.I.E (Aust)

Age 71

Non-Independent Non-Executive Director – appointed January 2005

A Director since 1984

**Gary Nigel Francis** BSc. HON. (Civil), MAICD

Age 60

Independent Non-Executive Director – appointed 11 February 2014

Chairman of Remuneration Committee

**Gerard Patrick Hutchinson** MBA, MBL, MSc(IS), BEc, MA (research), FCA, FAICD, FAIM

Age 47

Independent Non-Executive Director – appointed 19 November 2014

Chairman of Audit Committee

Managing Director AusGroup Limited

**Alexander Henrik Wilhelm Kachellek** BSc. CENG, MIET, FAICD

Age 62

Managing Director

A Director since June 2007

Chairman Austmine Ltd.

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

Age 44

Finance Director

A Director since January 2009

Company Secretary since April 2008

### Result

The (loss) / profit for the half-year attributable to the members of the Company was:

	31 Dec 15	31 Dec 14
<i>In thousands of AUD</i>		
(Loss) / Profit after income tax expense	(88)	124
Net (loss) / profit attributable to members of the Company	(88)	124

### Other Ratios

	31 Dec 15	31 Dec 14
<b>Net tangible asset (NTA) backing</b>		
Net tangible assets per ordinary share	\$3.00	\$3.17
(Loss) / Profit before tax / revenue	(0.5)%	2.6%
(Loss) / Profit after tax / equity interests	(0.3)%	0.4%

### Review of Operations

Revenue from trading operations for the half-year decreased by 14.8% to \$27.3 million with the market trend from recent periods of a lack of project work and a noticeable slowing in the day-to-day non-project market continuing.

#### Industrial Products

The EzyStrut business has benefited over recent reporting periods from supplying a large LNG project. That project has continued through the first-half and is expected to be completed during the second half of FY16. Other than that LNG project the activity levels in the markets serviced by EzyStrut have remained subdued throughout the first half with limited mid-to-large project work undertaken. In the prior comparative period some states were completing project work however in the current reporting period similar projects were not supplied. As a result the current year revenue fell short of the prior comparative period in some of the larger geographical markets.

The Power Step and Titan Technologies businesses supply almost exclusively to the resources sector and as a result have experienced very challenging trading conditions for some time. Conditions appear to have plateaued at the bottom of the cycle and the businesses achieved revenues in line with those of the prior comparative period.

#### Production

Plant volumes for the Galvanising business in the first half were below those of the prior comparative period however they were in line with those of the second half of FY15 albeit the mix of internal and external work changed with an increase in external work offsetting the reduced internal tonnes.

#### Group Restructure

The Company is now well placed with a realigned operating structure to gain greater market share by increasing focus on sales and business development in our current domestic and our growing overseas markets. Also the structure offers greater synergies between the EzyStrut and Galvanising businesses resulting in a lower cost base across the group.

As a result a redundancy programme was implemented with a post-tax cost of \$248,000. The combination of the redundancies and natural attrition has reduced the employee numbers from 225 in June 2015 to 184 in December 2015.

**Korvest Ltd**  
**Directors' Report**

**Review of operations (continued)**

As outlined at the AGM, during the first quarter the Group was actively pursuing a significant acquisition opportunity. Negotiations had commenced during FY15 and ceased during the first half when the parties were unable to agree on commercial terms. The protracted nature of the negotiations resulted in \$475k of associated costs being included in the net loss after tax.

In summary, the underlying business performed as follows:

	\$'000
Net loss after tax	(88)
Restructuring costs	248
Acquisition related costs	475
Underlying net profit after tax	<u>635</u>

This underlying result is 61% down on the comparative period's first half underlying result.

**Dividends**

The Directors announced a fully franked interim dividend of 10.0 cents per share.

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend with the issue price calculated at a 5% discount to the volume weighted average market price for the period from 24 February 2016 to 1 March 2016. The dividend will be paid on 11 March 2016 and the record date is 26 February 2016.

**Events Subsequent to Reporting Date**

Events subsequent to the reporting date are included in Note 15 of the *Condensed Notes to the Interim Financial Report*.

**2016 Guidance**

Current market conditions continue to make it difficult to provide definitive guidance. On-hand orders for the large LNG project suggest that similar levels of revenue from this project are expected in the second half as were achieved in the first half. General market conditions are expected to remain at a similar level to those experienced recently. Korvest's second half result should benefit from the restructured organisation now in place.

**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 2015.

**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 29th day of January 2016.

Signed in accordance with a resolution of the Directors:



**GA Billings**  
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 2015 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 that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'S. Fleming'.

Scott Fleming  
*Partner*

Adelaide

29 January 2016

**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income for**  
**the Half-Year Ended 31 December 2015**

<i>In thousands of AUD</i>	Note	<b>31 Dec 15</b>	<b>31 Dec 14</b>
Revenue	6(a)	27,330	32,062
Other income	6(a)	6	18
Expenses excluding net financing costs	6(b)	(27,483)	(31,259)
<b>Results from operating activities excluding net financing income</b>		<b>(147)</b>	<b>821</b>
Financial income		5	24
Financial expenses		(2)	-
<b>Net financing income</b>		<b>3</b>	<b>24</b>
<b>(Loss)/Profit before income tax expense</b>		<b>(144)</b>	<b>845</b>
Income tax benefit / (expense)		56	(721)
<b>Net profit/(loss) for the period</b>		<b>(88)</b>	<b>124</b>
<b>Attributable to:</b>			
Members of the Company		(88)	124
(Loss)/Profit for the period		(88)	124
<b>Total comprehensive income for the period</b>		<b>(88)</b>	<b>124</b>
Basic earnings per share		(0.8)¢	1.2¢
Diluted earnings per share		(0.8)¢	1.2¢

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 16.

**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended**  
**31 December 2015**

*In thousands of AUD*

	Share capital	Equity compensation reserve	Asset revaluation reserve	Profits reserve	Retained earnings	Total
Balance at 1 July 2015	12,833	211	3,585	16,313	-	32,942
Total comprehensive income for the year			-	-		
Loss for the period	-	-	-	-	(88)	(88)
<b>Total comprehensive income for the year</b>	-	-	-	-	(88)	(88)
Transactions with owners of the Company recognised directly in equity						
Shares issued under the Share Plans	470	-	-	-	-	470
Dividends to members	-	-	-	(1,262)	-	(1,262)
Total contributions by and distributions to owners of the Company	470	-	-	(1,262)	-	(792)
Transfer to profits reserve	-	-	-	(88)	88	-
<b>Balance at 31 December 2015</b>	<b>13,303</b>	<b>211</b>	<b>3,585</b>	<b>14,963</b>	<b>-</b>	<b>32,062</b>
Balance at 1 July 2014	12,764	343	3,585	19,890	-	36,582
Total comprehensive income for the year						
Profit for the period	-	-	-	-	124	124
<b>Total comprehensive income for the year</b>	-	-	-	-	124	124
Transactions with owners of the Company recognised directly in equity						
Shares issued under the Share Plans	33	(132)	-	-	-	(99)
Dividends to members	-	-	-	(3,246)	-	(3,246)
Total contributions by and distributions to owners of the Company	33	(132)	-	(3,246)	-	(3,345)
Transfers to profits reserve	-	-	-	124	(124)	-
<b>Balance at 31 December 2014</b>	<b>12,797</b>	<b>211</b>	<b>3,585</b>	<b>16,768</b>	<b>-</b>	<b>33,361</b>

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 16.

**Korvest Ltd**
**Interim Condensed Consolidated Statement of Financial Position as at 31 December 2015**

<i>In thousands of AUD</i>	Note	<b>31 Dec 15</b>	<b>30 Jun 15</b>
<b>Current Assets</b>			
Trade and other receivables		10,779	13,592
Inventories		13,168	13,611
Tax receivable		691	273
<b>Total current assets</b>		<b>24,638</b>	<b>24,476</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		15,398	15,907
Intangible assets and goodwill		21	25
<b>Total non-current assets</b>		<b>15,419</b>	<b>15,932</b>
<b>Total assets</b>		<b>40,057</b>	<b>43,408</b>
<b>Current Liabilities</b>			
Bank overdrafts		208	500
Trade and other payables		4,563	6,359
Employee benefits		2,190	2,743
Provisions		33	42
<b>Total current liabilities</b>		<b>6,994</b>	<b>9,644</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		326	51
Employee benefits		342	438
Provisions		333	333
<b>Total non-current liabilities</b>		<b>1,001</b>	<b>822</b>
<b>Total liabilities</b>		<b>7,995</b>	<b>10,466</b>
<b>Net assets</b>		<b>32,062</b>	<b>32,942</b>
<b>Equity</b>			
Issued capital	11	13,303	12,833
Reserves		18,759	20,109
<b>Total equity attributable to equity holders of the parent</b>		<b>32,062</b>	<b>32,942</b>
<b>Total equity</b>		<b>32,062</b>	<b>32,942</b>

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 16.



**Korvest Ltd**  
**Interim Condensed Consolidated Statement of Cash Flows for the Half-Year Ended**  
**31 December 2015**

*In thousands of AUD*

	Note	31 Dec 15	31 Dec 14
<b>Cash flows from Operating Activities</b>			
Cash receipts from customers		33,985	41,924
Cash payments paid to suppliers and employees		(32,471)	(35,178)
Interest received		3	24
Income taxes paid		(87)	(1,119)
<b>Net cash provided by operating activities</b>		1,430	5,651
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment including assets held for sale		38	261
Acquisition of property, plant and equipment		(360)	(654)
<b>Net cash (used in) investing activities</b>		(322)	(393)
<b>Cash flows from Financing Activities</b>			
Dividends paid		(816)	(3,246)
<b>Net cash (used in) financing activities</b>		(816)	(3,246)
<b>Net increase in cash held</b>		292	2,012
<b>Cash at the beginning of the period</b>		(500)	497
<b>Cash at the end of the period</b>		(208)	2,509

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 16.

## **Korvest Ltd – 31 December 2015 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 2015 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 2015 is available upon request from the Company's registered office at 580 Prospect Road Kilburn SA 5084 or at [www.korvest.com.au](http://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 2015.

This interim financial report was approved by the Board of Directors on 29 January 2016.

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 2015.

### **4. Judgements and Estimates**

The preparation of the interim financial report requires management to make judgments, 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 judgments 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 2015.

**Korvest Ltd– 31 December 2015 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**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 2015.

	<b>31 Dec 15</b>	<b>31 Dec 14</b>
<b>6. Revenues and Expenses</b>		
<i>In thousands of AUD</i>		
<b>(a) Revenue</b>		
<i>Sales revenue</i>		
Sales of goods	27,330	32,062
<b>Other income</b>		
Profit on sale of fixed assets	6	18
<b>(b) Expenses</b>		
Costs of goods and services sold	17,180	18,430
Sales, marketing and warehousing expenses	6,558	7,602
Distribution expenses	1,762	2,062
Administration expenses	1,983	1,440
Other expenses	-	4
Goodwill Impairment (see Note 10)	-	1,721
	<b>27,483</b>	<b>31,259</b>
<b>(c) Depreciation</b>		
Depreciation of buildings	20	17
Depreciation of plant and equipment	798	794
Total depreciation of property, plant and equipment	<b>818</b>	<b>811</b>

**Korvest Ltd – 31 December 2015 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, Power Step and Titan Technologies names.
- Production – represents the Korvest Galvanising business, which provides hot dip galvanising services.

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	
\$'000s	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
External Revenues	24,898	29,505	2,432	2,557	27,330	32,062
Reportable segment profit before tax	898	2,523	13	491	911	3,014
Reportable segment assets	26,158	25,361	3,599	3,602	29,757	28,963

**Reconciliation of reportable segment profit and assets**

*In thousands of AUD*

**Profit**

Total profit or loss for reportable segments

Goodwill impairment

Unallocated amounts – other corporate expenses

(Loss) / Profit before income tax

	31 Dec 15	31 Dec 14
	911	3,014
	-	(1,721)
	(1,055)	(448)
	(144)	845

**Assets**

Total assets for reportable segments

Land and buildings

Other unallocated amounts

Total assets

	31 Dec 15	31 Dec 14
	29,757	28,963
	7,226	7,063
	3,074	5,549
	40,057	41,575

**Geographical segments**

The Group operates predominantly in Australia.

**Customers**

Revenue from one customer in the Group's Industrial Products segment represented \$6,359,000 (2014: \$5,635,000) of the Group's total revenues. No other single customer represented more than 10% of the Group's total revenues.

**Korvest Ltd – 31 December 2015 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**8. Write-down of obsolete inventory**

During the six months ended 31 December 2015 the Company did not amend its obsolescence provision against inventory (31 December 2014: nil amendment).

**9. Property, plant and equipment**

*Acquisitions and disposals*

During the six months ended 31 December 2015, the Company acquired assets with a cost of \$360,000 (six months ended 31 December 2014: \$654,000). No assets were acquired through business combinations. Assets with a net book value of \$32,000 were disposed of during the six months ended 31 December 2015 (six months ended 31 December 2014: \$243,000), resulting in a \$6,000 profit on disposal (six months ended 31 December 2014: \$18,000 profit).

*Capital commitments*

The Group has no capital commitments at 31 December 2015 (31 December 2014: \$278,000).

**10. Intangible assets and goodwill**

**a. Impairment loss in relation to Power Step and Titan Technologies**

During the six months ended 31 December 2014 the Group recognised an impairment of goodwill in relation to the Power Step and Titan Technologies businesses. The carrying amount of the cash generating unit (CGU) was determined to be higher than its recoverable amount and an impairment loss of \$1,721,000 was recognised. The impairment loss was allocated fully to goodwill and reduced the goodwill to \$nil. The amount has been separately disclosed in Note 6(b).

Other CGU's have not been tested for impairment as the directors have assessed that there are no impairment indicators at 31 December 2015.

**Korvest Ltd – 31 December 2015 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**11. Share Capital**

	31 Dec 15	30 June 15
<i>In thousands of AUD</i>		
<b>Issued and paid-up capital</b>		
10,695,416 (30 June 2015: 10,507,320) ordinary shares fully paid	13,303	12,833

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 2014 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
<b>31 December 2015</b>				
2 October 2015	25,872	83,825	154	-
<b>31 December 2014</b>				
26 September 2014	14,256	87,960	81	-

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued being \$31,518 (2014: \$33,073). 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 earnings 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 142,400 Performance Rights were issued in November 2015 (2014: 99,000).

**Korvest Ltd – 31 December 2015 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated Financial Report**

**11. Share Capital (continued)**

**Share-based payment – Executive Share Plan (continued)**

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 2015 was \$2.29 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 2015.

- a) Exercise price: \$0.00
- b) Vesting period: 3 years
- c) Grant date (for Accounting Standards): 20 November 2015
- d) Expiry date: 30 June 2018
- e) Share price at grant date: \$3.05
- f) Expected price volatility of the Company's shares: 28%
- g) Expected dividend yield: 9.51%
- h) Risk-free interest rate: 2.90%
- i) Cost of borrowing: 8.49%
- 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:

<i>In thousands of AUD</i>	<b>31 Dec 15</b>	<b>31 Dec 14</b>
Performance rights issued under Korvest Performance Rights Plan	-	(133)
Options issued under the Korvest Ltd Executive Share Plan	-	1
Shares issued under Employee Share Bonus Plan	32	33
	<u>32</u>	<u>(99)</u>

**Dividend and Share Investment Plans**

The Company issued new shares under the Dividend Reinvestment Plan (DRP) applying to the final dividend paid in September 2015. The shareholders had an opportunity to reinvest their dividend entitlement in Company's shares issued at a 5% discount to the volume weighted average market price for the period from 19 to 25 August 2015 inclusive. A total of 137,224 new shares were issued under the DRP resulting in an increase in share capital of \$438,000 (31 December 2014: nil).

**Korvest Ltd – 31 December 2015 Interim Consolidated Financial Report  
Condensed Notes to the Interim Consolidated 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
<b>31 December 2015</b>				
Final – ordinary	12.0	<u>1,262</u>	Franked	4 September 2015
<b>31 December 2014</b>				
Final – ordinary	31.0	<u>3,246</u>	Franked	5 September 2014
<b>Subsequent events</b>				
Since the end of the half-year, the Directors declared the following dividends:				
Interim – ordinary	10.0	<u>1,068</u>	Franked	11 March 2016

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.

**13. Financial Instruments**

**Carrying amounts versus fair values**

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

**14. Contingent Liabilities and Contingent Assets**

There have been no material changes in contingent liabilities or contingent assets since 30 June 2015.

**15. Events Subsequent to Reporting Date**

No matter or circumstance has occurred subsequent to 31 December 2015 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 2015 refer to Note 12.

**16. Related Parties**

There have been no material changes to arrangements with related parties since 30 June 2015.



**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 16, 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 2015 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 29th day of January 2016.

Signed in accordance with a resolution of the Directors:



**GA Billings**  
Director



**AHW Kachellek**  
Director



## **Independent auditor's review report to the members of Korvest Ltd**

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 2015, 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 16 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 2015 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 2015 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. L. Fleming'.

Scott Fleming  
*Partner*

Adelaide

29 January 2016