

NEWS RELEASE

15 February 2016

K&S Corporation Limited Carrying Values and Earnings Update

On 24 November 2015, K&S Corporation Limited (ASX: KSC) advised that, based on currently available information, it anticipated that statutory net profit after tax for the first half of FY2016 would be approximately 75% down on statutory profit after tax for the first half of FY15. While the review of K&S Corporation's statutory accounts is not yet complete, underlying performance has been stronger than previously expected and K&S Corporation now anticipates that underlying profit before tax for the first half of FY16 will be 45% down on profit before tax for the first half of FY15.

When K&S Corporation provided earnings guidance on 24 November 2015, K&S Corporation also informed the market that in light of the challenging economic conditions in its market sectors, the carrying value of assets would be reviewed as part of the 31 December 2015 audit review. As a result of that review, K&S Corporation expects to book a one-off non-cash impairment charge of \$77.7 million against the carrying value of goodwill associated with the Australian Transport Division. That impairment charge recognises the ongoing impacts of the severe downturn in the Western Australian economy and the resources sector more broadly, the structural decline of domestic manufacturing, and reduced profitability of several of K&S Corporation's Eastern States operations.

K&S Corporation will also book a one-off non-cash write down of \$8.2 million to the value of its properties at Bullsbrook, Western Australia, Townsville, Queensland, and at Lithgow, New South Wales. The property at Bullsbrook, Western Australia, was purchased in March 2013 for future development to cater for growth anticipated in our Regal Transport business. K&S Corporation does not have any immediate plans to develop this property and the value has been reduced to reflect the current state of the Western Australian economy.

In addition, K&S Corporation will book a one-off non-cash write down of the value of plant and equipment of \$8.7 million. The write down is to the value of surplus assets held for sale and also under-utilised assets situated in Western Australia.

K&S Corporation expects to announce its statutory results for the six months ended 31 December 2015 on 24 February 2016.

Further Information:

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