

The logo for K&S Corporation Limited is a red, stylized arrow pointing to the right. The text "K&S CORPORATION LIMITED" is written in white, uppercase letters across the center of the arrow.

K&S CORPORATION LIMITED

Interim Financial Report as at 31 December 2022

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K&S CORPORATION LIMITED

ABN 67 007 561 837

Directors' Report

The Directors present their report, together with the interim financial report of the Group comprising of K&S Corporation Limited (the "Company") and its subsidiaries (the "Group"), for the half-year ended 31 December 2022 and the review report thereon.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tony Johnson (Chairman)
Paul Sarant (Managing Director)
Legh Winser
Graham Walters AM (Independent Director)
Sallie Emmett (Independent Director)
Robert Dalton (Independent Director)

CONSOLIDATED RESULTS

Financial Overview		6 month period to Dec 2022	6 month period to Dec 2021	% Movement
Operating Revenue	\$'000	435,486	370,415	17.6%
Statutory profit after tax	\$'000	15,354	8,474	81.2%
Statutory profit before tax	\$'000	21,812	11,823	84.5%
Earnings before interest and tax (EBIT)	\$'000	23,379	12,937	80.7%
Earnings before interest, tax and depreciation (EBITDA)	\$'000	46,494	36,120	28.7%
Less Gain/(Loss) on Derivative Instruments at Fair Value Through Profit and Loss	\$'000	77	-	100%
Less bad debts recovered	\$'000	-	(196)	(100)%
Less other significant items	\$'000	2,250	118	1,806.8%
Underlying profit before interest, tax & depreciation ¹	\$'000	48,821	36,042	35.5%
Underlying profit before interest & tax ¹	\$'000	25,706	12,859	99.9%
Underlying profit before tax ¹	\$'000	24,139	11,745	105.5%
Underlying operating profit after tax ¹	\$'000	17,006	8,418	102.0%
Total assets	\$'000	602,728	539,679	11.7%
Net borrowings excluding lease liabilities	\$'000	6,004	32,557	(81.6)%
Shareholders' funds	\$'000	322,714	276,580	16.7%
Finance costs	\$'000	1,567	1,695	(7.6)%
Depreciation	\$'000	23,115	23,183	(0.3)%
Dividend per share	cents	10.0	4.5	122.2%
Net tangible assets per share	\$	2.3	2.1	9.5%
Operating cash flow	\$'000	46,372	30,166	53.7%
Return on assets	%	3.6	2.1	63.6%
Gearing ratio (excluding lease liabilities)	%	1.8	10.5	(82.9)%
Employee numbers		1,845	1,872	(1.4)%
Lost time injuries		11	10	10%
Lost time injuries frequency rate		6.0	4.6	30.4%

¹ Underlying profits and earnings per share based on underlying profits are categorised as non-IFRS Financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230- Disclosing non-IFRS information issued in December 2011. Underlying adjustments have been considered in relation to their size and nature and have been adjusted from the statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments relate to the unrealised gain on the Group's interest rate swap, which was primarily driven by the underlying market volatility in the short and mid term interest expectations and a site remediation provision. The exclusion of these items provides a result which, in the Directors view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has not been subject to audit or review by the auditor.

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Directors' Report continued

REVIEW AND RESULTS OF OPERATIONS

Operating revenue for the period was \$435.5 million, 17.6% higher than the prior corresponding period. The Group recorded an underlying profit before tax of \$24.1 million for the period, 105.5% higher than the prior corresponding period. The underlying profit after tax of \$17.0 million was 102.0% higher than the prior corresponding period. Statutory profit before tax was \$21.8 million for the half-year ended 31 December 2022, 84.5% higher than the prior corresponding period. Statutory profit after tax was \$15.4 million, up 81.2% on the previous year first half statutory profit after tax of \$8.5 million.

The statutory result for the half-year ended 31 December 2022 includes two significant items amounting to \$2.3 million (before tax). The Group's statutory result for the prior corresponding period included \$0.1 million (before tax) of significant items mainly relating to bad debt recoveries.

The underlying profit benefited from a number of cost savings measures, customer re-negotiations, and procurement initiatives as well as improved performance by the Australian Transport segment.

Operating cashflow for the current period was \$46.4 million, \$16.2 million higher than the prior corresponding period.

Australian Transport

Steel volumes from our major customers remained strong, increasing compared to the prior half year. Performance of the contract logistics business was sound. Contributions from our Western Australia based heavy haulage business also remained sound underpinned by the continued strength of the mining sector.

Our specialised aviation refuelling business, Aero Refuellers, again experienced the impacts of low fire season activity.

Cost reduction strategies have continued to be implemented across the business, in particular, operational efficiencies, supplier re-negotiations, and the rationalisation and replacement of specific fleet. Ongoing cost reduction initiatives, coupled with customer re-negotiations, have continued to have a positive impact on the result for the first half of FY2023.

Fuels

The fuel trading business, K&S Fuels, saw revenue increase on the prior comparative period. The increase in revenue is attributable to the increase in fuel prices.

K&S Fuels made a sound contribution to the first half result for FY2023.

New Zealand

The New Zealand operation again had a strong performance, underpinned by the resilience of the local economy.

Balance sheet and Funding

The Group maintains a strong focus on the balance sheet.

The Group's net debt decreased from \$21.4 million as at 30 June 2022 to \$6.0 million as at 31 December 2022 (the lowest net debt experienced since 2003), with the Group's gearing ratio (excluding lease liabilities) also decreased from 6.5% to 1.8% over the same period.

Safety

Safety remains a key priority for K&S. The Group's lost time injury frequency rate was 6.0 as at 31 December 2022, up by 30.4% on the prior comparative period.

The lost time injury frequency rate in New Zealand was 1.7.

Interim Dividend

Consistent with the stronger first half result, a fully franked Interim Dividend of 10 cents per share (2021: 4.5 cents per share) has been declared by the Directors. The Interim Dividend will be paid on 3rd April 2023, with the date for determining entitlements being 22nd March 2023.

Directors have elected to suspend the dividend reinvestment plan (DRP) in respect of the interim dividend having regard to capital management considerations and record low debt levels. Directors are also of the view that the Group's shares are trading at too great a discount to the net tangible asset backing of \$2.30 per share and the issuing of shares under the DRP would be dilutionary to existing shareholders.

Outlook

While the Group has recorded a strong result for the first half of FY2023, providing specific earnings guidance for the second half remains difficult. The current higher inflation and increasing interest rate environment, coupled with cost-base pressures present down-side risks to the second half result.

The Group has secure long term bank facilities and very low gearing levels. We will continue to take a balanced approach to risk as well as maintaining a strong focus on working capital management.

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Directors' Report continued

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been nil significant changes in the state of affairs of the economic entity during the half-year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

On 22nd February 2023, the Directors of K&S Corporation Limited declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$13,684,898 which represents a fully franked dividend of 10.0 cents per share. The dividend has not been provided for in the 31 December 2022 financial statements and is payable on 3rd April 2023.

The Dividend Reinvestment Plan (DRP) has been suspended. The suspension of DRP means all eligible shareholders will receive their distribution payments in cash.

Other than the above matters, there has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

ROUNDING

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24th March 2016 and in accordance with that legislative instrument, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated. This interim financial report is presented in Australian dollars which is the Company's functional currency.

AUDITOR INDEPENDENCE

The entity's auditor, Ernst & Young have provided the Group with an Auditors' Independence Declaration which is on page 18 of this report.

Dated at Melbourne this 22nd day of February 2023.

Signed in accordance with a resolution of the Directors.



Tony Johnson
Chairman



Paul Sarant
Managing Director and CEO

K&S CORPORATION LIMITED

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	NOTE	CONSOLIDATED	
		31 December 2022 \$'000	31 December 2021 \$'000
Revenue and other income			
Operating revenue	4	435,486	370,415
Other income		4,236	4,266
		439,722	374,681
Expenses			
Consumption of fuel held for sale and changes in inventories		(92,061)	(57,709)
Contractor expenses		(95,242)	(92,908)
Employee expenses		(108,997)	(108,191)
Fleet expenses		(78,332)	(65,511)
Depreciation expense		(23,115)	(23,183)
Gain/(Loss) on derivative instruments at fair value through profit and loss		(77)	581
Finance costs		(1,567)	(1,695)
Other expenses		(18,519)	(14,242)
		(417,910)	(362,858)
Profit before income tax		21,812	11,823
Income tax expense		(6,458)	(3,349)
Profit after income tax		15,354	8,474
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		1,282	(57)
Other comprehensive income for the period, net of tax		1,282	(57)
Total comprehensive income for the period		16,636	8,417
Earnings per share (cents per share)			
Basic for profit for the period attributable to ordinary equity holders of the parent		12.2	6.4
Diluted for profit for the period attributable to ordinary equity holders of the parent		12.2	6.4
Dividends per share (cents per share)	9	10.0	4.5

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

	NOTE	31 December 2022 \$'000	CONSOLIDATED 30 June 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		32,908	27,352
Trade and other receivables		102,431	114,660
Inventories		7,667	9,266
Assets held for sale		715	432
Prepayments		10,845	9,724
Derivatives		1,655	1,732
Total current assets		156,221	163,166
Non-current assets			
Other receivables		2,168	2,750
Property, plant & equipment	6	412,557	401,738
Intangibles		6,177	5,967
Right of use assets		10,946	14,030
Deferred tax assets		14,659	14,097
Total non-current assets		446,507	438,582
TOTAL ASSETS		602,728	601,748
LIABILITIES			
Current liabilities			
Trade and other payables		105,315	110,957
Lease liabilities		5,582	6,556
Income tax payable		1,494	1,502
Provisions		26,625	26,710
Total current liabilities		139,016	145,725
Non-current liabilities			
Interest bearing loans and borrowings	7	38,912	48,713
Lease liabilities		6,395	8,662
Deferred tax liabilities		73,238	68,375
Provisions		22,453	23,329
Total non-current liabilities		140,998	149,079
TOTAL LIABILITIES		280,014	294,804
NET ASSETS		322,714	306,944
EQUITY			
Contributed equity	8	179,624	173,786
Reserves		87,929	86,647
Retained earnings		55,161	46,511
TOTAL EQUITY		322,714	306,944

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	NOTE	Issued Capital \$'000	Retained Earnings \$'000	Asset Revaluation Reserves \$'000	Forex Translation Reserves \$'000	Common Control Reserves \$'000	Total Equity \$'000
CONSOLIDATED							
As at 1 July 2022		173,786	46,511	87,780	(820)	(313)	306,944
Profit for the half-year		-	15,354	-	-	-	15,354
Other comprehensive income		-	-	-	1,282	-	1,282
Total comprehensive income for the half year		-	15,354	-	1,282	-	16,636
Transactions with owners in their capacity as owners:							
Issue of share capital		5,838	-	-	-	-	5,838
Dividend Paid	9	-	(6,704)	-	-	-	(6,704)
At 31 December 2022		179,624	55,161	87,780	462	(313)	322,714
As at 1 July 2021							
As at 1 July 2021		164,613	39,492	64,225	700	(313)	268,717
Profit for the half-year		-	8,474	-	-	-	8,474
Other comprehensive income		-	-	-	(57)	-	(57)
Total comprehensive income for the half year		-	8,474	-	(57)	-	8,417
Transactions with owners in their capacity as owners:							
Issue of share capital		3,953	-	-	-	-	3,953
Dividend Paid	9	-	(4,507)	-	-	-	(4,507)
At 31 December 2021		168,566	43,459	64,225	643	(313)	276,580

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 December 2022 \$'000	CONSOLIDATED 31 December 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	500,354	424,312
Cash payments to suppliers and employees	(450,879)	(390,421)
Interest received	279	-
Lease payments (interest component)	(193)	(247)
Borrowing costs paid	(1,160)	(1,688)
Income taxes paid	(2,029)	(1,790)
Net cash provided by operating activities	46,372	30,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	4,837	6,735
Payments for property, plant & equipment	(30,915)	(37,954)
Net cash used in investing activities	(26,078)	(31,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (net of costs)	-	77,047
Repayments of borrowings	(10,000)	(73,000)
Lease payments (principal component)	(4,053)	(4,684)
Dividends paid	(843)	(538)
Net cash used in financing activities	(14,896)	(1,175)
Net increase in cash held	5,398	(2,228)
Cash at the beginning of the financial year	27,352	22,461
Effects of exchange rate variances on cash	158	24
Cash at the end of the financial year	32,908	20,257

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

1 CORPORATE INFORMATION

The interim financial report of K&S Corporation Limited (“the Company”) and its subsidiaries (“The Group”) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of Directors on 22nd February 2023.

K&S Corporation Limited is a for-profit Company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX:KSC).

The nature of the operations and principal activities of the Group are described in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The interim financial report for the half-year ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the Group’s annual financial report for the year ended 30 June 2022. It is also recommended that the interim financial report be considered together with any public announcements made by the Company and its subsidiaries during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

The consolidated financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the Group’s annual consolidated financial statements for the year ended 30 June 2022 and corresponding 31 December 2021 interim reporting period, except for the required adoption of new and amended accounting standards effective from 1 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Compliance with IFRS

The financial report complies with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

c) New Accounting Standards and Interpretations

There are no new or amended standards applicable for the first time for the Financial Statements for the half-year ended 31 December 2022 that affect the Group’s accounting policies or any of the amounts recognised in the financial statements.

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Notes to the Financial Statements continued

3 OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Management in assessing performance and in determining the allocation of resources.

The Executive Management determined that the Group has three operating segments.

The Group's internal management reporting systems and business model, which monitors resource allocation and working capital fall under the following three segments:

- **Australian Transport** - The provision of logistics services to customers within Australia.
- **Fuels** - The distribution of fuel to fishing, farming and retail customers within the South East of South Australia.
- **New Zealand Transport** - The provision of logistics services to customers within New Zealand.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in the prior period except as detailed below:

Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. The price is set periodically and aims to reflect what the business operations could achieve if they sold their output and services to external parties at arm's length.

Corporate charges

Corporate charges are allocated to each operating segment on a proportionate basis linked to segment revenue so as to determine a segmental result.

The entity has one customer which contributes greater than 10% of total revenue (\$64.2m) and falls within the Australian Transport Segment.

	Australian Transport \$'000	Fuel \$'000	New Zealand Transport \$'000	Total \$'000
Half-year ended 31 December 2022				
Revenue				
External customers	310,656	86,132	38,698	435,486
Inter-segment sales	-	38,268	-	38,268
Total segment revenue	310,656	124,400	38,698	473,754
Results				
Depreciation and amortisation expense	(19,023)	-	(4,092)	(23,115)
Gain/(Loss) on Derivative Instruments at Fair Value Through Profit and Loss	(77)	-	-	(77)
Finance costs	(1,475)	-	(92)	(1,567)
Segment Profit after Tax	9,563	2,251	3,540	15,354
Operating assets	525,211	38,187	46,186	609,584
Operating liabilities	195,963	17,682	13,152	226,797
Other disclosures				
Capital expenditure	(27,486)	-	(4,510)	(31,996)

Inter-segment revenues of \$38.3 million are eliminated on consolidation

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Notes to the Financial Statements continued

3 OPERATING SEGMENTS (continued)

Half-year ended 31 December 2021	Australian Transport \$'000	Fuel \$'000	New Zealand Transport \$'000	Total \$'000
Revenue				
External customers	278,279	57,838	34,298	370,415
Inter-segment sales	-	30,848	-	30,848
Total segment revenue	278,279	88,686	34,298	401,263
Results				
Depreciation and amortisation expense	(19,051)	-	(4,132)	(23,183)
Gain/(Loss) on Derivative Instruments at Fair Value Through Profit and Loss	581	-	-	581
Finance costs	(1,540)	-	(155)	(1,695)
Segment Profit after Tax	3,981	1,952	2,541	8,474
Operating assets	466,809	27,888	46,847	541,544
Operating liabilities	191,777	14,788	15,620	222,185
Other disclosures				
Capital expenditure	(32,159)	-	(5,833)	(37,992)

Inter-segment revenues of \$30.8 million are eliminated on consolidation.

i) Segment assets reconciliation to the consolidated statement of financial position

Segment assets are those operating assets of the entity that the executive views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory and intangibles.

Reconciliation of segment operating assets to total assets:

	CONSOLIDATED	
	31 December 2022 \$'000	31 December 2021 \$'000
Reconciliation of assets		
Segment operating assets	609,584	541,544
Inter-segment eliminations	(21,515)	(13,811)
Deferred tax asset	14,659	11,946
Total assets per Statement of Financial Position	602,728	539,679

The analysis of location of non-current assets excluding deferred tax assets are as follows:

Australia	409,652	368,782
New Zealand	36,855	37,393
Total non-current assets per the Consolidated Statement of Financial Position	446,507	406,175

Reconciliation of liabilities

Segment operating liabilities	226,797	222,185
Inter-segment eliminations	(21,515)	(13,811)
Deferred tax liabilities	73,238	53,621
Income tax payable	1,494	1,104
Total liabilities per Statement of Financial Position	280,014	263,099

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Notes to the Financial Statements continued

4 REVENUE FROM CONTRACTS

For the half year ended 31 December 2022

Segments	Australian Transport \$'000	New Zealand Transport \$'000	Fuels \$'000	Total \$'000
Type of service				
Transport Services	292,919	38,698	-	331,617
Sale of Fuel (including agency commissions)	17,737	-	86,132	103,869
Total revenue from contracts with customers	310,656	38,698	86,132	435,486
Geographical markets				
Australia	310,656	-	86,132	396,788
New Zealand	-	38,698	-	38,698
	310,656	38,698	86,132	435,486
Total revenue from contracts with customers				
Timing of revenue recognition				
Services transferred over time	292,919	38,698	-	331,617
Goods transferred at a point in time	17,737	-	86,132	103,869
Total revenue from contracts with customers	310,656	38,698	86,132	435,486

For the half year ended 31 December 2021

Segments	Australian Transport \$'000	New Zealand Transport \$'000	Fuels \$'000	Total \$'000
Type of service				
Transport Services	269,263	34,298	-	303,561
Sale of Fuel (including agency commissions)	9,016	-	57,838	66,854
Total revenue from contracts with customers	278,279	34,298	57,838	370,415
Geographical markets				
Australia	278,279	-	57,838	336,117
New Zealand	-	34,298	-	34,298
	278,279	34,298	57,838	370,415
Total revenue from contracts with customers				
Timing of revenue recognition				
Services transferred over time	278,279	34,298	-	312,577
Goods transferred at a point in time	-	-	57,838	57,838
Total revenue from contracts with customers	278,279	34,298	57,838	370,415

5 INDIVIDUALLY SIGNIFICANT ITEMS

	31 December 2022 \$'000	31 December 2021 \$'000
Bad debts recovered	-	196
Gain/(Loss) on Derivative Instruments at Fair Value Through Profit and Loss ¹	77	-
Onerous lease provisions	-	(118)
Site remediation provision	2,250	-
Total significant items pre-tax	2,327	78
Tax impact on significant items	(698)	(23)
Total significant items, net of tax	1,629	55

¹ This adjustment relates to the unrealized gain/(loss) on the Group's interest rate swap, which was primarily driven by the underlying market volatility in the short and mid term interest expectations. The Group elected to present all revaluation gains and/or losses on derivative instruments as significant items at 30 June and future periods.

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Notes to the Financial Statements continued

6 PROPERTY, PLANT AND EQUIPMENT

Acquisition and disposal

During the half-year ended 31 December 2022, the Group acquired assets with a cost of \$32.00 million (2021: \$37.99 million). Assets with a net book value of \$2.42 million were disposed of by the Group during the half-year ended 31 December 2022 (2021: \$4.51 million), resulting in a gain on disposal of \$2.42 million (2021: \$2.26 million). The net carrying amount was \$412.56 million (2021: \$367.18 million).

7 INTEREST BEARING LOANS AND BORROWINGS

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
	-	-
Non-current		
Non-redeemable preference shares	60	60
Bank loans – secured	39,606	49,606
Directly attributable transaction costs	(754)	(953)
	38,912	48,713

Summary of financing arrangements

Credit facilities are provided as part of the overall debt funding structure of the Group. During the period, the Group refinanced its bank facilities. Maturity dates as well as the drawn component of each facility is shown below:

Facility and limit	Maturity	Interest rate	Amounts drawn	
			Dec 2022 \$'000	June 2022 \$'000
\$94m bank bill facility ^{1,2}	July 2024	BBSY + margin	37,000	37,000
\$75m bank bill facility ¹	July 2026	BBSY + margin	2,606	12,606
Total interest bearing liabilities			39,606	49,606

¹ The bank loans are secured by fixed and floating charges over the assets of the Group. Bank loans are also secured by registered mortgages over a number of freehold properties of the Group.

² In addition to the limit of \$94m, the Group holds a \$30m of bank guarantee facility maturing in July 2024.

8 CONTRIBUTED EQUITY

CONSOLIDATED

	31 December 2022 \$'000	30 June 2022 \$'000
Issued and paid-up share capital	179,624	173,786

i) Ordinary shares

Fully paid ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company and carry the right to receive dividends as declared.

	Thousands	\$'000
Movements in ordinary shares on issue		
At 1 July 2022	134,073	173,786
Issued through Dividend Re-Investment Plan	2,776	5,838
At 31 December 2022	136,849	179,624

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Notes to the Financial Statements continued

9 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	31 December	30 June
	2022	2022
	\$'000	\$'000
<i>Declared and paid during the period:</i>		
Dividends on ordinary shares		
Final franked dividend for the financial year ended 30 June 2022: 5.0 cents (2021: 3.5 cents)	6,704	4,507
<i>Proposed (not recognised as a liability as at 31 December):</i>		
Dividends on ordinary shares		
Interim franked dividend for the half year ending 31 December 2022: 10.0 cents (2021: 4.5 cents)	13,685	5,899
	20,389	10,406

10 COMMITMENT AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below:

Capital expenditure commitments

As at 31 December 2022, the Group has capital commitments of \$41.7 million (2021: \$47.2 million) relating to property, plant and equipment.

11 EVENTS SUBSEQUENT TO BALANCE DATE

On 22nd February 2023, the Directors of K&S Corporation Limited declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$13,684,898 which represents a fully franked dividend of 10.0 cents per share. The dividend has not been provided for in the 31 December 2022 financial statements and is payable on 3rd April 2023.

Other than the above matters, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

K&S CORPORATION LIMITED

ABN 67 007 561 837

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

In accordance with a resolution of the Directors of K&S Corporation Limited, we state that:

In the opinion of the Directors:

- (a) The financial statements and notes of K&S Corporation Limited for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including;
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Tony Johnson
Chairman



Paul Sarant
Managing Director and CEO

Melbourne, 22nd February 2023



**Building a better
working world**

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Independent auditor's review report to the members of K&S Corporation Limited

Conclusion

We have reviewed the accompanying half-year financial report of K&S Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

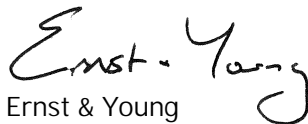
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.


Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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.


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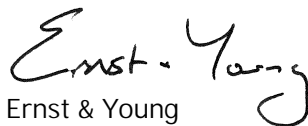

Mark Phelps
Partner
Adelaide
22 February 2023

Auditor's independence declaration to the directors of K&S Corporation Limited

As lead auditor for the review of the half-year financial report of K&S Corporation Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of K&S Corporation Limited and the entities it controlled during the financial period.



Ernst & Young



Mark Phelps
Partner
22 February 2023