K&S CORPORATION LIMITED ANNUAL REPORT 2009

K&S CORPORATION LIMITED

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ABN 67 007 561 837

FINANCIAL CALENDAR

Final dividend payment (5.0 cents per share)	30 October 2009
Annual General Meeting	24 November 2009
Half-year results and interim dividend announcement	24 February 2010
Interim dividend payment	31 March 2010
Full-year result and final dividend announcement	25 August 2010
Annual report mailed to Shareholders	8 October 2010
Final dividend payment	29 October 2010
Annual General Meeting	23 November 2010

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Operating revenues $441 million

Achieved profit after tax of $18.2 million in difficult trading conditions

Australian Paper contract re-signed for a further three years

Record cash generated

Debt levels reduced

Bank facilities rolled until June 2012

K&S performs services for Alcoa Australia.

CHAIRMAN'S OVERVIEW

On behalf of the Board of K&S Corporation Limited, I am once again pleased to present the Company's Annual Report.

The last financial year has seen the onset of the Global Financial Crisis and its impact on the Australian Economy.

The demand for logistics and transport services began to be significantly impacted in the second half as customers reacted to the slowing economy by reducing production levels and inventories.

Tony Johnson *Chairman*

Operating revenues for the year reached $441 million, a decrease of 5.4% on the previous year.

The reduction in operating revenues occurred across most business areas but particularly in the steel, timber, paper, aluminium and automotive sectors. The consumer products sector of our business showed growth during the year.

With the decline in demand for logistics and transport services we restructured the cost base of the business by reducing significant variable costs from the operations.

Given the difficulties encountered from lessening in demand we have been able to achieve a solid result with profit after tax of $18.2 million which was only down 7.7% on last year.

Earnings per share were 26.1 cents per share, down 8.7%.

The variable cost restructuring initiatives included the reduction of subcontractors, agency labour and overtime payments to employees. Some staff reductions were necessary however we have made a conscious decision to maintain our skills base and protect jobs wherever possible.

Throughout the downturn we have attempted to maximise the productivity of Company owned assets so as to conserve our cash.

The full impact of the economic downturn is likely to be felt in this financial year. The last financial year included four months of extremely robust activity before the downturn occurred in October 2008.

Capital expenditure levels have been reviewed and significantly reduced in line with customer demands.

Due to the strength of our business together with pro-active management we have been able to maintain low debt levels throughout this difficult period.

Our gearing was reduced during the course of the year to 34.8%.

In June we successfully renegotiated our funding lines with our bankers and now these facilities are extended to June 2012. Given the difficulties experienced by many companies we are comfortable with our conservative debt levels.

On 1 July 2008, K&S became the first heavy vehicle transport & logistics company to be granted Tier 3 status in the area of Prevention, Claims and Rehabilitation by Comcare. This success underlines K&S' commitment to worker safety and improving the safety culture within the workplace.

K&S continues to provide logistics services for OneSteel.

We have declared a fully franked final dividend of 5.0 cents per share (last year 8.0 cents per share). This follows the interim dividend of 7.0 cents per share paid in March 2009, making the total dividend of 12.0 cents per share fully franked for the year.

The final dividend will be paid on 30 October 2009, (the date for determining entitlements is 16 October 2009).

We have reduced the level of dividend so as to maintain the strength of our Balance Sheet and to ensure that we have funds for investment in the future when the recovery occurs.

The Dividend Reinvestment Plan (DRP) will be once again part of the October 2009 dividend. The DRP will apply in respect to the fully franked final dividend of 5.0 cents payable on 30 October 2009.

The terms of the DRP will remain unchanged with issue price under the DRP based on the weighted average trading price of K&S shares in the five business days ending on 16 October 2009 (the record date of the final dividend), less a discount of 2.5%.

"OUR STRATEGY IS TO GROW THE BUSINESS THROUGH CAREFULLY TARGETED ACQUISITIONS AND COMPETITIVELY WIN NEW TENDERS THAT WILL DELIVER BENEFITS TO SHAREHOLDERS."

The last financial year proved to be very challenging, with demand exacerbated by dramatic de-stocking by customers of inventories. The June quarter has seen a stabilisation of the level of customer demand.

We are hopeful that the trends we have seen in the June quarter will continue into this financial year.

Our strategy has been, and continues to be, to grow the business through carefully targeted acquisitions, organic growth and to competitively win new tenders that deliver benefits to Shareholders.

We are confident that we are well placed to deal with the uncertain trading conditions in the forthcoming financial year.

We will continue to be innovative in taking the Company forward but be mindful of the risks particularly given the state of the economy.

Finally, on behalf of the Board I would like to thank all our customers, suppliers and employees who contributed to our continuing success during the year. In particular, I would like to thank and acknowledge our Senior Management team led by Legh Winser that have once again delivered a solid result in very difficult circumstances.

At last year's Annual General Meeting I mentioned the passing of Mr Allan Scott AO who passed away on 28 October last year. I think it is important that those remarks be repeated in the context of an Annual Report. Mr Scott was a great positive influence on this Company, not only as a shareholder, director, chairman and consultant but generally as an ambassador of the Company. In my view there is no more significant person in the history of this Company than Allan Scott. It was a privilege to be associated with him and he will be sadly missed.

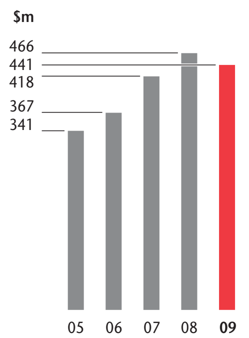
A J Johnson

Tony Johnson
Chairman

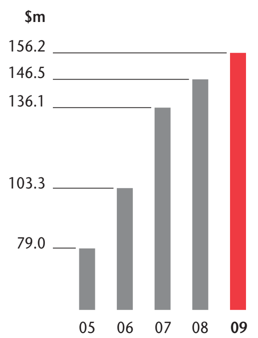
FINANCIAL OVERVIEW

		2009	2008	% movement
Operating revenue	$m	440.7	466.1	(5.4)
Operating profit before interest, tax and depreciation	$m	50.2	52.7	(4.7)
Operating profit before interest and tax	$m	30.4	33.4	(9.0)
Operating profit before tax	$m	25.0	28.0	(10.7)
Operating profit after tax	$m	18.2	19.7	(7.7)
Dividends paid	$m	10.4	10.3	0.9
Total assets	$m	287.6	297.4	(3.2)
Net borrowings	$m	45.5	56.8	(19.8)
Shareholders' funds	$m	156.2	146.5	6.6
Depreciation and amortisation	$m	19.9	19.4	2.5
Earnings per share	cents	26.1	28.6	(8.7)
Dividends per share	cents	12.0	16.0	(25.0)
Net tangible assets per share	$	1.87	1.76	6.3
Cash flow per share	$	0.56	0.45	24.4
Return on Shareholders' funds	%	11.6	13.4	(13.4)
Gearing	%	34.8	46.5	(25.2)
Lost time injuries		18.0	29.0	(37.9)
Lost time injuries frequency rate	%	5.0	9.0	(44.4)

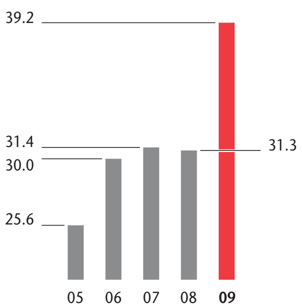
OPERATING REVENUE



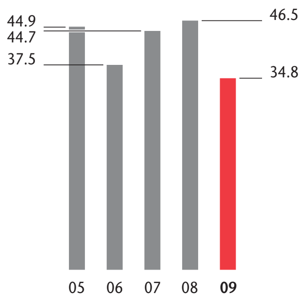
SHAREHOLDERS' FUNDS



OPERATING CASH FLOW



GEARING



MANAGING DIRECTOR'S REPORT

The 2008/09 financial year has been an extremely difficult and demanding year with the onset of the Global Financial Crisis on the Australian Economy.

Lower second-half demand for logistics and transport services as a result of the Global Financial Crisis adversely affected the 2008/09 results for K&S. For the 12 months ended 30 June 2009, K&S recorded revenues of $441 million, down 5.4% from the $466 million result in 2007/08.

Legh Winser *Managing Director*

This was despite first half revenues of $248.3 million, which were 11% higher than in the previous corresponding period.

The decline in volumes in the March quarter reflected a slowing of the economy and a substantial de-stocking of customer inventories. The June quarter has seen a slight improvement in customer volumes.

The strong start to 2008/09 was cancelled by the second half downturn and it is likely tough conditions will continue throughout most of the 2009/10 financial year.

The downturn was experienced across all business areas for K&S but particularly the steel, timber, paper, aluminium and automotive sectors which have been hardest hit by the general economic slowdown.

Profit after tax for the full year was $18.2 million, down 7.7% on the previous year ($19.7 million), despite a first half profit of $9.5 million.

Given the sharp decline in demand for transport and logistics services we have restructured the cost base of the business by reducing a number of variable costs from the Group's operations. These initiatives included reductions in subcontractors, agency labour and overtime payments to employees. Some staff reductions were necessary, however, we have made a conscious decision to maintain our skill base and protect jobs.

Throughout the downturn we have attempted to maximise the productivity of Company owned assets thus conserving cash.

Capital expenditure levels have been reviewed and significantly reduced in line with customer demand.

Due to the strength of our business together with pro-active management we have been able to maintain low debt levels through this difficult period. Our gearing has reduced during the course of the year to 34.8%.

We have successfully been able to re-negotiate our funding lines with our bankers and now these facilities are extended out to June 2012. Given the difficulties experienced by many companies we are pleased with the endorsement of our strategy of conservative debt levels.

K&S tanker on Ballarat Freeway during difficult weather conditions.

Our strategy has been, and continues to be, to grow the business through carefully targeted acquisitions, organic growth and competitively winning new tenders that deliver benefits to Shareholders. We continue to evaluate acquisition opportunities as they occur and since the downturn we have seen an increase in the number of businesses that are for sale. The majority of these businesses do not have sustainable business models and add little value to K&S.

Lower fuel prices during the year helped to reduce some costs, although the effect of fuel prices are largely offset through fuel recovery mechanisms in place with most major clients.

In Sydney, K&S has leased a new 10,000m² warehouse facility at Enfield and is moving the Chullora operations to the new site during the first half of 2009/10.

The Enfield site will be shared with DTM and enables Group operations in Sydney to be consolidated onto one location, thus reducing costs.

In February this year, K&S signed a new whole of business contract to consolidate its telecommunications framework.

The new three-year agreement covers mobile and fixed telephone lines as well as data and computer networks. The change will simplify and consolidate our communications platform and provide substantial cost savings across the Group.

On 1 July 2008, K&S became the first heavy vehicle freighting company to be granted Tier 3 status by Comcare in the areas of Prevention, Claims and Rehabilitation by the Commission.

"WE CONTINUE TO INVEST HEAVILY IN NEW INFRASTRUCTURE AND EQUIPMENT."

The success underlines K&S' commitment to worker safety.

Despite the tough conditions, K&S is committed to expanding its operations and it remains open to appropriate acquisitions or opportunities which may arise as the economy begins to turnaround.

Business Development

K&S has signed a new five-year contract with Pacific National for its rail linehaul services in Perth.

The contract which commences in December 2009, carries with it the possibility of three five-year performance extensions. Part of the arrangements involves the joint development of a new rail facility in Perth, with construction due to be completed in mid 2010.

The Western Australian market is seen as a major area for growth for K&S and a new division – K&S Project Services – has been formed to concentrate on supplying the oil and gas industry and infrastructure projects in Western Australia and the Northern Territory.

Significant oil and gas developments are underway in Western Australia and K&S Project Services will concentrate on the provision of shore-based services, jack-up rigs, the provision of drill casings, fuel bunkering and related issues.

In September 2008, K&S signed a contract for the bulk delivery of product for Coca Cola in Brisbane and has allocated a dedicated fleet of 16 units for the contract.

K&S holds a similar contract with Coca Cola in Melbourne, which was renewed for three years in 2007/08. K&S has held this contract for the past five years and has developed a strong relationship with Coca Cola.

K&S was successful in gaining a three-year extension to its PaperlinX contract, which came into effect from July 2009.

Smart Logistics (K&S joint venture with Border Express) has renewed its contract with Norske Skog in Australia and New Zealand.

K&S also won a new three-year contract with Bluescope Steel to service the Queensland and South Australian markets from the Western Port and Port Kembla steel mills. This contract commenced on 1 July 2009.

The Company is also expecting good growth in its road and rail transport business as a result of its arrangements with infrastructure companies which supply materials for a number of major water projects around Australia. These include the desalination project in Adelaide and major water infrastructure projects in Queensland.

DTM

DTM Business Logistics performance was consistent with budget for 2008/09, with a strong first five months of the year countered by a tightening of market conditions from November 2008 through to the end of June 2009.

However, DTM was able to increase its footprint in the market by winning a number of new contracts, expanding interstate and taking advantage of business synergies created through the full adoption of the Group management systems. Safety performance was also strong with annual lost time injuries reducing to three nationally.

The fleet upgrade and modernisation program has continued with a total of 18 new packaged goods and bulk oil vehicles, several crane trucks and other miscellaneous vehicles purchased to service a number of key contracts in Victoria, New South Wales and South Australia.

DTM was successful in renewing its existing contract with BP in Victoria and New South Wales and gaining the BP contract for South Australia.

DTM continued

DTM is now one of the largest carriers of specialist bulk oils and packaged goods in Australia with a modern, highly specialised fleet of vehicles that feature sign on glass technology and best of breed route scheduling software.

This reputation received strong external endorsement during the year when an independent audit undertaken on behalf of BP London made a highly complimentary report on the DTM fleet.

DTM now has a fleet of 604 units of various sizes and configurations.

New contracts signed during the year included BP South Australia and Tyco Water New South Wales, while DTM also successfully re-tendered for the Bradford and ARC Steel contracts in South Australia.

Major contracts with Air Liquide Australia, BP, Kimberly-Clark Australia and ARC Steel continued to perform strongly.

An expansion into Western Australia was completed when a business owned by K&S was folded into DTM, giving the business access to a 4,000m² warehouse in Perth and a small local fleet. This will provide a strong base for future expansion in Western Australia.

Additional savings and efficiencies were also achieved through continued back office rationalisation and a recent re-location of the New South Wales State Office and warehousing operation into a Company facility at Enfield.

The integration of IT systems, Occupational Health and Safety and Fleet Management System which started in 2007/08 was completed, providing additional operational efficiencies and customer benefits.

Brookes Transport

Brookes Transport was purchased by K&S on 31 January 2008 and has a strong focus on the timber industry in the Bunbury region of Western Australia.

The Brookes business has been successfully integrated into K&S and continues to provide further opportunity throughout the South West of Western Australia.

However, this potential has been affected by the global reduction in demand for products from this area.

Rail

Rail freight forwarding operations were very difficult as a result of the world economic downturn.

Contracts with Tyco Water and Iplex Pipelines provided significant work in the past twelve months and are expected to continue to underpin the business in the coming year.

Fleet

K&S has successfully completed its fleet replacement program that was commenced in 2008. This was a major capital spend and will result in a significant overall reduction in the Group's greenhouse gas emissions.

The new vehicles all meet ADR 80/02 (Euro IV) standards.

Vehicle Industry

The decision by GM Holden to reduce its output from two shifts to one in response to the global financial crisis had a substantial impact on K&S' activities.

While the volume of work has effectively halved, the infrastructure set up to service the contract remains largely unchanged.

Plans by GM Holden to produce a new four cylinder vehicle in Adelaide may provide some relief in the future.

Timber

Activity in the timber sector has continued to slow as a result of current economic conditions affecting new home starts and expansions.

Paper

Operations in the paper industry were tough, although contracts with Norske Skog and PaperlinX remained solid.

Norske's business relies heavily on newsprint and reduced newspaper sizes have resulted in lower logistics business. PaperlinX is involved with the catalogue business, which has also suffered during the current economic slowdown.

Metals

While overall business in the metals division slowed, particularly for aluminium, K&S did win new contracts with Bluescope Steel to service the Queensland and South Australian markets from the Western Port and Port Kembla steel mills.

New Zealand

K&S recorded a small profit from its New Zealand operations during the year, although conditions remain very tough, particularly in the timber and forestry areas where exports have slowed markedly.

While revenues increased from last year, this was not reflected in the bottom-line result.

K&S' dairy transport business improved as a result of the drought conditions in the Waikato region lifting, while the Kiwi fruit business was also very strong.

However the timber and forestry sectors recorded significant falls due to reduced exports to the United States and a related reduction in the woodchip business.

The pulp and paper business also fell during the twelve months because of the global financial crisis.

It is expected that conditions will remain tight throughout 2009/10 with strong competition for logistics services on offer. However, K&S has some strong contracts in place and expects to be in a stronger position by the end of 2009/10.

Compliance

New Heavy Vehicle Driver Fatigue Laws developed by the National Transport Commission came into effect on 29 September 2008.

While the Commission developed model legislation to improve driver fatigue and standardise regulations, some states opted for amendments to the model bill within their respective Parliaments.

The result has been a number of inconsistencies in driver regulations across state borders. This has required the development of specific standard operating procedures to ensure compliance with differing state requirements.

Training for drivers and management in the new Heavy Vehicle Driver Fatigue Laws has been ongoing.

In February, K&S successfully passed an initial entry audit into the National Heavy Vehicle Accreditation Scheme – Basic Fatigue Management accreditation module which covered such items as scheduling and rostering, fitness for duty, fatigue knowledge and awareness, responsibilities, internal reviews and records and documentation.

A successful follow-up audit was held and recorded in June.

K&S was also successful in obtaining food safety management system to Hazard Analysis Critical Control Point (HACCP) standards during the year.

Accreditation of National Heavy Vehicle Accreditation Schemes for both maintenance and mass were maintained.

ISO accreditation audits continued and were conducted to new/updated ISO9001:2008 standards.

Environment

K&S successfully met its obligations under the Australian Greenhouse Challenge Plus Program for 2007/08 reporting year and has completed its first reporting obligations under the Department of Industry, Tourism and Resources Energy Efficiency Opportunity Program (EEOP).

Under EEOP, a number of elements within the assessment framework were required to be undertaken including leadership, people, information, data and analysis, opportunity identification and evaluation, decision making and communicating outcomes.

From 1 July 2008, Australian corporations which emit greenhouse gases, produce energy or consume energy above specified quantities are required to register and report under the National Greenhouse and Energy Reporting Act (NGER).

NGER will underpin the future introduction of an Australian Carbon Pollution Reduction Scheme (emissions trading scheme).

Registration and reporting requirements are triggered at a corporation and/or facility level if emissions and/or energy usage is over threshold limits set.

K&S has been working in meeting these reporting requirements.

These thresholds will be reduced in coming years, capturing additional companies into the program.

Industry Representation

K&S continues to be involved in a number of industry forums, including the Australian Trucking Association Council.

It has been involved in numerous industry reviews, including:

- The National Heavy Vehicle Framework for the regulation, registration and licensing of heavy vehicles initiated by the Government's 2020 summit.
- The National Transport Commission.
- Incremental Pricing.
- Rail Productivity Review.

Information Technology

In February this year, K&S signed a new whole of business contract to consolidate its telecommunications framework.

The new three year agreement covers mobile and fixed telephone lines as well as data and computer networks. The change will simplify and consolidate our communications platform and provide substantial cost savings across the Group.

Work to transition the changes commenced in Victoria in May and is expected to be completed by the end of September 2009.

K&S also plans to deploy its transport management system, Panorama, across all sections of the business in the next twelve months. Panorama is being upgraded to include local (non linehaul) operations, imports and export functionality.

The system is initially being deployed in Melbourne and will be rolled out to the rest of Australia during 2009/10, finally replacing the old Cosmos transport management system.

When the roll out is complete, all K&S sites across Australia will use a common transport management system, streamlining business processes across all sites and providing an environment that is responsive to current and future customer requirements.

New technology is also being introduced to DTM to minimise costs, better track and traceability of loads. DTM's business largely involves smaller loads and multiple drops by individual vehicles.

The new system loads orders from customers, optimises the route schedules, provides drivers with up to date route schedules and the ability to sign on glass for Proof of Delivery. It provides the customer with real time visibility of a truck's schedule, actual delivery times and the opportunity to track where loads are at any time.

Occupational Health and Safety

K&S Freighters has maintained its strong focus on improving the safety culture within the Company.

Since being granted self insurance by the Commonwealth Workers' Compensation Scheme (Comcare) on 1 July 2006, K&S has continued to perform strongly in terms of the various prevention, claims and rehabilitation audits undertaken throughout this period.

Occupational Health and Safety continued

Major achievements for the past 12 months include:

- Becoming the first heavy vehicle freighting company to be granted Tier 3 status in the areas of Prevention, Claims and Rehabilitation by the Safety, Rehabilitation and Compensation Commission. This was granted on 1 July 2008.
- Being granted a four year extension of the Comcare self-insurance licence on 1 July 2008.
- Passing an internal OHS&E Preventative Systems audit by the accredited lead auditor in December 2008 at both Truganina and Mount Gambier sites.
- Receiving successful outcomes from internal audit conducted by Work Initiatives in December 2008 on Claims and Rehabilitation.
- Being awarded the 2008 Safety, Rehabilitation and Compensation Council Safety Award for excellence and innovation in Rehabilitation and Return to Work as a result of our Early Intervention Program.
- K&S' OHS&E Departmental management being asked by Comcare to present the topic 'Better Practice in Rehabilitation' to audiences around Australia during the 2009 Comcare Seminars.
- Developing the K&S Customer Risk Assessment tool and procedure for Customer Sites.
- Having the Executive OHS&E Committee develop monthly themes for high risk activities. Examples include top of trailer, driver restricted zones, access and egress from truck cabins, the safe use of binder bars, etc. The themes involve refresher training and compliance auditing through safe operating checklists.
- Continuing to review and update all OHS/Claims/Rehabilitation policies and procedures in 2008. New policies and procedures were developed where gaps were identified.

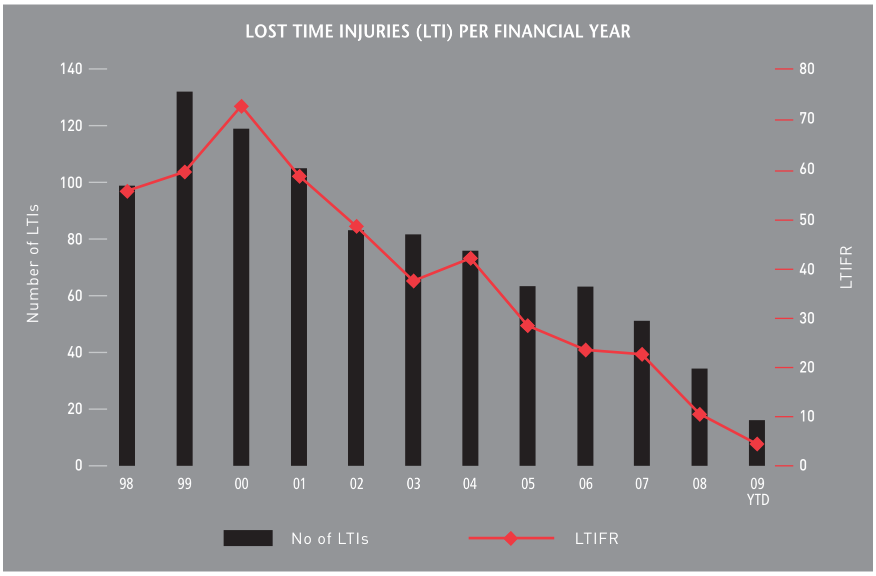
Significant training programs will be rolled out in the second half of this year involving manual handling, forklift driver refreshers, pedestrian safety, hazard inspection training and off standard high risk training.

Additional strategies for the next 12 months will include:

- Strong emphasis on continuous improvement on safety culture through salary review being directly linked with OHS&E performance. Safety Leadership Walks will focus on critical parts of the business which involves employee behaviour and in particular, the loading and unloading of material from transports and compliance to driver exclusion zones.
- The introduction of further key strategies for manual handling, where approximately 60% of all injuries directly relate to sprain/strain. This will assist to maintain the strong focus on injury prevention.
- Converting existing training programs and new training material to on-line training for all relevant employees.
- The launch of an established database system for tracking progress and corrective actions from investigations, risk assessments and auditing programs as part of the strong relationship with the Claims Manager (CGU).

K&S believes its commitment to and focus on compliance to existing safety systems will enable further strong improvement on safety performance and culture in all of our workplaces for this year and beyond.

This can be seen by the significant improvement in our lost time injury performance, where in the past year we achieved almost a 50% improvement (refer the following graph).



Human Resources

Industrial relations changes and the economic downturn provided a number of challenges and opportunities for human resource management during 2008/09.

A key focus during the year was the strengthening of safety and skill development across the workforce through the use of external industry accredited training programs and internal on-the-job training.

A significant part of this training concentrated on compliance with road laws and assisting employees to understand and meet their obligations.

A system of rewards and recognition has been introduced to further encourage this behavioural change.

As a result of the economic downturn, K&S was required to make a series of changes, including a reduction in the number of non operational positions and encouraging greater flexibility within the operational sector to maintain service delivery to customers.

Industrial instability within the wider political landscape during the year has highlighted the importance of our strategic employment arrangements.

These encourage equitable wage outcomes with consistent terms and conditions and have enabled K&S to reinforce its reputation as a leader within the transport industry.

No review of the 2008/09 year would be complete without acknowledging the passing of Mr Allan Scott AO on 28 October 2008. Allan Scott AO became a director of K&S in 1983 and served as chairman from 1988 through to his retirement from the board in 2004. Allan Scott AO was also a major shareholder for 36 years.

During the time of Allan Scott AO's involvement, K&S grew from a small regionally based company to one of Australia's leading providers of multi-modal transport and logistics solutions. Allan Scott AO made an enormous contribution to the growth and success of K&S and his positive influence cannot be understated.

Allan Scott AO will be greatly missed by all at K&S.

Allan Scott AO

The Year Ahead

In the year ahead we may well see the full impact of the global financial crisis on our business.

In this difficult time we have positioned the business to benefit significantly from the recovery when it eventually occurs.

In conclusion, I extend my thanks to management and employees for their commitment to the business and our customers.

Legh Winser
Managing Director

FIVE-YEAR FINANCIAL HISTORY

($A Millions unless otherwise indicated)	2009	2008	2007	2006	2005
Group Revenue	440.7	466.1	418.0	367.5	340.8
Operating Profit before Individually Significant Items, Interest and Tax	29.8	33.4	28.5	29.3	25.0
Individually Significant Items	0.6	-	0.8	0.7	6.9
Operating Profit before Interest and Income Tax	30.4	33.4	29.3	29.9	31.9
Interest Expense	5.3	5.4	5.0	3.8	2.9
Profit Before Tax	25.0	28.0	24.3	26.2	29.0
Income Tax Expense	6.8	8.3	7.3	7.8	8.6
Operating Profit after Tax	18.2	19.7	17.0	18.4	20.4
Earnings per Ordinary Share (cents)	26.1	28.6	25.3	28.0	34.0
Dividends per Share (cents)	12.0	16.0	14.0	14.0	13.5
Return on Shareholders Funds	11.6%	13.4%	12.5%	17.8%	25.8%
Paid Up Capital	57.4	55.4	52.8	44.5	28.0
Shareholders Funds	156.2	146.5	136.1	103.3	79.0
Total Assets	287.6	297.4	281.2	217.1	182.2
Net Tangible Assets (book value) per Share	$1.87	$1.76	$1.68	$1.45	$1.19

The Directors of the Company in office at the date of this report, together with particulars of their qualifications, experience and special responsibilities, are set out below.

Tony Johnson *Chairman*

Age 62, Director since 1986
Tony Johnson BA, FAICD, LLB, LLM (Companies & Securities), is a lawyer and an accredited mediator. Tony is Chairman of the national law firm Johnson Winter & Slattery. He has worked extensively in the corporate advisory and commercial disputes area.

Mr Johnson is also Chairman of AA Scott Pty Ltd, listed entity Scott Corporation Limited, a Director of Adelaide Community Healthcare Alliance and Arana Therapeutics Ltd.

Member of:
- Environmental Committee *(Chairman)*
- Nomination and Remuneration Committee

Legh Winser *Managing Director*

Age 61, Director since December 1999
Legh Winser, has more than 36 years experience in the transport industry. Prior to his appointment as Managing Director in January 1998 he previously held other Executive positions within the Company.

Member of:
- Nomination and Remuneration Committee
- Environmental Committee

Greg Boulton *Deputy Chairman*

Age 59, Director since January 1996
Greg Boulton BA(Accountancy), FCA, FCPA, FAICD is Chairman of private equity fund Paragon Equity Limited, Chairman of Southern Gold Limited, Director of Statewide Superannuation, Former President of Port Adelaide Football Club and holds board positions on a number of privately owned companies. He has over 30 years experience in the transport industry.

Member of:
- Audit Committee *(Chairman)*

Richard Nicholson

Age 66, Director since 1986
Richard Nicholson ACA, is a Chartered Accountant in public practice. He was previously the Company Secretary and Finance Officer of the Scott Group of Companies and is a former Non-Executive Director of that Group.

Member of:
- Nomination and Remuneration Committee *(Chairman)*

Bruce Grubb

Age 59, Director since 2007
Bruce Grubb has over 30 years experience in the transport industry and is the Chief Executive and Executive Director of Scott's Transport Industries Pty Ltd. Mr Grubb is also a Non-Executive Director of the listed entity Scott Corporation Limited. Mr Grubb is also a Director of Dangerous Goods Logistics Pty Ltd and Port Bonython Fuels Pty Ltd.

Member of:
- Environmental Committee

Ray Smith

Age 62, Director since 2008
Ray Smith FCPA, FAICD, Dip Com was Chief Financial Officer of Smorgon Steel Group for 11 years. During that period Smorgon Steel Group was at the forefront of the rationalisation of the Australian Steel Industry. Mr Smith is a Director of listed entities WHK Group Ltd and Willmott Forests Ltd. Mr Smith is a trustee of the Melbourne and Olympic Park Trusts. Mr Smith brings a wealth of corporate and financial experience in the areas of strategy, acquisitions, treasury and capital raising.

Member of:
- Audit Committee *(Chairman)*

Secretary

Chris Bright *BEc, LLB, Grad Dip CSPM, FCIS,*
Secretary since 2005

Chris Bright has held the position of Group Legal Counsel for 7 years. Mr Bright was admitted as a solicitor in South Australia in 1997. He also has experience working in private practice in Adelaide principally in commercial dispute resolution.

The Directors' present their report, together with the financial report of K&S Corporation Limited ("the Company") and the consolidated financial report of the consolidated entity, for the year ended 30 June 2009 and the Auditors' Report thereon.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were transport and logistics, contract management, warehousing and distribution, and fuel distribution.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

DTM was successful in renewing its existing contract with BP in Victoria and New South Wales and gaining the BP contract for South Australia.

Operating and Financial Review

The consolidated profit for the year attributable to the members of K&S Corporation Limited is shown below, along with comparative results for 2008.

Financial overview		2009	2008	% movement
Operating revenue	$m	440.7	466.1	(5.4)
Operating profit after tax	$m	18.2	19.7	(7.7)
Net borrowings	$m	45.5	56.8	(19.8)
Shareholders' funds	$m	156.2	146.5	6.6
Earnings per share (basic)	cents	26.1	28.6	(8.7)
Dividends per share	cents	12.0	16.0	(25.0)
Net tangible assets per share	$	1.87	1.76	6.3
Cash flow per share	$	0.56	0.45	24.4
Return on Shareholders' funds	%	11.6	13.4	(13.4)
Gearing	%	34.8	46.5	(25.2)
Lost time injuries		18.0	29.0	(37.9)
Lost time injuries frequency rate	%	5.0	9.0	(44.4)

The 2008/09 financial year has been an extremely difficult and demanding year with the onset of the Global Financial Crisis on the Australian Economy, with profit after tax of $18.2 million down 7.7% on the previous year.

Operating revenues were impacted by the downturn with revenue declining to $440.7 million down 5.4% on the previous year. The impact of the downturn was widespread with the steel, timber, resource and automotive industries' demand for transport and logistics services reducing significantly.

The further decline in volumes in the March quarter reflected a slowing of the economy and a substantial destocking of customer inventories. The June quarter has seen a slight improvement in customer volumes.

Earnings per share were 26.1 cents per share, down 8.7%.

Given the sharp decline in demand for transport & logistics services, management restructured the cost base of the business by reducing a number of variable costs from the Group's operations. These initiatives included reduction of subcontractors, agency labour and overtime payments to employees. Some staff reductions were necessary, however, we have made a conscious decision to maintain our skills base and protect jobs.

Throughout the downturn, we have attempted to maximise the productivity of Company owned assets, therefore conserving our cash.

The full impact of the economic downturn is likely to be felt in the new financial year. The 2008/09 financial year included four months of extremely robust activity before the downturn occurred in October 2008.

Capital expenditure levels have been reviewed and significantly reduced in line with customer demands.

Our result was negatively impacted by $1.8 million before income tax, due to the restatement of interest rate swaps to fair value.

Due to the strength of our business, together with proactive management, we have been able to maintain low debt levels through this difficult period. Our gearing was reduced during the course of the year to 34.8%.

We have successfully been able to renegotiate our funding lines with our bankers and now these facilities are extended out to June 2012. Given the difficulties experienced by many companies we are pleased with the financier's endorsement of our strategy of conservative debt levels.

Our strategy has been, and continues to be, to grow the business through carefully targeted acquisitions, organic growth and competitively win new tenders that deliver benefits to Shareholders.

We continue to evaluate acquisition opportunities as they occur and since the downturn we have seen an increase in the number of businesses that are for sale. The majority of these businesses do not have sustainable business models and add little or no value to K&S.

On July 1, 2008 K&S became the first heavy vehicle transport and logistics company to be granted Tier 3 status in the area of prevention, claims and rehabilitation by Comcare. The success underlines K&S' commitment to worker safety and improving the safety culture within the work place.

During the year, K&S was awarded the 2008 Safety, Rehabilitation and Compensation Council (SRCC) Safety Award for excellence and innovation in Rehabilitation and Return to Work as a result of our Early Intervention Program.

A fully franked final dividend of 5.0 cents per share (last year 8.0 cents per share) has been declared by the Directors. This follows the interim fully franked dividend of 7.0 cents per share paid in March 2009, making the total dividend 12 cents per share for the year. This represents a payout ratio of 45.97% of earnings. However, this final dividend has not been provided for in the accounts as it was declared after balance date on 25 August 2009. This is in accordance with the Accounting Standard AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".

The final dividend will be paid on 30 October 2009 (the date for determining entitlements is 16 October 2009).

Operating and Financial Review continued

The Company's Dividend Reinvestment Plan (DRP) will once again apply to the October 2009 dividend. The terms of the DRP will remain unchanged, with the issue price under the DRP based on the weighted average trading price of K&S shares in the five business days ending on 16 October 2009 (the record date of the final dividend), less a discount of 2.5%.

The year ahead is extremely uncertain, however, we believe that we have the business well placed when the recovery occurs.

We will continue to be innovative in taking the Company forward, while mindful of risks, particularly given the state of the credit markets and the general economic outlook.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

On 29 April 2009, K&S Corporation Limited reached a confidential settlement with a former service provider. The settlement resulted in an increase in the profit before tax of $2,500,000 for the year ended 30 June 2009.

In October 2008, the Board of K&S Corporation Limited approved the construction of a new transport terminal and warehouse facility at Kewdale in Perth. Construction of the new facility at a cost of $11 million is expected to commence in September 2009 and the facility should be fully operational by July 2010. This will enable future growth and operational improvements.

Environmental Regulation and Performance

The consolidated entity's operations are subject to environmental regulations under both Commonwealth and State Legislation in relation to its transport and storage business and its fuel business.

The consolidated entity has a Board Committee, which monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this report.

Climate Change

K&S currently participate in the Australian Greenhouse Office Greenhouse Challenge Plus Program and the Energy Efficiency Opportunities Program. The Company is complying with its assessment and reporting obligations under these programs.

Transport and Warehousing

The transport and warehousing business is subject to the Dangerous Goods Acts in Commonwealth and State Legislation. The consolidated entity monitors performance and recorded a number of minor incidents and no serious incidents during the year.

Fuel

The Fuel business is subject to the *South Australian Environmental Protection Act* 1993 and the *South Australian Dangerous Substances Act* 1979. The consolidated entity monitors performance and recorded three minor fuel related incidents during the year. In all cases, corrective actions have been taken.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

1 A final fully franked ordinary dividend (taxed to 30%) of 8 cents per share amounting to $5,554,262 in respect of the year ended 30 June 2008 was declared on 26 August 2008 and paid on 31 October 2008;

2 A fully franked preference dividend (taxed to 30%) of 4 cents per share amounting to $4,800 in respect of the year ended 30 June 2008 was declared on 26 August 2008 and paid on 31 October 2008;

An interim fully franked ordinary dividend (taxed to 30%) of 7.0 cents per share in respect of the year ended 30 June 2009 was declared on 25 February 2009 and paid on 31 March 2009 amounting to $4,880,805.

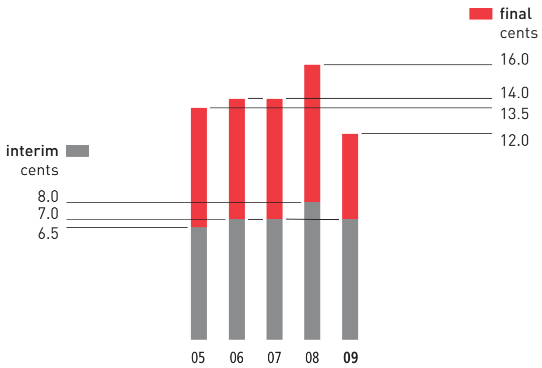
The final dividend declared by the Directors of the Company on 25 August 2009 and payable on 30 October 2009 in respect of the year ended 30 June 2009 comprises:

1 A fully franked ordinary dividend (taxed to 30%) of 5.0 cents per share $3,493,486; and

2 A fully franked preference dividend (taxed to 30%) of 4.0 cents per share $4,800.

The preference share dividends are included as interest expense in determining Net Profit.

Dividends paid to Shareholders



Events Subsequent to Balance Date

On 25 August 2009, the Directors of K&S Corporation Limited declared a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is $3,493,486, which represents a fully franked dividend of 5.0 cents per share. The dividend has not been provided for in the 30 June 2009 financial statements and is payable on 30 October 2009. The Dividend Reinvestment Plan (DRP) will apply to the final dividend and the issue price for shares under the DRP will be based on the weighted average trading price of K&S shares in the five business days ending on 16 October 2009 (the record date of the final dividend), less a discount of 2.5%.

Other than the matter above, 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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

It is anticipated that the consolidated entity will continue to expand transport and logistics operations during the next financial year by further extending its services throughout Australia and adopting the latest technology in the industry to contain costs and enhance the services offered to customers.

Directors

The Directors of the Company in office at any time during or since the end of the financial year are:

Tony Johnson *(Non-executive Chairman)*
Legh Winser *(Managing Director)*
Greg Boulton *(Deputy Chairman)*
Richard Nicholson
Bruce Grubb
Ray Smith

***Secretary* – Chris Bright** BEc, LLB, Grad Dip CSPM, FCIS

With the exception of Mr Winser, all Directors are Non-Executive Directors. Particulars of Directors' qualifications, experience, special responsibilities and other relevant Directorships are on *pages 18 and 19* of the Annual Report.

Board of Directors
Back row l to r:
Bruce Grubb, Ray Smith, Richard Nicholson, Chris Bright (Secretary)
Front row l to r:
Greg Boulton, Tony Johnson, Legh Winser

Directors' Interests

The beneficial interest of each Director in their own name in the share capital of the Company shown in the Register of Directors' Shareholdings as at the date of this report is:

	Ordinary Shares
Mr R Nicholson	8,758
Mr B Grubb	14,600
Mr L Winser	325,383

Directors of the Company have relevant interests in additional shares as follows:

	Ordinary Shares
Mr G Boulton	138,403
Mr T Johnson	195,749
Mr L Winser	89,120
Mr R Smith	10,000
Mr R Nicholson	6,370
Mr B Grubb	92,717

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings		Environmental Committee Meetings	
	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held
Mr T Johnson	12	13	-	-	1	1	4	4
Mr R Nicholson	13	13	-	-	1	1	-	-
Mr G Boulton	12	13	4	4	-	-	-	-
Mr B Grubb	12	13	-	-	-	-	4	4
Mr R Smith	13	13	4	4	-	-	-	-
Mr L Winser	12	13	-	-	1	1	4	4

General Disclosures

K&S Corporation Limited is a company limited by shares that is incorporated and domiciled in Australia.

Indemnification and Insurance of Directors and Officers

Indemnification

The Company indemnifies current and former Directors, Executive Officers and the Secretaries of the Company and its controlled entities against all liabilities, costs and expenses to another person (other than the Company or a related body corporate) to the maximum extent permitted by law that may arise from their position as Directors, Executive Officers and Secretaries of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Insurance Premiums

Since the end of the previous financial year, the Company has paid insurance premiums of $46,000 in respect of Directors and Officers Liability insurance contracts, for current and former officers, including Directors, Executive Officers and the Secretaries of the Company and its controlled entities.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in successfully defending proceedings, whether civil or criminal.
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or position to gain a personal advantage.

The officers of the Company covered by the policy include the current Directors T Johnson, G Boulton, R Nicholson, R Smith, B Grubb and L Winser. Other officers covered by the contract are Executive Officers and the Secretaries of the Company and Directors and the Secretaries of controlled entities (who are not also Directors of the Company), General Managers and other Executive Officers of controlled entities.

Tax Consolidation

Effective 1 July 2002, for the purposes of income taxation, K&S Corporation Limited and its domestic based 100% owned subsidiaries formed a tax consolidated group. Members of the Group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of K&S Corporation Limited support the principles of corporate governance.
The Company's Corporate Governance Statement commences on *page 32* of the Annual Report.

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.

Auditor Independence and Non-Audit Services

The entity's Auditor, Ernst & Young have provided the economic entity with an Auditors' Independence Declaration which is on *page 98* of this report.

Non-Audit Services

The following non-audit services were provided by the entity's Auditor, Ernst & Young.
The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

GST review $15,000

Remuneration Report (audited)

This remuneration report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act* 2001 and its Regulations.

For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company, and includes the five executives in the Group receiving the highest remuneration.

For the purposes of this report, the term executive encompasses the Managing Director, Senior Executives, General Managers and Secretaries of the Parent and the Group.

Details of the Key Management Personnel (including the five executives in the Group receiving the highest remuneration) are:

i) Directors

Mr T Johnson	*Non-Executive Chairman*
Mr G Boulton	*Non-Executive Deputy Chairman*
Mr R Smith	*Non-Executive*
Mr R Nicholson	*Non-Executive*
Mr B Grubb	*Non-Executive*
Mr L Winser	*Managing Director*

ii) Executives

Mr S Fanning	*General Manager K&S Freighters*
Mr G Wooller	*General Manager Full Load, Fleet & Bulk*
Mr B Walsh	*Chief Financial Officer*
Mr P Sarant	*General Manager DTM*
Ms C De Gois	*Chief Information Officer*
Mr C Bright	*Group Legal Counsel & Company Secretary*

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives.
To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company adopts the following key principles in its remuneration policy:

- Remuneration is set at levels that will attract and retain good performers and motivate and reward them to continually improve business performance.
- Remuneration is structured to reward employees for increasing Shareholder value.
- Rewards are linked to the achievement of business targets.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for reviewing compensation arrangements for the Directors, the Managing Director and the Senior Management team.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Senior Managers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executives.

While the Nomination and Remuneration Committee reviews the remuneration paid to Non-Executive Directors and the Managing Director, and the aggregate remuneration paid to the Senior Management team, the Board of Directors has ultimate responsibility for determining these amounts.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director, Executive Director and Senior Manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain quality Directors, whilst incurring a cost which is acceptable to Shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

The latest determination was at the Annual General Meeting held on 18 November 2007 when Shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by Shareholders and the amounts paid to Directors is reviewed annually.

The Board considers advice from external consultants, as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review. Each Non-Executive Director receives a fee for being a Director of the Company.

Non-Executive Directors have long been encouraged by the Board to hold shares in the Company (purchased by the Director on the market). It is considered good corporate governance for Directors to have a stake in the Company whose Board he or she sits on.

The remuneration of Non-Executive Directors for the period ended 30 June 2009 is detailed on *page 30* of this report.

In light of current economic conditions, the remuneration payable to Non-Executive Directors in the year ended 30 June 2010 has been frozen at 2008/09 levels.

Executive Director and Senior Manager Remuneration

Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company to:

- Reward Executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks.
- Align the interests of Executives with those of Shareholders.
- Link reward with the strategic goals and performance of the Company.
- Ensure total remuneration is competitive by market standards.

Structure
In determining the level and make up of Executive remuneration, the Nomination and Remuneration Committee seeks external information detailing market levels of comparable executive roles from which the Committee makes its recommendation to the Board.

For the Managing Director and the other Senior Executives, remuneration programs are balanced with a mix of fixed and variable rewards. The make up and eligibility criteria for short term incentives are recommended to the Board by the Nomination and Remuneration Committee prior to the commencement of each financial year.

For the year ended 30 June 2009, the adoption of at risk short term incentives comprising 20% and 10% of the base emolument of the Managing Director and Executives respectively was approved by the Board.

The payment of such short term incentives can either be as a cash bonus or superannuation contributions and is in addition to the base emolument. Payment of the short term incentive is conditional upon the achievement by the Company of budgeted profit after tax on a normalised basis and excluding any one off or non-trading items (eg., profit on the sale of real estate). Where budgeted profit after tax on a normalised basis is not achieved, no short term incentive is payable to the Managing Director and Executives.

As the Company's annual budget for operating profit after tax is set with a view to increasing the profit generated by the Company, growing earnings per share, and improving the Company's capacity to pay dividends, the Board believes that aligning the payment of short term incentives to the attainment by the Company of budgeted profit before tax on a normalised basis is appropriate and in the interests of Shareholders.

For the year ended 30 June 2009, the eligibility criteria for the payment of short term incentives were not satisfied.

The Board has approved the adoption of at risk short term incentives for the Managing Director and Executives for the year ended 30 June 2010 on the same basis as outlined above.

The total short term incentives payable to the Managing Director and Executives for the year ended 30 June 2010 if eligibility criteria are met will be $277,000.

In light of current economic conditions, the remuneration payable to the Managing Director and Executives in the year ended 30 June 2010 has also been frozen at 2008/09 levels.

Employment contracts

It is the Nomination and Remuneration Committee's policy that fixed term contracts are only entered into with the Managing Director and with no other Executives.

The Managing Director, Mr Legh Winser, has a contract of employment with the Company. His remuneration comprises a salary and allowances package. On early termination, Mr Winser would receive up to 12 months salary and benefits. The contract does not contain express terms as to the duration of the contract, periods of notice and required termination details. Mr Winser is not present whilst discussions are held in relation to his performance and salary package.

Employee Share Plan

At the Company's Annual General Meeting on 21 November 2006, Shareholders approved the introduction of an Employee Share Plan ("the Plan"). Employees who have been with the Company for more than one year are entitled to participate in the Plan and the purpose of the Plan is to attract, retain and motivate employees by giving them a stake in the future growth of the Company. Non-executive Directors of the Company are not eligible to participate in the Plan.

The first offer to employees was made on 5 September 2007 under the Plan. A second offer to employees was made on 5 September 2008 and it is envisaged that offers will continue to be made annually each September to eligible employees. Acceptances under the second offer were 306,000 at $3.02 per share.

The issue price of the shares offered under the Plan was the weighted average price of the Company's shares on the first five trading days immediately following the announcement of the Company's preliminary final results on 27 August 2008.

Eligible employees' annual entitlements to participate in the Plan are currently set by the Company's Directors as follows, in line with the entitlements notified to Shareholders at the Company's Annual General Meeting on 21 November 2006:

Annual Salary	Number of Shares
Less than $50,000	1,000
$50,000 to $100,000	2,000
$100,001 to $150,000	5,000
$150,001 to $200,000	7,000
Greater than $200,000	10,000

Directors' Retirement Benefits

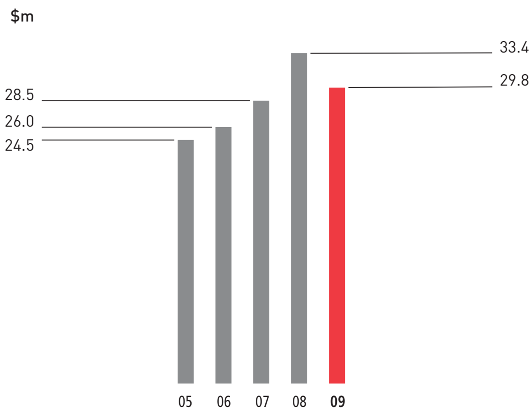
A change to the Directors' retirement benefits calculation was made in July 2004 to freeze accumulation of years of service of Directors as at 30 June 2004. No Director commencing after 1 July 2004 is eligible for any benefits under the retirement scheme.

The expenditure provided (not paid) during the year ended 30 June 2009 is attributable only to the method of calculation which involves the averaging of the fees paid to Directors, as per the benefits scheme in operation up to 30 June 2004.

Company Performance

The graph below shows the performance of the Company, as measured by the Company's operating profit before individually significant items, interest and tax.

Normalised EBIT



In addition, Dividends paid to Shareholders is disclosed on *page 23* of the Directors' report.

Remuneration of Directors and Named Executives

Table 1: Directors' remuneration

Directors		Short-Term Base Emolument $	Short-Term Cash Bonus $	Short-Term Non-Cash Benefits $	Other Long-Term Long Service Benefit $	Post Employment Retirement Benefits $	Post Employment Super Contributions $	Total $	Performance Related %
T Johnson	2009	90,000	-	-	-	15,833	9,900	115,733	-
	2008	90,000	-	-	-	45,000	9,900	144,900	-
G Boulton	2009	52,000	-	-	-	3,500	5,720	61,220	-
	2008	52,000	-	-	-	3,500	5,720	61,220	-
R Nicholson	2009	52,000	-	-	-	7,000	5,720	64,720	-
	2008	52,000	-	-	-	7,000	5,720	64,720	-
J Osborne*	2009	-	-	-	-	-	-	-	-
	2008	26,000	-	-	-	-	2,860	28,860	-
R Smith**	2009	52,000	-	-	-	-	5,720	57,720	-
	2008	19,575	-	-	-	-	2,153	21,728	-
B Grubb	2009	52,000	-	-	-	-	5,720	57,720	-
	2008	47,667	-	-	-	-	5,243	52,910	-
L Winser	2009	370,000	-	64,582	9,250	-	44,400	488,232	-
	2008	338,958	68,000	65,598	8,500	-	48,835	529,891	12.83
Total	2009	668,000	-	64,582	9,250	26,333	77,180	845,345	
	2008	626,200	68,000	65,598	8,500	55,500	80,431	904,229	

* Mr J Osborne resigned as a Director on 18 December 2007.
** Mr R Smith was appointed as a Director on 15 February 2008.

Table 2: Remuneration of Key Management Personnel and the five highest paid Executives

Executives		Short-Term Base Emolument $	Short-Term Cash Bonus $	Short-Term Non-Cash Benefits $	Other Long-Term Long Service Benefits $	Post Employment Super Contributions $	Total $	Performance Related %
S Fanning	2009	310,000	-	30,621	5,167	37,200	382,988	-
	2008	290,000	29,000	72,697	4,834	40,757	437,288	6.63
G Wooller	2009	270,000	-	21,687	4,500	34,877	331,064	-
	2008	225,000	25,000	21,343	3,750	32,477	307,570	8.12
B Walsh	2009	210,000	-	23,351	5,250	27,677	266,278	-
	2008	200,000	20,000	24,335	5,000	28,877	278,212	7.19
P Sarant*	2009	260,000	-	28,419	4,334	31,427	324,180	-
	2008	155,303	25,000	17,884	2,557	21,589	222,333	11.24
C De Gois**	2009	200,000	-	23,640	3,188	26,477	253,305	-
	2008	-	-	-	-	-	-	-
C Bright	2009	160,000	-	21,473	4,000	21,600	207,073	-
	2008	150,000	15,000	17,031	3,750	21,844	207,625	7.22
Total	2009	1,410,000	-	149,191	26,439	179,258	1,764,888	
	2008	1,020,303	114,000	153,290	19,891	145,544	1,453,028	

* Mr P Sarant commenced employment with the Company on 19 November 2007.
** Ms C De Gois commenced employment with the Company on 16 July 2008.

K&S local rail operation.

Signed in accordance with a resolution of the Directors.

T Johnson
Chairman
25th August 2009

L Winser
Managing Director
25th August 2009

The Board of Directors of K&S Corporation Limited is responsible for the governance of the consolidated entity. The Board guides and monitors the business and affairs of K&S Corporation Limited on behalf of the Shareholders by whom they are elected and to whom they are accountable.

In keeping with the Australian Securities Exchange Corporate Governance Council's updated Corporate Governance Principles and Recommendations, this statement outlines the Company's compliance with the ASX principles.

The K&S Corporation Limited Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

The Roles of the Board and Management

The Board has a charter which establishes the relationship between the Board and Management and describes their functions and responsibilities in a manner which is consistent with ASX Principle 1.

The role of the Board is to oversee and guide the Management of K&S Corporation Limited and its businesses with the aim of protecting and enhancing the interests of Shareholders while taking into account the interests of employees, customers, suppliers and the community at large.

The Board is responsible for setting and approving the strategic direction of the Company, establishing goals for Management and monitoring the achievement of those goals. The Managing Director is responsible to the Board for the day to day management of the Company.

All Management, including the Managing Director, have clear statements of roles and responsibilities. The performance of key Executives is reviewed not less than annually by the Managing Director. The review involves an open exchange of ideas between the Managing Director and key Executives. The performance of key Executives is reviewed against matters including financial targets (eg., budget), OHS&E management, and achievement of specific strategic and business objectives.

Structure of the Board

The Board currently comprises five Non-Executive Directors, including the Chairman, and one Executive Director, namely, the Managing Director. The qualifications, experience and periods of service of each of the Directors is set out on pages (18-19) of the Annual Report.

Directors are expected to bring independent views and judgement to the Board's deliberations. In response to the ASX Principles, the Board Charter requires the Board to include a majority of Non-Executive Directors, a Non-Executive Chairman and to have a different person filling the roles of Chairman and Managing Director. The Chairman of the Audit Committee cannot be Chairman of the Board.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered independent judgement.

Materiality of business and other relationships held by a Director is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements.

Quantitative factors relate to the financial value of the business or other relationship. Qualitative factors considered include whether a relationship is strategically important, the competitive context of the relationship, the nature of the relationship and the contractual or other arrangements governing it or other factors which point to the actual ability of the Director in question to influence the direction of the Company other than in the best interests of the Company as a whole.

K&S linehaul operations.

The Board has reviewed the position of each of the six Directors in office at the date of this report and considers the following Directors of the Company to be independent:

Name	Position
G Boulton	Non-Executive Director
R Smith	Non-Executive Director

The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

Structure of the Board continued

The Board considers the following Directors as not independent:

L Winser *Managing Director*

T Johnson *Non-Executive Director (Chairman)*
Mr Johnson is a Director of AA Scott Pty Ltd as well as Chairman of Scott Corporation Limited (a company controlled by AA Scott Pty Ltd, the largest Shareholder of K&S Corporation Limited). Mr Johnson is also a partner of Johnson Winter & Slattery which provides legal services to K&S Corporation Limited and its subsidiaries.

R Nicholson *Non-Executive Director*
Mr Nicholson was a Director of a number of companies within the Scott Group of privately owned companies until 25 February 2008, one of which (AA Scott Pty Ltd) is the largest Shareholder of K&S Corporation Limited.

B Grubb *Non-Executive Director*
Mr Grubb is Chief Executive and Executive Director of Scotts Transport Industries Pty Ltd, a Director of Scott Corporation Limited, and a Director of a number of other companies within the Scott Group of companies, one of which (AA Scott Pty Ltd) is the largest Shareholder of K&S Corporation Limited.

The Board structure is consistent with ASX Principle 2, with the exception of:

- Recommendation 2.1 which requires that the majority of the Board be independent Directors. The Board considers that the mix of skills and experience of and the contributions by the non-independent Non-Executive Directors offsets the benefits to the Company of having a majority of independent Non-Executive Directors. However, as part of the review of Board Performance (refer below), Directors have regard to the balance of independent and non-independent Non-Executive Directors.
- Recommendation 2.2 which requires that the Chairman of the Board be an independent Director. Mr Johnson is Chairman of the Board and is not considered by Directors to be independent. The Board considers that the skills and experience that Mr Johnson brings as Chairman add value to the deliberations and functioning of the Board. Further, K&S Corporation Limited's Deputy Chairman, Mr Boulton, is an independent Non-Executive Director who is able to fulfil the role of Chairman where and to the extent that any conflicts of interest arise for Mr Johnson.
- Recommendations 2.4 and 8.1 which require that the Nomination and Remuneration Committee be chaired by an independent Non-Executive Director and have a majority of independent Non-Executive Directors as members. Mr Nicholson was the Chairman of the Nomination and Remuneration Committee during the course of the year. Mr Nicholson is not considered by Directors to be an independent Director. The other current members of the Nomination and Remuneration Committee (Messrs Johnson and Winser) are also not considered by Directors to be independent. As the Nomination and Remuneration Committee is only empowered to make recommendations to the Board, Directors are of the view that any decisions as to nomination and remuneration are still subject to an appropriate level of scrutiny by independent Non-Executive Directors as those decisions are reserved to the Board.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The Board meets formally eleven times a year and on other occasions as required. During the course of the year, the Board's sub-committees meet on a number of occasions to deal with their specific responsibilities in relation to the Company's business. Senior management attend and are a vital ingredient to the sub-committees, making presentations, providing information and responding to questions of the Directors.

All Directors have unrestricted access to all employees of the Group and, subject to the law, access to all Company records and information held by employees and external advisers. The Board receives regular financial and operational reports from senior management to enable it to carry out its duties and responsibilities.

Retirement and Re-election of Directors

The Company's Constitution requires one third of the Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been newly appointed by the Board during the year are also required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of Directors retiring at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Review of Board Performance

The Board has implemented a process for the regular review of its overall performance, consistent with ASX Recommendation 2.4. Regular review involves both analysis by the Board of the results of a questionnaire completed by all Directors and discussion between the Chairman and each of the Directors.

The Board's performance review departs from Recommendation 2.4 as the review is conducted by the full Board, and not the Nomination and Remuneration Committee. As the Board is comprised of only six Directors, the Board considers this the most effective way to address its own performance.

Committees of the Board

Three standing Board Committees assist the Board in the discharge of its responsibilities. These committees are:

- The Audit Committee
- The Nomination and Remuneration Committee
- The Environmental Committee

Audit Committee

The Board has an established Audit Committee, which operates under a Charter approved by the Board.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguard of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as benchmarking of operational key performance indicators.

The Board has delegated to the Audit Committee the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity, consistent with ASX Principle 4.

The Audit Committee also provides the Board with additional assurance regarding the reliability of the financial information for inclusion in the financial reports. All members of the Audit Committee are currently independent Non-Executive Directors.

Among the specific responsibilities set out in the Audit Committee Charter, the Audit Committee reviews all published accounts of the Group, reviews the scope and independence of external audits, monitors and assesses the systems for internal compliance and control, legal compliance and risk management and advises on the appointment, performance and remuneration of the external auditors.

The members of the Audit Committee during the year were:

Mr Smith *(Chairman)*
Mr Boulton

Mr Smith is Chairman of the Audit Committee. The Board considers Mr Smith to be independent using the ASX Council's definition of independence.

The Board considers Mr Boulton to be independent using the ASX Council's definition of independence.

Audit Committee continued

The ASX Council Recommendation 4.2 recommends that the Audit Committee consist of at least three members who are all Non-Executive and the majority independent. The Board is of the view that the current composition of the Audit Committee is appropriate given the size of the business, the extensive financial skills, and industry knowledge of the current members of the Audit Committee.

The Managing Director, the Chief Financial Officer, the Company Secretary, the external Auditors and any other persons considered appropriate attend meetings of the Audit Committee by invitation. The Committee also meets from time to time with the external Auditors independent of management.

The Audit Committee met on four occasions during the course of the year.

Nomination and Remuneration Committee

Consistent with ASX Principle 8, the Board has a Nomination and Remuneration Committee with a formal Charter. The role of the Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director, Senior Executives and Directors themselves.

The Nomination and Remuneration Committee does not make recommendations to the Board as to the nomination and appointment of new Directors. As the Board of K&S Corporation Limited is comprised of only six Directors, Directors are of the view that the nomination and appointment of new Directors is a most efficiently discharged by the Board. When appointing new Directors, matters the Board have regard to include the spread of skills and qualifications, experience, and independence of both the potential appointee and the existing members of the Board.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives.

The Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages. It also plays a role in evaluation of the performance of the Managing Director and management succession planning. This role includes the responsibility for incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies, professional indemnity and liability insurance policies.

The members of the Nomination and Remuneration Committee during the year were:

Mr Nicholson *(Chairman)*
Mr Winser
Mr Johnson

The Nomination and Remuneration Committee meets at least once a year and as required. The Committee met formally once, but also informally on several other occasions during the year.

The Company's Non-Executive Directors receive only fees and superannuation for their services and the reimbursement of reasonable expenses. The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of, those Directors. The advice of independent remuneration consultants is taken as well as benchmarking against external remuneration data for comparable companies to establish that the Directors' fees are in line with market standards. Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration.

A Directors' fee pool limit of $500,000 for Non-Executive Directors was approved by Shareholders at the Annual General Meeting on 18 November 2007. This fee pool is only available to Non-Executive Directors. The Non-Executive Directors received $52,000 each and the Chairman was paid $90,000. Committee membership does not entitle a Director to additional fees.

The Managing Director, Mr Legh Winser, has a contract of employment with the Company. His remuneration comprises a salary and allowances package. On early termination, Mr Winser would receive up to twelve months salary and benefits.

The contract does not disclose the duration of the contract, period of notice and required termination details. Mr Winser is not present while discussions are held in relation to his performance and salary package.

The Non-Executive Directors' retirement benefits scheme entitlements were frozen in years of service as at 30 June 2004 and will be paid on retirement. Under the terms of the Non-Executive Directors' retirement benefit scheme, participating Directors are entitled to receive up to the total remuneration paid to them in the last three years upon their retirement in accordance with the following formula:

$RB = TR \times (Y \div 15)$

where

RB = retirement benefit payable to the Director on retirement
TR = the total remuneration paid to the Director in the last three years
Y = the years of service of the Director prior to 30 June 2004, provided that Y shall not exceed 15

Non-Executive Directors appointed after 30 June 2004 are not eligible to participate in the retirement benefits scheme.

The structure and disclosure of the Company's remuneration of Non-Executive Directors is consistent with ASX Principle 8.

Further details of Directors' remuneration, superannuation and retirement payments are set out in the Directors' Report on *pages 26 to 30*.

Environmental Committee

The Board has an Environmental Committee, which operates under a Charter approved by the Board. The role of the Committee is to monitor environmental incidents, exposures and compliance with environmental regulations.

The members of the Environmental Committee during the year were:

Mr Johnson *(Chairman)*
Mr Winser
Mr Grubb

The Company Secretary acts as Secretary to the Environmental Committee.

The Environmental Committee is responsible for:

- Reviewing and recommending, as appropriate, changes to the Company's environmental policies.
- Ensuring the adequacy of environmental procedures and controls. implemented by Management.
- Reporting to the Board on Company compliance with environmental procedures and controls.

Environmental Committee continued

- Reviewing the adequacy and effectiveness of resources devoted to informing employees of their environmental obligations and to training employees to operate within Company guidelines and legal requirements.
- Monitoring conformance by the Company with mandatory environmental reporting and improvement regimes.
- Regular monitoring of licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.
- Reviewing any environmental incidents that have occurred and monitoring actions taken or to be taken.

To enable it to meet its responsibilities, the Committee has established a regular internal reporting process.

The Environmental Committee met four times during the year.

Financial Reporting

Consistent with the ASX Principle 4 and Recommendation 7.3, the Company's financial report preparation and approval process for the financial year ended 30 June 2009, involved both the Managing Director and Chief Financial Officer certifying that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

In accordance with Recommendation 7.2, this sign off also includes assurances as to the Company's risk management processes and internal compliance and control procedures.

Audit Governance and Independence

As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented a review process to monitor the independence and competence of the Company's external Auditor.

The Company's current external Auditors are Ernst & Young. The effectiveness, performance and independence of the external Auditor is reviewed by the Audit Committee at least annually. The format of that review includes discussing the performance of the External Auditors with Management while the Auditors are not present. The Audit Committee also met with senior members of Ernst & Young to review the performance of the lead audit partner. If it becomes necessary to replace the external Auditor for performance or independence reasons, the Audit Committee will then formalise a process for the selection and appointment of new Auditors.

Ernst & Young has a policy for the rotation of the lead audit partner for their clients. The lead audit partner and the audit review partner for the Company were last rotated at the commencement of the year ended 30 June 2008.

The Audit Committee's Charter requires the provision of non-audit services to the Company or its business units by the external audit firm to be approved by the Audit Committee.

In accordance with sections 249V and 250T of the Corporations Act 2001 (Cth), Ernst & Young attend and are available to answer questions at the Company's Annual General Meetings.

Risk Management

Consistent with ASX Principle 7, the Company is committed to the identification, monitoring and management of material risks in the business. Those material risks include a full spectrum of financial, strategic, compliance, and operational risks.

While not wishing to stifle the entrepreneurial endeavours of Senior Executives, the Board takes a relatively conservative approach to risk.

The Board requires that Management have in place a system to identify, monitor, and manage the material business risks faced by the Company. The management systems in place as part of the risk management controls include:

- Capital expenditure commitments above set limits obtain prior Board approval.
- Financial exposures are controlled and the use of derivatives is limited to interest rate swaps.
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations.
- Business transactions are properly authorised and executed.
- A comprehensive annual insurance program, including external risk management survey and action plans.
- Annual budgeting and monthly reporting systems for all business units, which enable the monitoring of progress against performance targets and the evaluation of trends.
- Appropriate due diligence procedures for acquisitions and divestments.
- Disaster management systems for key IT systems and recovery plans.
- Documentation and regular review of business wide risk identification and mitigation strategies.

While the Company does not have a specific risk management policy, the Company has a number of policies and internal documents that are central to the management of risk. Those documents include:

- The Risk Review Statement that is designed to comprehensively document and rate all material business risks to which the Company is exposed, as well as setting out the actions being undertaken by Management to mitigate those risks.
- The Company's Levels of Authority statement which sets out the different levels of authority delegated to the Managing Director, General Managers, and Branch Managers in relation to financial and business matters such as capital expenditure, acquisitions, entering into contracts, treasury issues, and employment related issues.
- The Company's Administration Manual which sets out the financial and administrative protocols for all staff.
- The Company's OHS&E Manual and supporting documented policies and procedures which are designed to minimise the risk of harm to employees engaged in operational tasks.
- The Company's Quality Management System coupled with its extensive documented operating and compliance focused policies and procedures which are designed to ensure that the Company's operations are conducted using industry best practice and in accordance with the numerous legislative regimes that apply.

Risk Management continued

Management is responsible to the Board for the Group's system of internal control and risk management. The Audit Committee through its Charter assists the Board in monitoring this role.

The Risk Review Statement is designed to be a 'living' document and is regularly updated to address the emergence of new risks and changes to the priority of existing material business risks. The Risk Review Statement is provided to both the Audit Committee and the Board on a quarterly basis. In addition, a summary of the status of key risk items identified in the Risk Review Statement is provided to the Board at its monthly meetings.

The Managing Director has reported to the Board that Management believes that the Company has in place an effective system of oversight and management and internal controls. The Managing Director and the Chief Financial Officer also certify on an annual basis that the Company has a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks.

Continuous Disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange.

The Company Secretary has the responsibility for overseeing and co-ordinating disclosure of information to the Australian Securities Exchange. The Company Secretary also liaises with the Managing Director, Chairman and the Chief Financial Officer in relation to continuous disclosure matters.

The Chairman, or in his absence the Deputy Chairman, approves all price sensitive releases to the Australian Securities Exchange prior to release.

The Company posts all price sensitive releases to the Australian Securities Exchange and media on the Company's website.

The Company's Continuous Disclosure Policy is consistent with ASX Principle 5.

Conflict of Interest

In accordance with the Corporations Act 2001 (Cth) and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company and consolidated entity are set out in *Note 26*.

Director Dealing in Company Shares

The Constitution permits Directors and Officers to acquire shares in the Company. Company policy prohibits Directors, Associates and Officers from dealing in Company shares or Executive options:

- Except up to 30 days after either the release of the Company's half year and annual results to the Australian Securities Exchange, the Annual General Meeting or any major announcement.
- Whilst in possession of price sensitive information.
- Outside windows as stated above, except where they have obtained the approval of the Chairman.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Company advises the Exchange of any transactions conducted by Directors in shares in the Company.

International Quality Standard ISO 9001

The consolidated entity strives to ensure that its services are of the highest standard. Towards this aim, it has achieved ISO 9001 accreditation for its core business segment and is well advanced in the implementation of Occupational Health & Safety systems to meet the AS4801 Standard.

Ethical Standards

In accordance with Principle 3, the Board has adopted the Code of Conduct produced by the Australian Institute of Company Directors to guide the Directors and promote high ethical and professional standards.

Brookes Transport cart logs for WA timber industry.

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance practice and the ethical conduct by all Directors and employees of the Company and has approved the following policies:

Code of Conduct

The Company has a Code of Conduct for its employees to act within the law, avoid conflicts of interest, protect Company property, keep information confidential and act honestly and ethically in all business activities. The Code of Conduct is complemented by a Whistle Blower Policy which provides protection to employees who report instances of malpractice, impropriety, misconduct, or other unethical or illegal conduct involving the Company or its employees.

Trade Practices

The Company has a Trade Practices Policy advising employees on the legislative prohibitions on price fixing and anti-competitive arrangements, as well as other prohibited conduct.

Ethical Standards continued

Other Policies
Amongst other policies endorsed by the Board in previous years are the Occupational Health and Safety, Environment Protection, Electronic Communications Policies and the Transport Law Compliance Policy.

The Group's ethical standards are consistent with the requirements of ASX Principle 3.

Communication with Shareholders

The Company places considerable importance on communication with Shareholders.

The Company's communication strategy promotes the communication of information to Shareholders through the distribution of the Annual Report, announcements through the Australian Securities Exchange and the media regarding changes to the business, the Chairman's and Managing Director's addresses at the Annual General Meeting, and actively engaging the investment community.

K&S Corporation Limited posts all price sensitive reports, Australian Securities Exchange releases and media releases on the Company's website.

The communication strategy is consistent with ASX Principle 6.

K & S CORPORATION LIMITED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

K&S CORPORATION LIMITED

ABN 67 007 561 837

Contents

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Revenue from rendering of services		**375,901**	398,183	**-**	-
Revenue from sale of goods		**64,813**	67,908	**-**	-
Dividends		**-**	-	**10,000**	10,000
Finance revenue		**322**	301	**14**	9
Revenue	5(a)	**441,036**	466,392	**10,014**	10,009
Cost of goods sold		**(59,884)**	(63,162)	**-**	-
Gross profit		**381,152**	403,230	**10,014**	10,009
Other income	5(b)	**2,534**	2,334	**444**	516
Contractor expenses		**(126,257)**	(152,897)	**-**	-
Employee benefits expenses	5(e)	**(114,563)**	(106,921)	**(376)**	(397)
Fleet expenses		**(84,185)**	(80,919)	**-**	-
Depreciation expense	5(d)	**(19,872)**	(19,376)	**-**	-
Finance costs	5(c)	**(5,347)**	(5,362)	**(5)**	(5)
Other expenses		**(10,800)**	(11,939)	**(51)**	(28)
2002 fraud related recoveries/(expenses), net		**2,342**	(142)	**-**	-
Share of profit/(loss) of associates	13	**3**	3	**-**	-
Profit before income tax		**25,007**	28,011	**10,026**	10,095
Income tax (expense)/benefit	6	**(6,857)**	(8,341)	**(22)**	(16)
Profit after income tax		**18,150**	19,670	**10,004**	10,079
Profit attributable to members of the parent		**18,150**	19,670	**10,004**	10,079
Earnings per share (cents per share)	7				
• basic for profit for the year attributable to ordinary equity holders of the parent		**26.10**	28.59		
• diluted for profit for the year attributable to ordinary equity holders of the parent		**26.10**	28.59		
Dividends per share (cents per share)	8	**12.0**	16.0		

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**14,717**	12,855	**-**	-
Trade and other receivables	10	**47,127**	60,118	**88,644**	78,056
Inventories	11	**3,118**	3,974	**-**	-
Prepayments		**4,262**	3,805	**-**	-
Derivatives		**-**	194	**-**	-
Total current assets		**69,224**	80,946	**88,644**	78,056
Non-current assets					
Other receivables	10	**1,352**	989	**19,313**	18,831
Investments in associates	13	**31**	27	**-**	-
Other financial assets	12	**-**	-	**32,418**	32,418
Property, plant & equipment	14	**185,808**	185,113	**-**	-
Intangibles	15	**25,622**	24,636	**-**	-
Deferred tax assets	6	**5,519**	5,714	**173**	194
Total non-current assets		**218,332**	216,479	**51,904**	51,443
TOTAL ASSETS		**287,556**	297,425	**140,548**	129,499
LIABILITIES					
Current liabilities					
Trade and other payables	17	**36,998**	49,652	**63,181**	52,408
Interest bearing loans and borrowings	18	**16,927**	15,711	**-**	-
Income tax payable		**1,037**	2,479	**1,429**	2,801
Provisions	19	**10,624**	9,973	**-**	-
Derivatives		**1,791**	-	**-**	-
Total current liabilities		**67,377**	77,815	**64,610**	55,209
Non-current liabilities					
Other payables	17	**3,047**	2,177	**-**	-
Interest bearing loans and borrowings	18	**43,306**	53,911	**60**	60
Deferred tax liabilities	6	**15,633**	15,215	**69**	69
Provisions	19	**1,964**	1,802	**484**	457
Total non-current liabilities		**63,950**	73,105	**613**	586
TOTAL LIABILITIES		**131,327**	150,920	**65,223**	55,795
NET ASSETS		**156,229**	146,505	**75,325**	73,704
EQUITY					
Contributed equity	20	**57,425**	55,373	**57,425**	55,373
Reserves		**19,630**	19,673	**161**	161
Retained earnings		**79,174**	71,459	**17,739**	18,170
TOTAL EQUITY		**156,229**	146,505	**75,325**	73,704

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Issued capital $'000	Retained earnings $'000	Asset revaluation reserves $'000	Forex translation reserves $'000	Cash flow hedge reserves $'000	Total equity $'000
CONSOLIDATED						
At 1 July 2007	52,771	62,115	20,956	208	13	103,257
Currency translation differences	-	-	-	(1,625)	-	(1,625)
Net gain on cash flow hedge	-	-	-	-	121	121
Total income and expense for the period recognised directly in equity	-	-	-	**(1,625)**	**121**	**(1,504)**
Profit for the period	-	19,670	-	-	-	19,670
Total income and expense for the period	-	**19,670**	-	**(1,625)**	**121**	**18,166**
Issue of share capital	2,602	-	-	-	-	2,602
Equity dividends	-	(10,326)	-	-	-	(10,326)
At 30 June 2008	**55,373**	**71,459**	**20,956**	**(1,417)**	**134**	**146,505**
Currency translation differences	-	-	-	91	-	91
Net gain on cash flow hedge	-	-	-	-	(134)	(134)
Total income and expense for the period recognised directly in equity	-	-	-	**91**	**(134)**	**(43)**
Profit for the period	-	18,150	-	-	-	18,150
Total income and expense for the period	-	**18,150**	-	**91**	**(134)**	**18,107**
Issue of share capital	2,052	-	-	-	-	2,052
Equity dividends	-	(10,435)	-	-	-	(10,435)
At 30 June 2009	**57,425**	**79,174**	**20,956**	**(1,326)**	-	**156,229**
PARENT						
At 1 July 2007	52,771	18,417	161	-	-	71,349
Profit for the period	-	10,079	-	-	-	10,079
Total income and expense for the period	-	**10,079**	-	-	-	**10,079**
Issue of share capital	2,602	-	-	-	-	2,602
Equity dividends	-	(10,326)	-	-	-	(10,326)
At 30 June 2008	**55,373**	**18,170**	**161**	-	-	**73,704**
Profit for the period	-	10,004	-	-	-	10,004
Total income and expense for the period	-	**10,004**	-	-	-	**10,004**
Issue of share capital	2,052	-	-	-	-	2,052
Equity dividends	-	(10,435)	-	-	-	(10,435)
At 30 June 2009	**57,425**	**17,739**	**161**	-	-	**75,325**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**516,767**	516,994	**444**	516
Cash payments to suppliers and employees		**(452,797)**	(458,240)	**(427)**	(425)
Dividends received		-	-	**10,000**	10,000
Interest received		**228**	301	**14**	9
Borrowing costs paid		**(5,347)**	(5,362)	**(5)**	(5)
Income taxes paid		**(7,651)**	(8,609)	**(7,651)**	(8,661)
Net goods and services tax paid		**(14,345)**	(13,670)	-	-
2002 fraud related recoveries		**2,342**	(142)	-	-
Net cash provided by/(used) in operating activities	9	**39,197**	31,272	**2,355**	1,434
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of non-current assets		**3,056**	4,597	-	-
Payments for property plant & equipment		**(3,999)**	(8,381)	-	-
Acquisition of business		-	(15,675)	-	-
Net cash provided by/(used) in investing activities		**(943)**	(19,459)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		**502**	221	**502**	221
Proceeds from borrowings		**4,000**	16,000	-	-
Repayments of borrowings		**(13,367)**	(10,213)	-	-
Lease and hire purchase liability repayments		**(18,289)**	(18,170)	-	-
Dividends paid, net of dividend reinvestment plan		**(9,266)**	(9,060)	**(9,266)**	(9,060)
Proceeds/(Repayment) of loans to controlled entities		-	-	**6,409**	7,405
Net cash provided by/(used) in financing activities		**(36,420)**	(21,222)	**(2,355)**	(1,434)
Net increase/(decrease) in cash held		**1,834**	(9,409)	-	-
Cash at the beginning of the financial year		**12,855**	22,280	-	-
Effects of exchange rate variances on cash		**28**	(16)	-	-
Cash at the end of the financial year	9	**14,717**	12,855	-	-

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

1 Corporate Information

The financial report of K&S Corporation Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of Directors on 25 August 2009.

K&S Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operation and principal activities of the Group are described in *Note 4*.

2 Summary of Significant Accounting Policies

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporation Act* 2001 and Australian Accounting Standards.
The financial report has also been prepared on a historical cost basis, except for land and buildings which have been measured at fair value. The carrying values of cash flow hedges are also stated at fair value with the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge recognised directly in equity and the ineffective portion recognised in the Income Statement.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

b) Statement of compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009.

These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 Jan 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 Jan 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 Jan 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's Income Statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009

2 Summary of Significant Accounting Policies continued

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008–7	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 Jan 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
AASB 2008-5 & AASB 2008-6	Amendments to Australian Accounting Standards arising from the Annual Improvements Project Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 Jan 2009 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Aust Int. 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 Jan 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: • quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); • inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from process) (Level 2); and • inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of Improving Disclosures about Financial Instruments (Amendments to IFRS 7) by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting for amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that ended on or after 30 April 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

2 Summary of Significant Accounting Policies continued

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of he amendment. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 [refer below].	1 Jan 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5,7,112,136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the the requirements of the amended pronouncements.	1 July 2009		1 July 2009

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies continued

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of K&S Corporation Limited and its subsidiaries ("the Group") as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from inter-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair vale of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

d) Significant accounting judgments, estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets within the next annual reporting period are:

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in *Note 16*.

Make good provisions
Provision is made for anticipated costs of future restoration of leased storage premises. The future cost estimates are discounted to their present value. The related carrying amounts are disclosed in *Note 19*.

Allowance for impairment loss on trade receivables
Where receivables are outstanding beyond normal trading terms, the likelihood of recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts. The allowance for impairment loss is outlined in *Note 10*.

Long service leave provision
As discussed in *Note 2 (bb)*, the liability for long service is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Impairment of non-financial assets other than goodwill
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in the business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unrealistic indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where the settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

f) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of fuel products to entities outside the consolidated entity. Sales revenue is recognised when fuel is provided.

ii) Rendering of services
Service revenue from the distribution of customer goods is recognised when delivered or when services are fully provided.

iii) Interest
Revenue is recognised as the interest accrues using the effective interest method. This method calculates the amortised cost of a financial asset and allocates the interest over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

iv) Dividends
Revenue is recognised when the Group's right to receive the payment is established.

h) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangements of borrowings and leased finance charges. Borrowing costs are recognised as an expense when incurred.

i) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2 Summary of Significant Accounting Policies continued

j) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

k) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Consumables – purchase cost on a first-in, first-out basis;
Finished goods – weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

m) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate contracts is determined by reference to market value for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow hedges (interest rate swaps) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the Income Statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the Income Statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement.

n) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either ***(a)*** has transferred substantially all the risks and rewards of the asset, or ***(b)*** has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

o) Impairment of financial assets

The Group assesses at each Balance Sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.
If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.
Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2 Summary of Significant Accounting Policies

o) Impairment of financial assets continued

Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

p) Foreign currency translation

Both the functional and presentation currency of K&S Corporation Ltd and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the Income Statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the Income Statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries (K&S Freighters Limited and Cochrane's Transport Limited) is New Zealand dollars (NZ$).

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of K&S Corporation Limited at the rate of exchange ruling at the Balance Sheet date and the Income Statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating of that particular foreign operation is recognised in the Income Statement.

q) Investment in associates

The Group's investment in associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associates are used by the Group to apply the equity method. The reporting dates of the associates and the Group are identical and all use consistent accounting policies. The investments in associates are carried in the consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value.

The consolidated Income Statement reflects the Group's share of the results of operations of the associates. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

r) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is provided on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences is associated with investments in subsidiaries and associates and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each Balance Sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2 Summary of Significant Accounting Policies continued

t) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis using the following rates:

Buildings	2.5% p.a
Motor vehicles	5% - 40% p.a
Plant and equipment	5% -27% p.a

i) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment exists when the carrying values of an asset or cash-generating unit exceeds its estimated recoverable amount. The assets or cash-generating units are written down to their recoverable amount. For plant and equipment, impairment losses are recognised in the Income Statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

ii) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Balance Sheet unless it reverses a revaluation decrease of the same asset previously recognised in the Income Statement.

Any revaluation decrease is recognised in the Income Statement unless it directly offsets a previous revaluation increase for the same asset debited directly to the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the Balance Sheet date.

iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Income Statement in the period the item is derecognised.

u) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation and convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost.

This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the Balance Sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing methods.

v) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit for the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which goodwill is allocated:
- represents the lowest level within the Group at which goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

2 Summary of Significant Accounting Policies

v) Goodwill continued

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

w) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Development costs
An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to the use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during the development.

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

x) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amounts (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased by the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

y) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

z) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Income Statement when the liabilities are derecognised, as well as through the amortisation process.

aa) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

bb) Employee leave benefits

i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

2 Summary of Significant Accounting Policies

bb) Employee leave benefits continued

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

iii) Defined contribution superannuation funds

The commitment to defined contribution plans is limited to making contributions in accordance with the minimum statutory requirements. The Group does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to current and past employee services.

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Income Statement as incurred.

iv) Directors retirement benefits

Directors commencing after 30 June 2004 are not eligible for any benefit under the Directors Retirement Scheme. However, Non-Executive Directors appointed before that date are eligible to receive retirement benefits on retiring as a Director. In July 2004, the Directors Retirement benefit calculation changed, to freeze the accumulation of years of service for each Director.

cc) Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

dd) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than shares);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

3 Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, finance leases and hire purchase contracts, and cash deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, principally interest rate swaps contracts. The purpose is to manage the interest rate risk arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk and credit risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in *Note 2* to the financial statements.

Fair values

Set out below is a comparison by category of carrying amount and fair values of all the Group's financial instruments recognised in the financial statements.

The fair values of financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contracted future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers.

The fair values of the interest rate swaps are determined using mid-market estimates of each applicable market data parameters (ie., interest rates, volatilities, etc.) obtained from interbank brokers and generally accepted valuation methodologies. Expected cash flows are discounted at a discount rate that assumes that both parties are AA-rated. The carrying amount of bank loans, trade debtors, trade creditors and accruals, lease liabilities, employee entitlements and dividends payable approximate net fair value.

	Carrying Amount		Fair Value	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
CONSOLIDATED				
Financial assets				
– Cash	**14,717**	12,855	**14,717**	12,855
– Receivables	**48,479**	61,107	**48,479**	61,107
– Derivatives	**-**	194	**-**	194
Financial liabilities				
On balance sheet				
– Trade creditors and accruals	**(40,045)**	(51,829)	**(40,045)**	(51,829)
– Bank loans – secured	**(15,759)**	(25,090)	**(15,759)**	(25,090)
– Hire purchase liabilities – secured	**(44,414)**	(44,472)	**(44,414)**	(44,472)
– Non-redeemable preference shares	**(60)**	(60)	**(60)**	(60)
– Derivatives	**(1,791)**	-	**(1,791)**	-
Off balance sheet				
– Contingencies	**-**	-	**-**	-

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The level of debt is disclosed in *Note 18*.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Financial assets				
– Cash and cash equivalents	**14,717**	12,855	**-**	-
Financial liabilities				
– Bank loans	**(15,759)**	(25,090)	**-**	-
Net exposure	**(1,042)**	(12,235)	**-**	-

Interest rate swap contracts are outlined in *Note 21*.

3 Financial Risk Management Objectives and Policies

Risk exposures and responses continued

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Balance Sheet date:

Judgements of reasonably possible movements:	**Post Tax Profit** Higher/(Lower)		**Equity** Higher/(Lower)	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Consolidated				
+ 1% (100 basis points)	**52**	(43)	**52**	94
− 0.5% (50 basis points)	**(26)**	21	**(26)**	(47)
Parent				
+ 1% (100 basis points)	-	-	-	-
− 0.5% (50 basis points)	-	-	-	-

The movements in profit are due to higher/lower interest costs from variable debt and cash balances.

Significant assumptions used in the interest rate sensitivity analysis include:
- Reasonably possible movements in interest rates were determined based upon the Group's current credit rating and debt mix in Australia and New Zealand.
- A price sensitivity of derivatives has been based on reasonably possible movements in the spot rate.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. It is the Group's policy that customers who wish to trade on credit more than $1,000 per week are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

The consolidated entity also minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various states. The Group is not materially exposed to any individual customer or individual state. Concentration of credit risk on trade debtors due from customers are: Transport 93% (2008: 90%) and Fuel 7% (2008: 10%).

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Foreign currency risk

The Group's exposure to currency risk is minimal.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed lines of credit. The Group's policy in managing liquidity risk is to ensure the Group always has sufficient liquidity to meet its financial obligations when due, as well as to accommodate unforeseen cash requirements over both the short and long term.

The following table provides the remaining contractual maturities of the Group's financial liabilities:

	Carrying amount $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Non-derivative financial liabilities					
2009					
Secured bank loans	15,759	636	636	16,396	17,668
Trade and other payables	40,045	36,998	3,047	-	40,045
Financial lease liabilities	44,414	20,211	15,607	14,089	49,907
	100,218	57,845	19,290	30,485	107,620
2008					
Secured bank loans	25,090	2,072	27,162	-	29,234
Trade and other payables	51,829	49,652	2,177	-	51,829
Financial lease liabilities	44,472	18,456	15,864	15,588	49,908
	121,391	70,180	45,203	15,588	130,971

The Parent has related party loans totalling $62,909,000 (2008: $52,408,000) which are interest free and payable on demand.

The Group's available credit facilities are outlined in *Note 18*.

4 Segment Information

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary segment information is reported geographically.

The Group comprises the following main business segments, based on the consolidated entity's management reporting system.

- **Transport** – the provision of transportation and logistical services to customers
- **Fuel** – the distribution of fuel to fishing, farming and retail customers within the South East of South Australia

	Transport		Fuel		Consolidated	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Revenue						
Revenue from customers outside the economic entity	**375,901**	398,183	**64,813**	67,908	**440,714**	466,091
Inter-segment revenue	**1,284**	1,086	**36,380**	33,572	-	-
Total segment revenue	**377,185**	399,269	**101,193**	101,480	**440,714**	466,091
Non-segment revenues						
Interest					**322**	301
Total consolidated revenue					**441,036**	466,392

4 Segment Information continued

	Transport 2009 $'000	Transport 2008 $'000	Fuel 2009 $'000	Fuel 2008 $'000	Consolidated 2009 $'000	Consolidated 2008 $'000
Results						
Segment result	**28,943**	32,080	**1,408**	1,290	**30,351**	33,370
Profit before tax & finance costs					**30,351**	33,370
Finance costs					**(5,347)**	(5,362)
Share of profit/(loss) of associate	**3**	3	-	-	**3**	3
Profit before income tax					**25,007**	28,011
Income tax expense					**(6,857)**	(8,341)
Net profit for the year					**18,150**	19,670
Assets and liabilities						
Segment assets	**281,907**	288,091	**5,618**	9,307	**287,525**	297,398
Investment in associates	**31**	27	-	-	**31**	27
Total assets	**281,938**	288,118	**5,618**	9,307	**287,556**	297,425
Segment liabilities	**125,637**	141,254	**5,690**	9,666	**131,327**	150,920
Total liabilities	**125,637**	141,254	**5,690**	9,666	**131,327**	150,920
Other segment information						
Capital expenditure	**22,386**	30,270	-	84	**22,386**	30,354
Depreciation	**19,847**	19,085	**25**	291	**19,872**	19,376
Fraud related (recoveries)	**(2,500)**	-	-	-	**(2,500)**	-
Costs relating to fraud recovery	**158**	142	-	-	**158**	142
Cash flow information						
Net cash flow from operating activities	**38,487**	29,990	**710**	1,282	**39,197**	31,272
Net cash flow from investing activities	**(943)**	(19,375)	-	(84)	**(943)**	(19,459)
Net cash flow from financing activities	**(35,719)**	(20,024)	**(701)**	(1,198)	**(36,420)**	(21,222)

Geographical segments

The Group's geographical segments are determined based on the location of the Group's assets.

The following table presents revenue, expenditure and certain asset information regarding geographical segments for the years ended 30 June 2009 and 30 June 2008:

	Australia 2009 $'000	Australia 2008 $'000	New Zealand 2009 $'000	New Zealand 2008 $'000	Consolidated 2009 $'000	Consolidated 2008 $'000
Revenue						
Sales to external customers	**417,686**	442,251	**23,028**	23,840	**440,714**	466,091
Other revenues from external customers	**300**	291	**22**	10	**322**	301
Segment revenue	**417,986**	442,542	**23,050**	23,850	**441,036**	466,392
Other segment information						
Segment assets	**264,365**	271,386	**23,160**	26,012	**287,525**	297,398
Investments in associates	-	-	**31**	27	**31**	27
Total assets					**287,556**	297,425
Capital expenditure	**21,945**	30,222	**441**	132	**22,386**	30,354

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

5 Revenues and Expenses

Revenue

a) **Rendering of services**	**375,901**	398,183	-	-
Sale of goods	**64,813**	67,908	-	-
Dividends:				
– Subsidiaries	-	-	**10,000**	10,000
Finance revenue	**322**	301	**14**	9
	441,036	466,392	**10,014**	10,009
b) **Other Income**				
– Net gains on disposal of property, plant and equipment	**1,072**	1,390	-	-
– Other	**1,462**	944	**444**	516
	2,534	2,334	**444**	516
c) **Finance costs**				
– Related parties – other	**5**	5	**5**	5
– Other parties	**1,779**	1,708	-	-
– Finance charges on capital leases	**3,563**	3,649	-	-
Total finance costs	**5,347**	5,362	**5**	5
d) **Depreciation**				
– Buildings	**1,698**	1,442	-	-
– Motor vehicles	**15,937**	15,975	-	-
– Plant and equipment	**2,237**	1,959	-	-
Total depreciation expenses	**19,872**	19,376	-	-
e) **Employee benefits expense**				
– Wages and salaries	**91,700**	85,802	**298**	291
– Workers' compensation costs	**4,702**	4,657	-	-
– Long service leave provision	**593**	651	-	-
– Annual leave provision	**5,796**	5,165	-	-
– Payroll tax	**5,246**	4,789	**18**	18
– Defined contribution plan expense	**6,499**	5,800	**33**	32
– Directors' retirement scheme expense	**27**	57	**27**	56
Total employee benefits expenses	**114,563**	106,921	**376**	397
f) **Operating lease rental expense**				
– Property	**6,867**	8,609	-	-
– Plant and equipment	**3,353**	2,043	-	-
	10,220	10,652	-	-
g) **Derivatives**				
– Net loss on derivatives classified as held for trading *	**1,791**	-	-	-

* *Derivatives held by the Group do not qualify for hedge accounting and as a result any gains or losses arising from changes in fair value are taken directly to the Income Statement. The net loss is reported within other expenses. Interest rate swap contracts are outlined in Note 21.*

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

6 Income Tax

The major components of income tax expense are:

Income Statement				
Current income tax				
– Current income tax charge	**7,631**	8,846	**29**	22
– Adjustments in respect of current income tax of previous years	**(161)**	(96)	**14**	(14)
Deferred income tax				
– Relating to origination and reversal of temporary differences	**(613)**	(409)	**(21)**	8
Income tax expense reported in the Income Statement	**6,857**	8,341	**22**	16
Statement of changes in equity				
Deferred income tax related to items charged or credited directly to equity				
– Net gain on cash flow hedge	**-**	54	**-**	-
Income tax expense reported in equity	**-**	54	**-**	-

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	**25,007**	28,011	**10,026**	10,095
At the Group's statutory income tax rate of 30% (2008: 30%)	**7,502**	8,403	**3,008**	3,030
– Expenditure not allowable for income tax purposes	**58**	38	**-**	-
– Differential tax rate applicable to overseas subsidiary	**-**	(4)	**-**	-
– Adjustments in respect of current income tax of previous years	**(161)**	(96)	**14**	(14)
– Rebate on dividend income	**-**	-	**(3,000)**	(3,000)
– Investment allowance	**(542)**	-	**-**	-
Income tax expense reported in the consolidated Income Statement	**6,857**	8,341	**22**	16

Recognised deferred tax assets and liabilities

	CONSOLIDATED				PARENT			
	2009 $'000 Current income tax	2009 $'000 Deferred income tax	2008 $'000 Current income tax	2008 $'000 Deferred income tax	2009 $'000 Current income tax	2009 $'000 Deferred income tax	2008 $'000 Current income tax	2008 $'000 Deferred income tax
Opening balance	**(2,479)**	**(9,501)**	(2,286)	(9,902)	**(2,801)**	**125**	(1,950)	133
Charged to income	**(6,209)**	**(613)**	(8,809)	401	**(34)**	**(21)**	(47)	(8)
Charged to equity	-	-	-	-	-	-	-	-
Other payments	**7,651**	-	8,616	-	**7,671**	-	8,661	-
Consolidation transfer	-	-	-	-	**(6,265)**	-	(9,465)	-
Closing balance	**(1,037)**	**(10,114)**	(2,479)	(9,501)	**(1,429)**	**104**	(2,801)	125
Tax expense in Income Statement		**6,857**		8,341		**22**		16
Amounts recognised in Balance Sheet:								
Deferred tax asset		**5,519**		5,714		**173**		194
Deferred tax liability		**(15,633)**		(15,215)		**(69)**		(69)
		(10,114)		(9,501)		**104**		125

	Balance Sheet 2009 $'000	Balance Sheet 2008 $'000
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
CONSOLIDATED		
Deferred tax liabilities		
– Accelerated depreciation for tax purposes	**(4,331)**	(4,729)
– Revaluations of land & buildings to fair value	**(9,255)**	(9,255)
– Revaluation of cash flow hedge to fair value	-	(42)
– Trade and other receivables not derived for tax purposes	**(2,047)**	(1,189)
	(15,633)	(15,215)
Deferred tax assets		
– Accelerated depreciation for accounting purposes	**461**	370
– Trade and other payables not currently deductible	**1,122**	1,658
– Trade and other receivables not derived for tax purposes	**193**	174
– Employee entitlements not currently deductible	**3,743**	3,512
Gross deferred income tax assets	**5,519**	5,714
PARENT		
Deferred tax liabilities		
– Revaluations to fair value	**(69)**	(69)
	(69)	(69)
Deferred tax assets		
– Directors entitlements currently deductible	**173**	194
Gross deferred income tax assets	**173**	194

6 Income Tax continued

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, K&S Corporation Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. K&S Corporation Limited is the head entity of the tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

K&S Corporation Limited formally notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires members of the tax consolidated group to make contributions to the head company for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation. Contributions are payable following the payment of the liabilities by K&S Corporation Limited. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense or benefit.

In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or upon leaving the Group.

In preparing the accounts for K&S Corporation Ltd for the current year, the following amounts have been recognised as tax consolidation adjustments:

	Parent	
	2009 $'000	2008 $'000
Total increase/(reduction) to tax expense of K&S Corporation Ltd	**(6,265)**	(9,465)
Total increase/(reduction) to inter-company assets of K&S Corporation Ltd	**6,265**	9,465

7 Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2009 $'000	2008 $'000
Net profit attributable to ordinary equity holders of the parent from continuing operations	**18,150**	19,670
Net profit attributable to ordinary equity holders of the parent	**18,150**	19,670

	2009 Thousands	2008 Thousands
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	**69,578**	68,804
Effect of dilution Ordinary Shares	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**69,578**	68,804

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8 Dividends Paid and Proposed

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Declared and paid during the year:				
Dividends on ordinary shares				
Final franked dividend for 2008: 8.0 cents (2007: 7.0 cents)	**5,554**	4,810	**5,554**	4,810
Interim franked dividend for 2009: 7.0 cents (2008: 8.0 cents)	**4,881**	5,516	**4,881**	5,516
	10,435	10,326	**10,435**	10,326
Proposed (not recognised as a liability as at 30 June):				
Dividends on ordinary shares				
Final franked dividend for 2009: 5.0 cents (2008: 8.0 cents)	**3,493**	5,554	**3,493**	5,554
Franking credit balance				
The amount of franking credits available for the subsequent year are:				
• franking account balance as at the end of the financial year at 30% (2008: 30%)			**34,804**	31,639
• franking credits that will arise from the payment of income tax payable as at the end of the financial year			**1,545**	2,840
The amount of franking credits available for future reporting periods:				
• impact on franking account of dividends proposed but not recognised as a distribution to equity holders during the period			**(1,497)**	(2,370)
			34,852	32,109

Tax rates

The tax rate at which dividends have been franked is 30% (2008: 30%).

Dividends proposed will be franked at the rate of 30% (2008: 30%).

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
9 Cash and Cash Equivalents				
Cash	**41**	34	-	-
Cash deposits with banks	**14,676**	12,821	-	-
	14,717	12,855	-	-
Cash at bank earns interest at floating rates based on daily bank deposit rates.				
Reconciliation of net profit after income tax to net cash flows from operations				
Net profit after income tax	**18,150**	19,670	**10,004**	10,079
Add/(less) items classified as investing/financing activities:				
– (Profit)/loss on sale of non-current assets	**(1,072)**	(1,390)	-	-
Add/(less) non-cash items:				
– Amounts set aside to provisions	**764**	1,240	**27**	(27)
– Depreciation	**19,872**	19,376	-	-
– Net exchange differences	**294**	(109)	-	-
– Share of associates net profit	**3**	3	-	-
Net cash provided by operating activities before changes in assets and liabilities	**38,011**	38,790	**10,031**	10,052
CHANGE IN ASSETS AND LIABILITIES				
(Increase)/decrease in inventories	**856**	(2,008)	-	-
(Increase)/decrease in income tax benefit	**195**	(955)	**(21)**	8
(Increase)/decrease in prepayments	**(457)**	(311)	-	-
(Increase)/decrease in receivables	**12,628**	(12,062)	-	-
(Decrease)/increase in trade creditors	**(11,017)**	7,115	-	-
(Decrease)/increase in income taxes payable	**(1,442)**	158	**(7,589)**	(8,626)
(Decrease)/increase in deferred taxes payable	**418**	554	**(66)**	-
Exchange rate changes on opening cash balances	**5**	(9)	-	-
Net cash provided by/(used in) operating activities	**39,197**	31,272	**2,355**	1,434

Disclosure of financing facilities
Refer to Note 18.

Disclosure of non-cash financing and investing activities
Refer to Note 14.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
10 Trade and Other Receivables				
Current				
Trade debtors	**44,805**	56,851	-	-
Allowance for impairment loss (a)	**(478)**	(329)	-	-
	44,327	56,522	-	-
Sundry debtors	**2,800**	3,596	-	-
Related party receivables				
– Controlled entities	-	-	**88,644**	78,056
	47,127	60,118	**88,644**	78,056
Non-current				
Sundry debtors	-	119	-	-
Related party receivables				
– Employee share plan loans	**1,352**	870	**1,352**	870
– Controlled entities	-	-	**17,961**	17,961
	1,352	989	**19,313**	18,831

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received for the relevant debtors.

Movements in the provision for impairment loss were as follows:

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
At 1 July	**329**	627	-	-
Charge for the year	**292**	(69)	-	-
Amounts written off	**(143)**	(229)	-	-
At 30 June	**478**	329	-	-

At 30 June, the aging analysis of trade receivables is as follows:

Consolidated	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI**	+91 days PDNI*	+91 days CI**
2009	44,805	32,115	10,857	1,355	149	-	329
2008	56,851	40,479	14,358	1,499	-	186	329

* Past due not impaired ('PDNI')

** Considered impaired ('CI')

Receivables past due but not impaired payment terms have not been re-negotiated. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

11 Inventories

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Consumable stores – at cost	**952**	969	-	-
Finished goods – fuel at cost	**2,166**	3,005	-	-
Total inventories at the lower of cost and net realisable value	**3,118**	3,974	-	-

a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2009 totalled $59,884,000 (2008: $63,162,000) for the Group and $nil (2008: $nil) for the company. This expense has been included in the cost of sales line item as a cost of inventories.

12 Other Financial Assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Investments controlled entities				
– Shares – unlisted at cost	-	-	**32,418**	32,418
	-	-	**32,418**	32,418

13 Investment in Associates

a) Investment details

	Interest Owned 2009 %	Interest Owned 2008 %	Investment Carrying Amount Consolidated 2009 $'000	Investment Carrying Amount Consolidated 2008 $'000
Smart Logistics Pty Ltd	**50**	50	-	-
Dairy Transport Logistics Pty Ltd	**50**	50	**31**	27
Investment in associates			**31**	27

Both Smart Logistics Pty Ltd and Dairy Transport Logistics Pty Ltd are providers of distribution services and consultants in transport and distribution. Smart Logistics Pty Ltd was incorporated in Australia. Dairy Transport Logistics Pty Ltd was incorporated in New Zealand.

b) Movements in the carrying amount of the Group's investment in associates

	Consolidated 2009 $'000	Consolidated 2008 $'000
Dairy Transport Logistics Pty Ltd		
At 1 July	**27**	28
Share of profit after income tax	**3**	3
Exchange rate changes on opening balances	**1**	(4)
At 30 June	**31**	27
Smart Logistics Pty Ltd		
At 1 July	-	-
Share of profit/(loss) after income tax	**416**	102
Net carrying amount not recognised under equity accounting	**(416)**	(102)
At 30 June	-	-

13 Investments in Associates continued

	Consolidated 2009 $'000	Consolidated 2008 $'000
c) Share of associates' commitments		
Share of associates' finance lease commitments:		
Within one year	**242**	226
One year or later and no later than five years	**521**	763
Minimum lease payments	**763**	989
Less: Future finance charges	**(98)**	(161)
Total lease liability	**665**	828

d) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associates:

	2009 $'000	2008 $'000
Extract from the associates' Balance Sheets:		
Current assets	**9,952**	11,318
Non-current assets	**1,527**	2,218
	11,479	13,536
Current liabilities	**(10,610)**	(13,107)
Non-current liabilities	**(944)**	(1,333)
	(11,554)	(14,440)
Net assets/(liabilities)	**(75)**	(904)
Share of associates net assets/(liabilities)	**(37)**	(453)
Adjustments arising from equity accounting		
– Net carrying amount not recognised under equity accounting	**68**	480
	31	27
Extract from the associates' Income Statement:		
Revenue	**124,937**	131,470
Net profit/(loss)	**838**	210
Share of associates' profit or loss accounted for using the equity method:		
Profit/(loss) before income tax	**571**	154
Income tax expense	**(152)**	(49)
Profit/(loss) after income tax	**419**	105

14 Property, Plant and Equipment

a) Reconciliation of carrying amounts at the beginning and end of the period:

	Consolidated Freehold Land and Buildings $'000	Consolidated Motor Vehicles $'000	Consolidated Plant & Equipment $'000	Consolidated Total $'000	Parent Total $'000
Year ended 30 June 2009					
As at 1 July 2008, net of accumulated depreciation and impairment	**84,396**	**90,371**	**10,346**	**185,113**	-
Additions	**912**	**18,154**	**3,320**	**22,386**	-
Reclassification of category	-	**561**	**(561)**	-	-
Disposals	-	**(1,984)**	-	**(1,984)**	-
Depreciation charge for the year	**(1,698)**	**(15,937)**	**(2,237)**	**(19,872)**	-
Exchange adjustment	**3**	**159**	**3**	**165**	-
At 30 June 2009, net of accumulated depreciation and impairment	**83,613**	**91,324**	**10,871**	**185,808**	-
At 30 June 2009					
Cost or fair value	**86,813**	**187,343**	**41,817**	**315,973**	-
Accumulated depreciation and impairment	**(3,200)**	**(96,019)**	**(30,946)**	**(130,165)**	-
Net carrying amount	**83,613**	**91,324**	**10,871**	**185,808**	-
Year ended 30 June 2008					
As at 1 July 2007, net of accumulated depreciation and impairment	80,616	90,082	9,223	179,921	-
Additions	5,284	21,502	3,568	30,354	-
Reclassification of category	-	27	(27)	-	-
Disposals	-	(2,783)	(424)	(3,207)	-
Depreciation charge for the year	(1,442)	(15,975)	(1,959)	(19,376)	-
Exchange adjustment	(62)	(2,482)	(35)	(2,579)	-
At 30 June 2008, net of accumulated depreciation and impairment	84,396	90,371	10,346	185,113	-
At 30 June 2008					
Cost or fair value	85,898	180,864	39,004	305,766	-
Accumulated depreciation and impairment	(1,502)	(90,493)	(28,658)	(120,653)	-
Net carrying amount	84,396	90,371	10,346	185,113	-

b) Revaluation of freehold land and buildings

The freehold land and buildings are included in the financial statements at fair value, except for capital expenditure subsequent to the valuation which is recorded at cost. The fair value of land and buildings in 2009 was determined based on an independent valuation undertaken in March 2007 by Jones Lang LaSalle on the basis of open market values of properties for the highest and best use. Directors have adopted this independent valuation as fair value. This resulted in an increase to the Asset Revaluation Reserve of $15,567,000.

	Consolidated 2009 Freehold Land and Buildings $'000	Consolidated 2008 Freehold Land and Buildings $'000
c) Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment		
If land and buildings were measured using the cost model the carrying amounts would be as follows:		
Cost	**59,037**	58,145
Accumulated depreciation and impairment	**(5,172)**	(4,086)
Net carrying amount	**53,865**	54,059

d) Property, plant and equipment pledged as security for liabilities

The carrying value of motor vehicles held under hire purchase contracts at 30 June 2009 is $62,683,486 (2008: $60,970,291). Additions during the year include $18,387,000 (2008: $10,390,000) held under hire purchase contracts.

Hire purchase liabilities are secured by the relevant asset.

Included in the balances of freehold land and buildings are assets on which mortgages have been granted as security over bank loans. The terms of the mortgages preclude the assets being sold or used as security for further mortgages without the permission of the mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

15 Intangible Assets and Goodwill

	Consolidated IT Development Costs $'000	Consolidated Goodwill $'000	Consolidated Total $'000	Parent Total $'000
Year ended 30 June 2009				
At 1 July 2008, net of accumulated amortisation and impairment	**3,005**	**21,631**	**24,636**	-
Additions – internal development (Panorama)	**948**	**-**	**948**	-
Exchange adjustment	**-**	**38**	**38**	-
At 30 June 2009, net of accumulated amortisation and impairment	**3,953**	**21,669**	**25,622**	-
At 30 June 2009				
Cost (gross carrying amount)	**3,953**	**21,669**	**25,622**	-
Accumulated amortisation and impairment	**-**	**-**	**-**	-
Net carrying amount	**3,953**	**21,669**	**25,622**	-

15 Intangible Assets and Goodwill continued

	Consolidated			Parent
	IT Development Costs $'000	Goodwill $'000	Total $'000	Total $'000
Year ended 30 June 2008				
At 1 July 2007, net of accumulated amortisation and impairment	1,908	19,381	21,289	-
Additions – internal development (Panorama)	1,097	-	1,097	-
Additions – Brookes Transport	-	3,009	3,009	-
Exchange adjustment	-	(759)	(759)	-
At 30 June 2008, net of accumulated amortisation and impairment	3,005	21,631	24,636	-
At 30 June 2008				
Cost (gross carrying amount)	3,005	21,631	24,636	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount	3,005	21,631	24,636	-

IT development costs have been capitalised at cost and relate to the development of the Group's new core freight system (Panorama). Panorama is still currently in development and is anticipated to be complete within 12 months.

As from 1 July 2005, goodwill is no longer amortised but is now subject to annual impairment testing (see *Note 16*).

No impairment loss was recognised for continuing operations in the 2009 financial year.

16 Impairment Testing of Goodwill

Cash generating units

For the purpose of undertaking impairment testing, the Group identify cash generating units (CGU's) according to the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from the other assets or groups of assets.

Goodwill acquired through business combinations have been allocated across five individual cash generating units as follows:

	Goodwill	
	2009 $'000	2008 $'000
SBU	**984**	984
K&S Fuels	**165**	165
Brookes Transport Co	**3,009**	3,009
DTM Logistics	**12,207**	12,207
New Zealand	**5,304**	5,266
	21,669	21,631

Impairment testing

The Group's impairment testing compares the carrying value of each CGU with its recoverable amount as determined using a value in use calculation.

The assumptions for determining the recoverable amount of each CGU are based on past experience and senior managements expectations for the future. The cash flow projections are based on financial budgets approved by senior management covering a five-year period.

16 Impairment Testing of Goodwill continued

The Group has used the following key assumptions in determining the recoverable amount of each CGU to which goodwill has been allocated:

	Discount Rate		Terminal Value Growth Rate	
	2009 %	2008 %	2009 %	2008 %
SBU	**13.45**	13.20	**5.0**	5.0
K&S Fuels	**13.45**	13.20	**5.0**	5.0
Brookes Transport Co	**13.45**	13.20	**5.0**	5.0
DTM Logistics	**13.45**	13.20	**5.0**	5.0
New Zealand	**13.57**	13.41	**4.0**	4.5

Discount rate

The discount rate represents the pre tax discount rate applied to the cash flow projections. The discount rates reflect the market determined, risk adjusted, discount rate relating to the cash generating unit.

Terminal growth rate

The terminal growth rate represents the growth rate applied to the extrapolated cash flows beyond the five year forecast period. This is based on senior management expectations of the cash generating units' long term performance in their respective markets.

i) Sensitivity to changes in assumptions

With regard to the assessment of the carrying amount of each of the cash generating units, management believe that no reasonably possible change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

17 Payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Trade creditors and payables	**36,998**	49,652	-	-
Amounts owed to controlled entities	-	-	**63,181**	52,408
	36,998	49,652	**63,181**	52,408
Non-current				
Other payables	**3,047**	2,177	-	-
	3,047	2,177	-	-

i) Trade payables are non-interest bearing and are normally settled on 30 day terms

18 Interest Bearing Loans and Borrowings

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Hire purchase liabilities – secured	**16,927**	15,711	-	-
	16,927	15,711	-	-
Non-current				
Non redeemable preference shares	**60**	60	**60**	60
Hire purchase liabilities – secured	**27,487**	28,761	-	-
Bank loans – secured	**15,759**	25,090	-	-
	43,306	53,911	**60**	60

18 Interest Bearing Loans and Borrowings continued

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Commitments in respect of hire purchase agreements are payable as follows:				
Not later than one year	**20,211**	18,456	-	-
Later than one year but not later than five years	**29,696**	31,452	-	-
	49,907	49,908	-	-
Deduct: future finance charges	**(5,493)**	(5,436)	-	-
Total hire purchase liability	**44,414**	44,472	-	-
Current	**16,927**	15,711	-	-
Non-current	**27,487**	28,761	-	-
	44,414	44,472	-	-

Fair value disclosures

The carrying amount of the Group's current and non-current borrowing approximate their fair value.

Details of the fair value of the Group's interest bearing liabilities are set out in *Note 3*.

Hire purchase contracts

The consolidated entity leases plant & equipment under hire purchase agreements for periods of one to five years. At the end of the term, the consolidated entity has the option to purchase the equipment at the agreed residual value.

Hire purchase liabilities are secured by the relevant asset.

The written down value of assets secured by hire purchase agreements is $62,683,486 (2008: $60,970,291). The weighted average cost of these facilities was 7.52% (2008: 7.40%).

Bank loans

All bank loans are denominated in Australian dollars. Bank loans are secured by fixed and floating charges over the assets of the consolidated entity.
Bank loans are also secured by registered mortgages over a number of properties of the consolidated entity to the extent of $85,680,000 (2008: $86,709,000).
The non-current bank loans are subject to annual review.

The bank loan facility is available for a period beyond 30 June 2012. The facility bears interest at 7.68% (2008: 8.26%).

Financing facilities available
At balance date, the following financing facilities were available:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Total facilities available:				
Bank overdrafts	**4,000**	4,000	-	-
Bank loans	**34,741**	32,525	-	-
Standby letters of credit	**11,259**	13,475	-	-
	50,000	50,000	-	-

18 Interest Bearing Loans and Borrowings continued

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

Standby letters of credit

The Group has the following guarantees at 30 June 2009:

- Bank guarantee of $8,725,000 has been provided by the Westpac Banking Corporation to Comcare for the due discharge of its liabilities to pay compensation and other amounts under the *Safety Rehabilitation and Compensation Act* 1988;
- A bank guarantee of $1,150,000 has been provided by the Westpac Banking Corporation to the Victorian WorkCover Authority;
- Other bank guarantees $1,384,306 have been provided by the Westpac Banking Corporation Limited to suppliers.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Facilities utilised at balance date:				
Bank overdrafts	-	-	-	-
Bank loans	**15,759**	25,090	-	-
Standby letters of credit	**11,259**	13,475	-	-
	27,018	38,565	-	-
Facilities not utilised at balance date:				
Bank overdrafts	**4,000**	4,000	-	-
Bank loans	**18,982**	7,435	-	-
Standby letters of credit	-	-	-	-
	22,982	11,435	-	-
Total facilities	**50,000**	50,000	-	-
Facilities used at balance date	**27,018**	38,565	-	-
Facilities unused at balance date	**22,982**	11,435	-	-

Bank overdrafts

The bank overdrafts within the consolidated entity are secured by a guarantee from the Company. The bank overdraft is secured by fixed and floating charges over the assets of the consolidated entity. The facilities are subject to annual review by the banks concerned and have been extended to after 30 June 2012.

18 Interest Bearing Loans and Borrowings continued

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Assets pledged as security				
Included in the balances of freehold land and buildings are assets on which mortgages have been granted as security over bank loans. The terms of the mortgages preclude the assets being sold or used as security for further mortgages without the permission of the mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.				
The carrying amount of assets pledged as security for current and non-current interest bearing liabilities are:				
Non-current				
First mortgage				
– Freehold land and buildings	**83,613**	84,396	-	-
– Plant and equipment	**2,067**	2,313	-	-
Total non-current assets pledged as security	**85,680**	86,709	-	-

Non-cash financing and investment activities

During the financial year, the economic entity acquired property, plant and equipment with an aggregate fair value of $18,387,000 (2008: $10,390,000) and disposed of property, plant and equipment with an aggregate fair value of $nil (2008: $nil) by means of finance lease or hire purchase arrangements. These acquisitions and disposals are not reflected in the Cash Flow Statement.

19 Provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Employee benefits	**10,514**	9,905	-	-
Make good provision	**110**	68	-	-
	10,624	9,973	-	-
Non-current				
Employee benefits	**1,480**	1,345	-	-
Directors' retirement allowance	**484**	457	**484**	457
	1,964	1,802	**484**	457

No dividends have been provided for the year ended 30 June 2009. The extent to which dividends were franked, details of the franking account balance at balance date and franking credits available for the subsequent financial year are disclosed in *Note 8*.

19 Provisions continued

	Make Good Provision $'000	Directors' Retirement Allowance $'000	Total $'000
a) Movements in provisions			
Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:			
CONSOLIDATED			
At 1 July 2008	68	457	525
Arising during the year	42	27	69
Utilised	-	-	-
At 30 June 2009	110	484	594
Current 2009	110	-	110
Non-Current 2009	-	484	484
	110	484	594
Current 2008	68	-	68
Non-Current 2008	-	457	457
	68	457	525
PARENT			
At 1 July 2008	-	457	457
Arising during the year	-	27	27
Utilised	-	-	-
At 30 June 2009	-	484	484
Current 2009	-	-	-
Non-Current 2009	-	484	484
	-	484	484
Current 2008	-	-	-
Non-Current 2008	-	457	457
	-	457	457

b) Nature and timing of provisions

i) Make good provision

In accordance with the lease agreement, the Group must restore the leased premises in Sydney to its original condition at the end of the lease term in September 2009.

A provision of $110,000 was raised during the year ended 30 June 2009 in respect to the Group's obligations.

ii) Long service leave

Refer to *Note 2(d)* and *Note 2(bb)* respectively for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

iii) Directors retirement allowance

Refer to *Note 2(bb)* for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000

20 Contributed Equity and Reserves

a) Ordinary shares

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Contributed equity				
69,869,710 (2008: 69,122,277) ordinary shares fully paid	**57,425**	55,373	**57,425**	55,373
	57,425	55,373	**57,425**	55,373

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

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.

	Consolidated Thousands	Consolidated $'000	Parent Thousands	Parent $'000
Movements in ordinary shares on issue				
At 1 July 2007	**68,327**	52,771	**68,327**	52,771
Issued through Employee Share Plan – 397,500 ordinary shares at $3.36 per share	**397**	1,336	**397**	1,336
Issued through Dividend Re-investment Plan – 230,822 ordinary shares at $3.25 per share	**231**	749	**231**	749
Issued through Dividend Re-investment Plan – 166,825 ordinary shares at $3.10 per share	**167**	517	**167**	517
At 30 June 2008	**69,122**	55,373	**69,122**	55,373
Issued through Employee Share Plan – 306,000 ordinary shares at $3.02 per share	**306**	924	**306**	924
Issued through Dividend Re-investment Plan – 297,509 ordinary shares at $2.79 per share	**298**	829	**298**	829
Issued through Dividend Re-investment Plan – 143,924 ordinary shares at $2.08 per share	**144**	299	**144**	299
At 30 June 2009	**69,870**	57,425	**69,870**	57,425

(b) Capital management

When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Group is not subject to any externally imposed capital requirements.

During 2009, the Group paid dividends of $10,435,000 (2008: $10,326,000).

Management monitor capital through the gearing ratio (net debt/net tangible assets). The gearing ratios based on continuing operations at 30 June were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Total interest bearing loans and borrowings	**60,233**	69,922	-	-
Less cash and cash equivalents	**(14,717)**	(12,855)	-	-
Net debt	**45,516**	56,767	-	-
Net tangible assets	**130,607**	121,869	-	-
Gearing ratio	**34.8%**	46.5%	-	-

Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair vale of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Cash flow hedge reserve
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

21 Derivative Financial Instruments

a) Hedging activities

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Cash flow hedges

The Group has the following interest rate swap agreements in place at 30 June 2009:

– with a notional amount of $20,000,000 whereby it receives a variable rate equal to the AUS-BBR-BBSW and pays a fixed interest rate of 7.68% on the notional amount. This agreement commenced in April 2009 and expires in March 2012.

– with a notional amount of $4,000,000 NZD whereby it receives a variable rate equal to the NZD-BBR-BID and pays a fixed interest rate of 7.97% on the notional amount. This agreement commenced in April 2009 and expires in March 2012.

The interest rate swaps require settlement of net interest receivable or payable each 90 days. All swaps do not qualify for hedge accounting and as a result any gains or losses arising from changes in fair value are taken directly to the Income Statement. The net loss is report within other expenses.

b) Interest rate risk

Information regarding interest rate risk exposure is set out in *Note 3*.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

22 Commitments

The estimated maximum amount of commitments not provided for in the accounts as at 30 June 2009 are:				
Capital expenditure commitments				
The aggregate amount of contracts for capital expenditure on plant and equipment due no later than one year	**11,054**	12,765	-	-
Lease rental commitments				
Operating lease and hire commitments:				
– Not later than one year	**5,626**	7,949	-	-
– Later than one year but not later than five years	**9,000**	5,899	-	-
– Later than five years	-	499	-	-
	14,626	14,347	-	-

The consolidated entity leases property under non-cancellable operating leases expiring from one to ten years. Leases generally provide the consolidated entity with a right of renewal, at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Finance lease commitments are disclosed in *Note 18*.

23 Contingent Liabilities

Guarantees

Cross guarantees given by the Company and its wholly owned controlled entities are described in *Note 24*.

Legal claim

On 1 June 2009, Comcare commenced civil proceedings against K&S Freighters Pty Ltd in relation to the injury of an employee in NSW on 3 December 2007. In the proceedings, Comcare is seeking a declaration that K&S breached section 16(1) of the *Occupational Health & Safety Act* 1991 (Cth) (OHS Act) and an order that K&S pay a pecuniary penalty. Should Comcare succeed, the maximum penalty available under the OHS Act is $242,000.

There are a number of minor legal actions pending against companies within the consolidated entity. Liability has not been admitted and the claims will be defended. The Directors do not believe these actions will result in any significant cost to the consolidated entity.

Tax related contingencies

The Australian Tax Office (ATO) has issued draft legislation relating to stages three and four of the Taxation of Financial Arrangements (TOFA). The draft legislation proposes changes to the tax timing treatment of hedging transactions. The Group is currently assessing the possible impact, if any, that these changes will have on the Group's tax position. No liability has been recognised in respect of this.

24 Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed below are relieved from the *Corporations Act* 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports. It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act* 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

Reid Bros Pty Ltd
Kain & Shelton Pty Ltd
K&S Freighters Pty Ltd
K&S Group Administrative Services Pty Ltd
Kain & Shelton (Agencies) Pty Ltd
K&S Transport Management Pty Ltd
Blakistons-Gibb Pty Ltd
K&S Logistics Pty Ltd
K&S Integrated Distribution Pty Ltd
K&S Group Pty Ltd
DTM Holdings (No. 2) Pty Ltd +
Alento Pty Ltd +
DTM Holdings Pty Ltd
DTM Pty Ltd
K&S Freighters Limited *
Cochrane's Transport Limited *

* *Both K&S Freighters Limited and Cochrane's Transport Limited are New Zealand entities.*

\+ *Both Alento Pty Ltd and DTM Holdings (No. 2) Pty Ltd were parties to the ASIC CO98/1418 Deed of Cross Guarantee executed on 22 May 2007, but were ineligible for relief under the Class Order. However, due to the changes to ASIC CO98/1418 implemented by ASIC on 31 March 2008 (via ASIC CO08/285), Alento Pty Ltd and DTM Holdings (No. 2) Pty Ltd are now eligible for relief under the Class Order.*

A consolidated Income Statement and consolidated Balance Sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2009 is set out below:

	Closed Group	
	2009 $'000	2008 $'000
Income Statement		
Profit before income tax	**25,007**	28,011
Income tax expense	**(6,857)**	(8,341)
Profit after income tax	**18,150**	19,670
Retained profits at the beginning of the year	**71,459**	62,115
Dividends provided for or paid	**(10,435)**	(10,326)
Retained earnings at the end of the year	**79,174**	71,459

24 Deed of Cross Guarantee continued

	Closed Group 2009 $'000	Closed Group 2008 $'000
Balance Sheet		
Cash	**14,717**	12,855
Trade and other receivables	**47,127**	60,118
Inventories	**3,118**	3,974
Prepayments	**4,262**	3,805
Derivatives	-	194
Total current assets	**69,224**	80,946
Other receivables	**1,352**	989
Investment in associates	**31**	27
Property, plant and equipment	**185,808**	185,113
Intangibles	**25,622**	24,636
Deferred tax assets	**5,519**	5,714
Total non-current assets	**218,332**	216,479
Total assets	**287,556**	297,425
Trade and other payables	**36,998**	49,652
Interest bearing loans and borrowings	**16,927**	15,711
Current tax liabilities	**1,037**	2,479
Provisions	**10,624**	9,973
Derivatives	**1,791**	-
Total current liabilities	**67,377**	77,815
Other payable	**3,047**	2,177
Interest bearing loans and borrowings	**43,306**	53,911
Deferred tax liabilities	**15,633**	15,215
Provisions	**1,964**	1,802
Total non-current liabilities	**63,950**	73,105
Total liabilities	**131,327**	150,920
Net assets	**156,229**	146,505
Contributed equity	**57,425**	55,373
Reserves	**19,630**	19,673
Retained earnings	**79,174**	71,459
Total equity	**156,229**	146,505

	Class of Share	Country of Incorporation	% Equity Interest 2009	2008

25 Controlled Entities

Particulars in relation to controlled entities

	Class of Share	Country of Incorporation	2009	2008
Name				
K&S Corporation Limited				
Controlled Entities				
Reid Bros Pty Ltd	Ord	Australia	**100**	100
Kain & Shelton Pty Ltd	Ord	Australia	**100**	100
K&S Freighters Pty Ltd	Ord	Australia	**100**	100
K&S Group Administrative Services Pty Ltd	Ord	Australia	**100**	100
Kain & Shelton (Agencies) Pty Ltd	Ord	Australia	**100**	100
K&S Transport Management Pty Ltd	Ord	Australia	**100**	100
Blakistons-Gibb Pty Ltd	Ord	Australia	**100**	100
K&S Logistics Pty Ltd	Ord	Australia	**100**	100
K&S Integrated Distribution Pty Ltd	Ord	Australia	**100**	100
K&S Group Pty Ltd	Ord	Australia	**100**	100
DTM Holdings (No. 2) Pty Ltd	Ord	Australia	**100**	100
Alento Pty Ltd	Ord	Australia	**100**	100
DTM Holdings Pty Ltd	Ord	Australia	**100**	100
DTM Pty Ltd	Ord	Australia	**100**	100
K&S Project Services Pty Ltd	Ord	Australia	**75**	-
K&S Freighters Limited	Ord	New Zealand	**100**	100
Cochrane's Transport Limited	Ord	New Zealand	**100**	100

26 Related Party Disclosures

DIRECTORS

The names of each person holding the position of Director of K&S Corporation Limited during the financial year and up to the date of signing the financial report are Messrs. T Johnson, R Nicholson, G Boulton, B Grubb, R Smith and L Winser.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Other transactions with the Company or its Controlled Entities

The estate of Mr A A Scott, the major shareholder of the following entities which provide goods and services to the economic entity.

AA Scott Pty Ltd	Northern Territory Freight Services Pty Ltd
Ascot Haulage (NT) Pty Ltd	Scott's Agencies Pty Ltd
The Border Watch Pty Ltd	Scott's Management Pty Ltd
Fidler & Webb Pty Ltd	Scott's Transport Industries Pty Ltd
Scott Corporation Limited	First Radio Pty Ltd

Mr Grubb has an interest as Director of AA Scott Pty Ltd, Scott's Transport Industries Pty Ltd, Ascot Haulage (N.T.) Pty Ltd, Northern Territory Freight Services Pty Ltd, Scott's Agencies Pty Ltd, The Border Watch Pty Ltd and Scott's Management Pty Ltd. Transactions with these companies include sale and purchase of cartage services, advertising services, sale and purchase of fuel and other related products.

First Radio Pty Ltd has an interest in a transport facility in Adelaide which the company rents on a commercial basis. Rent in 2009 was $337,016 (2008: $327,200).

26 Related Party Disclosures continued

Transactions with Fidler & Webb Pty Ltd are for the purchase of general office supplies.

Mr Johnson has an interest as a Director of AA Scott Pty Ltd.

Mr Johnson has an interest as Chairman and Mr Grubb as Non-Executive Director in the publicly listed company Scott Corporation Limited. Transactions with this company during 2009 included sales of $80,567 (2008: $40,670) and purchase of transport related services totalling $326,805 (2008: $155,769).

The aggregate amount of dealings with these companies during 2009 were as follows:

	Purchases		Sales	
	2009 $	2008 $	2009 $	2008 $
AA Scott Pty Ltd	-	64,077	-	-
Ascot Haulage (NT) Pty Ltd	**373,152**	278,634	-	-
Northern Territory Freight Services Pty Ltd	**1,436,959**	1,289,806	**52,141**	14,941
Scott's Transport Industries Pty Ltd	**180,905**	455,747	**1,710,292**	2,601,004
Scott's Agencies Pty Ltd	**852,362**	2,939,940	-	-
Fidler and Webb Ltd	**37,936**	69,455	-	-
The Border Watch Pty Ltd	-	5,948	-	-

A Director of the Company, Mr Johnson, had an interest during 2008/09 as a partner in Johnson, Winter & Slattery, a firm of solicitors. This firm renders legal advice to the economic entity. The aggregate amount of dealings with this firm during 2009 was $183,297 (2008: $188,192) in professional service fees.

The Managing Director of all wholly owned controlled entities, Mr L Winser, has an interest as Director of Smart Logistics Pty Ltd (an associated entity). Transactions with this company include the sale of cartage. The aggregate amount of sales to this company during 2009 was $32,839,000 (2008: $39,226,000).

The Managing Director of all wholly owned controlled entities, Mr L Winser, has an interest as Director of Dairy Transport Logistics Ltd (an associated entity). Transactions with this company include the sale of cartage. The aggregate amount of sales to this company during 2009 was $6,587,000 (2008: $4,472,000).

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amounts payable to and receivable from Directors and their Director related entities at balance date arising from these transactions were as follows:				
Current receivables (included within trade debtors)				
Scott's Transport Industries Pty Ltd	**84**	364	-	-
Northern Territory Freight Services Pty Ltd	**15**	3	-	-
Smart Logistics Pty Ltd	**3,039**	3,216	-	-
Dairy Transport Logistics Ltd	**335**	178	-	-
No provision for doubtful debts has been recognised in respect of these balances as they are considered recoverable.				
Current payables (included within trade payables)				
Ascot Haulage (NT) Pty Ltd	-	23	-	-
Scott's Agencies Pty Ltd	-	96	-	-
Scott's Transport Industries Pty Ltd	-	5	-	-
Northern Territory Freight Services Pty Ltd	**104**	260	-	-

Wholly-owned Group
Details of interests in wholly-owned controlled entities are set out at *Note 25*.

26 Related Party Disclosures continued

	Parent 2009 $'000	Parent 2008 $'000
Details of dealings with these entities are set out below:		
Balances with entities within the wholly-owned group The aggregate amounts receivable from, and payable to, wholly-owned controlled entities by the Company at balance date:		
Receivables		
– Current	**88,644**	78,056
– Non-current	**17,961**	17,961
	106,605	96,017
Payables – current		
– Other loans	**63,181**	52,408
	63,181	52,408

Terms and conditions of transactions within the wholly-owned group

Sales to and purchases from within the wholly-owned group are made at arm's length. Terms and conditions of the tax funding agreement are set out in *Note 6*. Outstanding balances at year-end are unsecured and interest free.

Dividends

Dividends received or due and receivable by the Company from wholly-owned controlled entities amount to $10,000,000 (2008:$10,000,000).

	Parent 2009	Parent 2008
DIRECTORS' SHARE TRANSACTIONS		
Shareholdings		
Aggregate number of shares held by Directors and their Director-related entities at balance date:		
– Ordinary shares	**881,100**	832,276
– Preference shares	-	-
All share transactions were with the parent company, K&S Corporation Limited.		
	$'000	$'000
Dividends		
Aggregate amount of dividends paid in respect of shares held by Directors or their Director-related entities during the year:		
– Ordinary shares	**132**	133
– Preference shares	-	-

Directors' transactions in shares and share options

Purchases of shares by Directors and Director related entities are set out in *Note 27*.

Ultimate parent entity

The immediate parent entity and ultimate controlling entity of K&S Corporation Ltd is AA Scott Pty Ltd, a company incorporated in South Australia.

27 Key Management Personnel

a) Details of Key Management Personnel

i) Directors

Mr T Johnson	Non-Executive Chairman
Mr G Boulton	Non-Executive Deputy Chairman
Mr R Smith	Non-Executive
Mr R Nicholson	Non-Executive
Mr B Grubb	Non-Executive
Mr L Winser	Managing Director

ii) Executives

Mr S Fanning	General Manager – K&S Freighters
Mr G Wooller	General Manager – Full Load, Fleet & Bulk
Mr B Walsh	Chief Financial Officer
Mr P Sarant	General Manager – DTM
Ms C De Gois	Chief Information Officer
Mr C Bright	Legal Counsel & Company Secretary

b) Compensation for Key Management Personnel

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Short-term	**1,993,773**	2,242,437	**298,000**	290,992
Other long-term	**35,689**	31,481	**-**	-
Post employment	**223,658**	302,532	**59,113**	87,509
	2,253,120	2,576,450	**357,113**	378,501

c) Loans to Key Management Personnel

Details of aggregates of loans to Key Management Personnel are as follows:

Total	Repayments $'000	Write-off $'000	Balance at End of Period $'000	Number in Group
2009	**116**	**-**	**224**	**5**
2008	-	-	116	5

There are no loans to any Key Management Personnel above $100,000 in the reporting period.

Loans to Key Management Personnel are made pursuant to the K&S Corporation Limited Employee Share Plan ("Plan"). As part of the Plan, loans are interest free with K&S Corporation, to fund the purchase of shares in the Company. Shares issued under the Plan are subject to a holding lock until the loan is repaid in full. Non-Executive Directors are not eligible to participate in the Plan.

No other loans are made to any Key Management Personnel.

d) Remuneration options: Granted and vested during the year

K&S Corporation Limited does not operate any option based schemes for its executives, employees or Directors.

e) Shareholding of Key Management Personnel

Shares held in K&S Corporation Limited:	Balance 1 July 2008 Ordinary	Net Change Ordinary	Balance 30 June 2009 Ordinary
2009			
Directors			
T Johnson	**182,631**	**13,118**	**195,749**
R Smith	**5,000**	**5,000**	**10,000**
G Boulton	**130,160**	**8,243**	**138,403**
R Nicholson	**14,226**	**902**	**15,128**
B Grubb	**107,317**	**-**	**107,317**
L Winser	**392,942**	**21,561**	**414,503**
Executives			
S Fanning	**10,000**	**10,000**	**20,000**
P Sarant	**-**	**10,000**	**10,000**
B Walsh	**41,309**	**12,174**	**53,483**
C Bright	**5,000**	**7,000**	**12,000**
C De Gois	**-**	**-**	**-**
G Wooller	**7,000**	**15,168**	**22,168**
Total	**895,585**	**103,166**	**998,751**

Shares held in K&S Corporation Limited:	Balance 1 July 2007 Ordinary	Net Change Ordinary	Balance 30 June 2008 Ordinary
2008			
Directors			
T Johnson	157,637	24,994	182,631
R Smith	-	5,000	5,000
G Boulton	124,207	5,953	130,160
R Nicholson	13,575	651	14,226
B Grubb	60,749	46,568	107,317
L Winser	365,181	27,761	392,942
Executives			
S Fanning	-	10,000	10,000
P Sarant	-	-	-
B Walsh	32,740	8,569	41,309
C Bright	-	5,000	5,000
G Wooller	-	7,000	7,000
Total	754,089	141,496	895,585

All equity transactions with specified Directors and specified Executives have been entered into under terms and conditions no more favorable than those the entity would have adopted if dealing at arm's length.

28 Events Subsequent to Balance Date

On 25 August 2009, the Directors of K&S Corporation Limited declared a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is $3,493,486, which represents a fully franked dividend of 5.0 cents per share. The dividend has not been provided for in the 30 June 2009 financial statements and is payable on 30 October 2009. The Dividend Reinvestment Plan (DRP) will apply to the final dividend and the issue price for shares under the DRP will be based on the weighted average trading price of K&S shares in the five business days ending on 16 October 2009 (the record date of the final dividend), less a discount of 2.5%.

Other than the matter above, 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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

29 Auditor's Remuneration

The Auditor of K&S Corporation Limited is Ernst & Young.

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Audit services:				
Audit and review of the statutory financial reports	**149,500**	142,000	-	-
	149,500	142,000	-	-
Other services:				
Other services – Ernst & Young:				
– IT security review	-	26,000	-	-
– GST review	**15,000**	-	-	-
	15,000	26,000	-	-

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2009

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 report of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

ii) complying with Accounting Standards 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.

c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2009.

d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in *Note 24* will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

Dated at Mount Gambier this 25th day of August 2009.

On behalf of the Board:

T Johnson
Chairman

L Winser
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF K&S CORPORATION LIMITED

In relation to our audit of the financial report of K&S Corporation Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

David T Sanders
Partner

Adelaide
25 August 2009

Liability Limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF K&S CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of K&S Corporation Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statement and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1 the financial report of K&S Corporation Limited is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the financial position of K&S Corporation Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2 the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 30 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of K&S Corporation Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David T Sanders
Partner

Adelaide
25 August 2009

Liability Limited by a scheme approved under Professional Standards Legislation

INFORMATION ON SHAREHOLDERS

RELATING TO SECURITY HOLDERS AS AT 29 AUGUST 2009

DISTRIBUTION OF SHAREHOLDINGS

Ordinary Shares	Number of Shareholders
1-1,000 Shares	295
1,001 - 5,000 Shares	851
5,001 - 10,000 Shares	337
10,001 - 100,000 Shares	307
100,001 and more Shares	39
	1,829

43 shareholders hold less than a marketable parcel (190 shares).

TWENTY LARGEST SHAREHOLDERS

	Name	Number of Ordinary Shares Held	%
1	AA Scott Pty Ltd	40,582,641	58.08
2	Bell Potter Nominees Ltd	2,726,732	3.93
3	J P Morgan Nominees Australia Limited	2,132,480	3.08
4	Citicorp Nominees Pty Limited	1,599,571	2.31
5	Ascot Media Investments Pty Ltd	1,537,868	2.22
6	Mrs Zena Kaye Winser	785,033	1.13
7	Winscott Investments Pty Ltd	709,948	1.02
8	Mr Eric Joseph Roughana	676,000	0.98
9	Sabadin Petroleum Pty Ltd	587,057	0.85
10	National Nominees Limited	498,690	0.72
11	Cogent Nominees Pty Limited	454,218	0.66
12	Australian Reward Investment Alliance	400,928	0.58
13	John Stepnell & Valerie Stepnell & Mark Stepnell <Stepnell Super Fund A/c>	421,500	0.61
14	ANZ Nominees Limited	361,238	0.52
15	Ardmore Nominees Pty Ltd	336,458	0.49
16	Mr William Clifton Anderson	331,683	0.48
17	John Legh Winser	325,383	0.47
18	HSBC Custody Nominees Australia	266,319	0.38
19	Almora Holdings Pty Ltd	233,337	0.34
20	Archibald Allan Scott	201,504	0.29
		54,728,268	79.18

AA Scott Pty Limited is the registered holder of all the 6% Non Redeemable Cumulative Preference Shares, participating to 8%.

The 20 largest Shareholders hold 79.18% of the ordinary shares of the Company, and 100% of the preference shares.

The following is an extract from the Company's Register of Substantial Shareholders as at 29th August 2009:

	Number	% of Class
Mr A A Scott	45,423,651	65.01
452 Capital Pty Limited	4,158,356	6.30

VOTING RIGHTS

The voting rights are as follows:

Preference Shares:	Nil
Ordinary Shares :	1 vote per share

REGISTERED OFFICE

141-147 Jubilee Highway West
Mount Gambier
South Australia 5290
Phone: (08) 8721 1700
Facsimile: (08) 8721 1799

CORPORATE OFFICE

Cnr Boundary & Palmers Roads
Truganina, Victoria 3029
Phone: (03) 8744 3500
Facsimile: (03) 8744 3599

STOCK EXCHANGE

The Company is on the official list of the Australian Stock Exchange Limited. The Company's Home Exchange is Australian Stock Exchange (Adelaide) Limited.

SHARE REGISTRY

c/o Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
Phone: (08) 8236 2300
Facsimile: (08) 8236 2305

GPO Box 1903
Adelaide SA 5001

Enquiries within Australia:
1300 556 161

Enquiries outside Australia:
61 3 9415 4000

Email:
web.queries@computershare.com.au

Website: www.computershare.com

WEBSITE

www.ksgroup.com.au

OPERATIONS

ROAD, RAIL AND SEA

Melbourne
Cnr Boundary & Palmers Roads
Truganina, Victoria 3029
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Portland
53 Fitzgerald Street
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Facsimile: (03) 5523 7017

Geelong
325 Thompson Road
North Geelong, Victoria 3215
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Facsimile: (03) 5278 5230

Ballarat
c/o Laminex Industries
16 Trewin Street
Wendouree, Victoria 3355
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16-30 Sheffield Road
Kewdale, Western Australia 6105
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Facsimile: (08) 6466 6699

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Facsimile: (08) 9353 4019

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91 Moore Road
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Parkhurst, Queensland 4702
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Facsimile: (07) 4936 2972

Bundaberg
Old Qunaba Mill, Grange Road
Bundaberg, Queensland 4670
Phone: (07) 4159 2150
Facsimile: (07) 4159 1825

New Zealand

Rotorua
28 Hamiora Place
Rotorua, New Zealand
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Facsimile: (07) 345 3311

Cambridge
3847 Te Awamutu Road
Cambridge, New Zealand
Phone: (07) 827 6002
Facsimile: (07) 827 5606

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35 Portside Drive
Mount Maunganui, New Zealand
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Facsimile: (07) 575 8480

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85 Battery Road
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Auckland, New Zealand
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Facsimile: (09) 307 0027

PAPER SERVICES

Burnie
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Burnie, Tasmania 7320
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Facsimile: (03) 6431 9896

Devonport
226 Mill Road
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Facsimile: (03) 5423 7205

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Maryvale via Morwell,
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Facsimile: (03) 5136 0217

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New South Wales 2190
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Facsimile: (02) 8713 4097

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340 Bolong Road
Bomaderry,
New South Wales 2541
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Facsimile: (02) 4428 6493

Townsville
121 Hubert Street
South Townsville,
Queensland 4810
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Facsimile: (07) 4772 7433

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Fisherman Islands,
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DTM

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K&S Project Services
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K&S CORPORATION LIMITED

ABN 67 007 561 837

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