

The logo for K&S Corporation Limited features the company name in white, uppercase letters inside a red, stylized arrow shape pointing to the right. The arrow has a central diamond-shaped cutout.

K&S CORPORATION LIMITED

Interim Financial Report as at 31 December 2023

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K&S CORPORATION LIMITED

ABN 67 007 561 837

Directors' Report

The Directors present their report, together with the interim financial report of the Group comprising of K&S Corporation Limited (the "Company") and its subsidiaries (the "Group"), for the half-year ended 31 December 2023 and the review report thereon.

DIRECTORS

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

Tony Johnson (Chair)

Paul Sarant (Managing Director)

Lekh Winsler

Graham Walters AM (Independent Director)

Sallie Emmett (Independent Director)

Robert Dalton (Independent Director)

CONSOLIDATED RESULTS

Financial Overview		6 month period to Dec 2023	6 month period to Dec 2022	% Movement
Operating Revenue	\$'000	422,874	435,486	(2.9)%
Statutory profit after tax	\$'000	16,604	15,354	8.1%
Statutory profit before tax	\$'000	23,898	21,812	9.6%
Earnings before interest and tax (EBIT)	\$'000	25,654	23,379	9.7%
Earnings before interest, tax and depreciation (EBITDA)	\$'000	48,224	46,494	3.7%
Add Significant items	\$'000	485	2,327	(79.2)%
Underlying profit before interest, tax & depreciation ¹	\$'000	48,709	48,821	(0.2)%
Underlying profit before interest & tax ¹	\$'000	26,139	25,706	1.7%
Underlying profit before tax ¹	\$'000	24,383	24,139	1.0%
Underlying operating profit after tax ¹	\$'000	16,944	17,006	(0.4)%
Total assets	\$'000	610,112	597,082	2.2%
Net borrowings excluding lease liabilities	\$'000	22,235	6,004	270.3%
Shareholders' funds	\$'000	327,743	322,714	1.6%
Finance costs	\$'000	1,756	1,567	12.1%
Depreciation	\$'000	22,570	23,115	(2.4)%
Dividend per share	cents	10.0	10.0	-%
Net tangible assets per share	\$	2.4	2.3	4.3%
Operating cash flow	\$'000	29,130	46,372	(37.2)%
Return on assets	%	3.9	3.7	5.4%
Gearing ratio (excluding lease liabilities)	%	6.4	1.8	255.6%
Employee numbers		1,812	1,845	(1.8)%
Lost time injuries		7	15	(53.3)%
Lost time injuries frequency rate		4.5	7.2	(37.5)%

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

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Directors' Report continued

REVIEW AND RESULTS OF OPERATIONS

Operating revenue for the period was \$422.9 million, 2.9% lower than the prior corresponding period. The Group recorded an underlying profit before tax of \$24.4 million for the period, 1.0% higher than the prior corresponding period. The underlying profit after tax of \$16.9 million was 0.4% lower than the prior corresponding period. Statutory profit before tax was \$23.9 million for the half-year ended 31 December 2023, 9.6% higher than the prior corresponding period. Statutory profit after tax was \$16.6 million, up 8.1% on the previous year first half statutory profit after tax of \$15.4 million.

The statutory result for the half-year ended 31 December 2023 includes one significant item amounting to \$0.5 million (before tax) comprising a loss in the fair value of the Group's interest rate swap. The Group's statutory result for the prior corresponding period included \$2.3 million (before tax) of significant items.

The underlying profit saw continued sound performance by the Australian Transport and K&S Fuels whilst the contribution from New Zealand weakened due to tightening trading conditions.

Operating cashflow for the current period was \$29.1 million, \$17.2 million lower than the prior corresponding period.

Australian Transport

Steel volumes from our major customers were stable. Performance of the contract logistics business was sound. Contributions from our Western Australia based heavy haulage business remained steady underpinned by the continued strength of the local mining sector.

Our specialised aviation refuelling business, Aero Refuellers, experienced low fire season activity and margin pressure.

Cost reduction strategies have continued to be implemented across the business, in particular, operational efficiencies, supplier re-negotiations, and the rationalisation and replacement of specific fleet. Ongoing cost reduction initiatives, coupled with customer re-negotiations, continued to have a positive impact on the result for the first half of FY2024.

Fuels

The fuel trading business, K&S Fuels, made a sound contribution to the first half result for FY2024 on stable revenue.

New Zealand

The New Zealand operation had a weaker half year result due to softer domestic economic conditions.

Balance Sheet and Funding

The Group maintains a strong focus on the balance sheet.

The Group's net debt increased from a record low of (\$0.4) million as at 30 June 2023 to \$22.2 million as at 31 December 2023, with the Group's gearing ratio (excluding lease liabilities) also increasing from (0.1)% to 6.4% over the same period.

The increase in debt levels was predominantly attributable to the acquisition of industrial properties in Townsville and Adelaide for a combined purchase price of \$20.3 million (excluding GST) in the first quarter of FY2024. The Group is progressing plans to develop both of these sites into transport terminals within the next year.

In the second quarter of FY2024, the Group successfully extended the maturity profile of its debt facilities and negotiated improved terms with its existing panel of lenders. The Group's debt facilities now comprise funding in four year tranches totalling \$125 million (inclusive of a \$35 million bank guarantee facility) and five year tranches totalling \$80 million.

Safety

Safety remains a key priority for K&S. The Group's lost time injury frequency rate was 4.5 as at December 2023, improving (down) by 37.5% on the prior comparative period.

The lost time injury frequency rate in New Zealand was 1.8.

Interim Dividend

Consistent with the stronger first half result, a fully franked Interim Dividend of 10.0 cents per share (2022: 10.0 cents per share) has been declared by the Directors. The Interim Dividend will be paid on 3rd April 2024, with the date for determining entitlements being 22nd March 2024.

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Directors' Report continued

Outlook

While the Group recorded a strong result for the first half of FY2024, providing specific earning guidance for the second half remains difficult. The current inflation and interest rate environment, coupled with cost-base pressures, de-stocking by some customers and lower construction activity, present down-side risks to the second half result.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the economic entity during the half-year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

On 21st February 2024, the Directors of K&S Corporation Limited declared an interim dividend on ordinary shares in respect of the 2024 financial year. The total amount of the dividend is \$13,684,898 which represents a fully franked dividend of 10.0 cents per share. The dividend has not been provided for in the 31 December 2023 financial statements and is payable on 3rd April 2024, the date for determining entitlements being 22nd March 2024.

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

ROUNDING

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

AUDITOR INDEPENDENCE

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

Dated at Melbourne this 21st day of February 2024.

Signed in accordance with a resolution of the Directors.



Tony Johnson

Chairman



Paul Sarant

Managing Director and CEO

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Consolidated Statement of Profit or Loss and Other Comprehensive Income**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

		31 December 2023 \$'000	CONSOLIDATED 31 December 2022 \$'000
	NOTE		
Revenue and other income			
Operating revenue	4	422,874	435,486
Other income		6,495	4,236
		429,369	439,722
Expenses			
Consumption of fuel held for sale and changes in inventories		(88,229)	(92,061)
Contractor expenses		(97,142)	(95,242)
Employee expenses		(109,739)	(108,997)
Fleet expenses		(67,454)	(76,544)
Depreciation expense		(22,570)	(23,115)
Loss on derivative instruments at fair value through profit and loss		(485)	(77)
Finance costs		(1,756)	(1,567)
Other expenses		(18,096)	(20,307)
		(405,471)	(417,910)
Profit before income tax		23,898	21,812
Income tax expense		(7,294)	(6,458)
Profit after income tax		16,604	15,354
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		407	1,282
Other comprehensive income for the period, net of tax		407	1,282
Total comprehensive income for the period		17,011	16,636
Earnings per share (cents per share)			
Basic for profit for the period attributable to ordinary equity holders of the parent		12.4	12.2
Diluted for profit for the period attributable to ordinary equity holders of the parent		12.4	12.2
Dividends per share (cents per share)	9	10.0	10.0

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

K&S CORPORATION LIMITED

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Consolidated Statement of Financial Position**AS AT 31 DECEMBER 2023**

		31 December 2023 \$'000	CONSOLIDATED 30 June 2023 \$'000
	NOTE		
ASSETS			
Current assets			
Cash and cash equivalents		27,704	39,537
Trade and other receivables		97,173	90,034
Inventories		8,628	7,404
Assets held for sale		2,104	2,157
Prepayments		11,995	10,332
Derivatives		1,031	1,516
Total current assets		148,635	150,980
Non-current assets			
Other receivables		400	358
Property, plant & equipment	6	443,109	425,011
Intangibles		6,144	6,079
Right of use assets		11,824	14,654
Total non-current assets		461,477	446,102
TOTAL ASSETS		610,112	597,082
LIABILITIES			
Current liabilities			
Trade and other payables		96,999	102,545
Lease liabilities		4,757	5,309
Income tax payable		6,410	2,062
Provisions		34,513	33,429
Total current liabilities		142,679	143,345
Non-current liabilities			
Interest bearing loans and borrowings	7	49,939	39,089
Lease liabilities		7,458	9,845
Deferred tax liabilities		61,815	62,813
Provisions		20,478	20,310
Total non-current liabilities		139,690	132,057
TOTAL LIABILITIES		282,369	275,402
NET ASSETS		327,743	321,680
EQUITY			
Contributed equity	8	179,624	179,624
Reserves		108,312	102,249
Retained earnings		39,807	39,807
TOTAL EQUITY		327,743	321,680

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

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Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	NOTE	Issued Capital \$'000	Profit Reserve ¹ \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Forex Translation Reserve \$'000	Common Control Reserve \$'000	Total Equity \$'000
CONSOLIDATED								
As at 1 July 2023		179,624	14,945	39,807	87,780	(163)	(313)	321,680
Profit for the half-year		-	-	16,604	-	-	-	16,604
Transfer to profit reserve		-	16,604	(16,604)	-	-	-	-
Other comprehensive income		-	-	-	-	407	-	407
Total comprehensive income for the half-year		-	16,604	-	-	407	-	17,011
Transactions with owners in their capacity as owners:								
Issue of share capital		-	-	-	-	-	-	-
Dividends paid	9	-	(10,948)	-	-	-	-	(10,948)
At 31 December 2023		179,624	20,601	39,807	87,780	244	(313)	327,743
As at 1 July 2022		173,786	-	46,511	87,780	(820)	(313)	306,944
Profit for the half-year		-	-	15,354	-	-	-	15,354
Transfer to profit reserve		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	1,282	-	1,282
Total comprehensive income for the half-year		-	-	15,354	-	1,282	-	16,636
Transactions with owners in their capacity as owners:								
Issue of share capital		5,838	-	-	-	-	-	5,838
Dividends paid	9	-	-	(6,704)	-	-	-	(6,704)
At 31 December 2022		179,624	-	55,161	87,780	462	(313)	322,714

¹The profit reserve was created in the second half of FY2023 and comprises a transfer of net profits and characterises profits available for distribution as dividends. The interim dividend for FY2023 was paid out of retained earnings and has been presented accordingly.

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

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Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	31 December	CONSOLIDATED
	2023	31 December
	\$'000	2022
		\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	470,324	500,354
Cash payments to suppliers and employees	(435,289)	(450,879)
Interest received	700	279
Lease payments (interest component)	(297)	(193)
Borrowing costs paid	(2,353)	(1,160)
Income taxes paid	(3,955)	(2,029)
Net cash provided by operating activities	29,130	46,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	6,006	4,837
Payments for property, plant & equipment	(43,758)	(30,915)
Net cash used in investing activities	(37,752)	(26,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (net of costs)	27,588	-
Repayments of borrowings	(16,294)	(10,000)
Lease payments (principal component)	(3,600)	(4,053)
Dividends paid	(10,948)	(843)
Net cash used in financing activities	(3,254)	(14,896)
Net increase/(decrease) in cash held	(11,876)	5,398
Cash at the beginning of the financial year	39,537	27,352
Effects of exchange rate variances on cash	43	158
Cash at the end of the financial half-year	27,704	32,908

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

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1 CORPORATE INFORMATION

This is the interim financial report of K&S Corporation Limited (the “Company”) and its controlled entities (together, the “Group”). The interim financial report for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of Directors on 21 February 2024.

K&S Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australia Securities Exchange (ASX: KSC).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The interim financial report for the half-year ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the Group’s annual financial report for the year ended 30 June 2023. It is also recommended that the interim financial report be considered together with any public announcements made by the Company and its subsidiaries during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

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

The accounting policies adopted are consistent with those of the Group’s annual consolidated financial statements for the year ended 30 June 2023 and corresponding 31 December 2022 interim reporting period, except for the required adoption of new and amended accounting standards effective from 1 July 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but it not yet effective.

A number of prior year disclosures have been updated in the current year to align with the current year disclosures.

b) Compliance with IFRS

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

c) New Accounting Standards and Interpretations

The Group has adopted all new pronouncements as required by the Australian Accounting Standards Board effective from 1 July 2023. The adoption of these new pronouncements has not required a change in the Group’s accounting policies.

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Notes to the Financial Statements continued

3 OPERATING SEGMENTS

Identification of reportable segments

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

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

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

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

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in the prior period.

Major customer

The entity has one customer which contributes greater than 10% of total revenue (\$63.1m) and falls within the Australian Transport Segment.

Half-year ended 31 December 2023	Australian Transport \$'000	Fuels \$'000	New Zealand Transport \$'000	Total \$'000
Revenue				
External customers	301,957	84,236	36,681	422,874
Inter-segment sales	-	32,784	-	32,784
Total segment revenue	301,957	117,020	36,681	455,658
Results				
Depreciation and amortisation expense	(18,432)	-	(4,138)	(22,570)
Loss on derivative instruments at fair value through profit and loss	(485)	-	-	(485)
Finance costs	(1,498)	-	(258)	(1,756)
Segment Profit after Tax	10,970	3,345	2,289	16,604
Operating assets	538,676	22,842	54,292	615,810
Operating liabilities	188,565	16,098	15,179	219,842
Other disclosures				
Capital expenditure	(33,220)	-	(1,876)	(35,096)

Inter-segment revenues of \$32.8 million are eliminated on consolidation

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Notes to the Financial Statements continued

3 OPERATING SEGMENTS (continued)

Half-year ended 31 December 2022	Australian Transport \$'000	Fuels \$'000	New Zealand Transport \$'000	Total \$'000
Revenue				
External customers	310,656	86,132	38,698	435,486
Inter-segment sales	-	38,268	-	38,268
Total segment revenue	310,656	124,400	38,698	473,754
Results				
Depreciation and amortisation expense	(19,023)	-	(4,092)	(23,115)
Loss on derivative instruments at fair value through profit and loss	(77)	-	-	(77)
Finance costs	(1,475)	-	(92)	(1,567)
Segment Profit after Tax	9,563	2,251	3,540	15,354
Operating assets				
Operating assets	525,211	38,187	46,186	609,584
Operating liabilities				
Operating liabilities	196,801	17,682	12,314	226,797
Other disclosures				
Capital expenditure	(27,486)	-	(4,510)	(31,996)

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

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

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

Reconciliation of segment operating assets to total assets:

	31 December 2023 \$'000	CONSOLIDATED 31 December 2022 \$'000
Reconciliation of assets		
Segment operating assets	615,810	609,584
Inter-segment eliminations	(5,698)	(21,515)
Total assets per Statement of Financial Position	610,112	588,069

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

Australia	418,007	394,993
New Zealand	43,470	36,855
Total non-current assets per the Consolidated Statement of Financial Position	461,477	431,848

Reconciliation of liabilities

Segment operating liabilities	219,842	226,797
Inter-segment eliminations	(5,698)	(21,515)
Deferred tax liabilities	61,815	58,579
Income tax payable	6,410	1,494
Total liabilities per Statement of Financial Position	282,369	265,355

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Notes to the Financial Statements continued

4 REVENUE FROM CONTRACTS

For the half-year ended 31 December 2023

Segments	Australian Transport \$'000	New Zealand Transport \$'000	Fuels \$'000	Total \$'000
Type of service				
Transport Services	284,577	36,681	-	321,258
Sale of Fuel (including agency commissions)	17,380	-	84,236	101,616
Total revenue from contracts with customers	301,957	36,681	84,236	422,874
Geographical markets				
Australia	301,957	-	84,236	386,193
New Zealand	-	36,681	-	36,681
Total revenue from contracts with customers	301,957	36,681	84,236	422,874
Timing of revenue recognition				
Services transferred over time	284,577	36,681	-	321,258
Goods transferred at a point in time	17,380	-	84,236	101,616
Total revenue from contracts with customers	301,957	36,681	84,236	422,874

For the half-year ended 31 December 2022

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

5 INDIVIDUALLY SIGNIFICANT ITEMS

	31 December 2023 \$'000	31 December 2022 \$'000
Loss on derivative instruments at fair value through profit and loss ¹	485	77
Site remediation provision	-	2,250
Total significant items pre-tax	485	2,327
Tax impact on significant items	(145)	(698)
Total significant items, net of tax	340	1,629

¹ This adjustment relates to the unrealised loss on the Group's interest rate swap, which was primarily driven by the underlying market volatility in the short and mid term interest expectations. The Group elected to present all revaluation gains and/or losses on derivative instruments as significant items at 30 June 2022 and future periods.

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Notes to the Financial Statements continued

6 PROPERTY, PLANT AND EQUIPMENT

Acquisition and disposal

During the half-year ended 31 December 2023, the Group acquired assets with a cost of \$35.1 million (2022: \$32.0 million). Assets with a net book value of \$2.8 million were disposed of by the Group during the half-year ended 31 December 2023 (2022: \$2.4 million), resulting in a gain on disposal of \$3.2 million (2022: \$2.4 million). The net carrying amount was \$443.1 million (2022: \$412.6 million).

7 INTEREST BEARING LOANS AND BORROWINGS

	31 December 2023 \$'000	30 June 2023 \$'000
Current		
Non-redeemable preference shares	-	-
Bank loans - secured	-	-
Directly attributable transaction costs	-	-
	-	-
Non-current		
Non-redeemable preference shares	60	60
Bank loans - secured	50,900	39,606
Directly attributable transaction costs	(1,021)	(577)
	49,939	39,089

Summary of financing arrangements

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

Facility and limit	Maturity	Interest rate	Amounts drawn	
			December 2023 \$'000	June 2023 \$'000
\$90m bank bill facility ^{1, 2}	September 2027	BBSY + margin	47,000	37,000
\$80m bank bill facility ¹	September 2028	BBSY + margin	3,900	2,606
Total interest bearing liabilities			50,900	39,606

¹ The bank loans are secured by fixed and floating charges over the assets of the Group. Bank loans are also secured by registered mortgages over a number of freehold properties of the Group totalling \$222 million.

² In addition to the limit of \$90m, the Group holds a \$35m bank guarantee facility maturing in September 2027.

8 CONTRIBUTED EQUITY

	31 December 2023 \$'000	30 June 2023 \$'000
Issued and paid-up share capital	179,624	179,624

i) Ordinary shares

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

	Thousands	\$'000
Movements in ordinary shares on issue		
At 1 July 2023	136,849	179,624
At 31 December 2023	136,849	179,624

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Notes to the Financial Statements continued

9 DIVIDENDS PAID AND PROPOSED

	31 December 2023 \$'000	CONSOLIDATED 30 June 2023 \$'000
<i>Declared and paid during the period:</i>		
Dividends on ordinary shares		
Final franked dividend for the financial year ended 30 June 2023: 8.0 cents (2022: 5.0 cents)	10,948	6,704
<i>Proposed (not recognised as a liability as at 31 December):</i>		
Dividends on ordinary shares		
Interim franked dividend for the half-year ending 31 December 2023: 10.0 cents (2022: 10.0 cents)	13,685	13,685
	24,633	20,389

10 COMMITMENT AND CONTINGENCIES

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

Capital expenditure commitments

As at 31 December 2023, the Group has capital commitments of \$55.6 million (2022: \$41.7 million) relating to property, plant and equipment.

11 EVENTS SUBSEQUENT TO BALANCE DATE

On 21st February 2024, the Directors of K&S Corporation Limited declared an interim dividend on ordinary shares in respect of the 2024 financial year. The total amount of the dividend is \$13,684,898 which represents a fully franked dividend of 10.0 cents per share. The dividend has not been provided for in the 31 December 2023 financial statements and is payable on 3rd April 2024, the date for determining entitlements being 22nd March 2024.

No other matters have arisen in the interval between the end of the financial year and the date of this report, including any item, transaction or event of a material and unusual nature which, in the opinion of the Directors of the Company, are likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

K&S CORPORATION LIMITED

ABN 67 007 561 837

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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

In the opinion of the Directors:

- (a) The financial statements and notes of K&S Corporation Limited for the half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Tony Johnson
Chairman



Paul Sarant
Managing Director and CEO

Melbourne, 21st February 2024



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

Conclusion

We have reviewed the accompanying half-year financial report of K&S Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

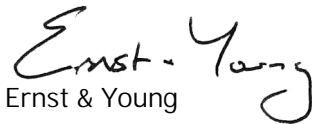
Auditor's responsibilities for the review of the half-year financial report


Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.
Ernst & Young

A handwritten signature in black ink that reads 'Mark Phelps' in a cursive style.
Mark Phelps
Partner
Adelaide
21 February 2024



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Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

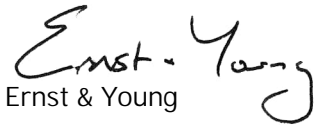
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Auditor's independence declaration to the directors of K&S Corporation Limited

As lead auditor for the review of the half-year financial report of K&S Corporation Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

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

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


Ernst & Young


Mark Phelps
Partner
21 February 2024