

K&S CORPORATION LIMITED

# ANNUAL REPORT 2021



# OUR VISION

## TO BE THE LEADING PROVIDER OF TRANSPORT AND LOGISTICS SOLUTIONS WITHIN OUR TARGET MARKETS IN AUSTRALIA AND NEW ZEALAND.

### CONTENTS

Chairman's Report	1
Financial Overview	3
Managing Director's Report	4
Directors' Report	6
Remuneration Report	14
Financial Report	21
Corporate Directory	64

### FINANCIAL CALENDAR

Annual General Meeting	23 November 2021
Half Year Result	23 February 2022
Full Year Result	24 August 2022
Annual Report to Shareholders	14 October 2022
Annual General Meeting	29 November 2022

# CHAIRMAN'S REPORT



On behalf of the Board of K&S Corporation Limited, I am pleased to present the Group's Annual Report for the year ended 30 June 2021.

Trading conditions in the transport and logistics segments and regions the Group trades in remain challenging.

Operating revenues for the year were \$688.5 million, 12.9% lower than the prior corresponding period.

The Group reported a statutory profit after tax of \$18.1 million, 62.9% higher than the previous year statutory profit after tax of \$11.1 million.

Included in the Group's statutory result for FY2021 was \$16.2 million (before tax) attributable to the JobKeeper subsidy, which was received in the September 2020 quarter. The Group's statutory result also included \$6.0 million of one-off costs treated as significant items. These largely relate to the impairment of the carrying value of buildings and land totalling \$4.7 million and \$0.9 million in miscellaneous restructuring costs mainly associated with the exiting of the Hyde Park Tank business.

After adjusting for the above significant items including government wage subsidies, the current year underlying profit before tax was \$17.1 million, an increase of 44.4% on the prior corresponding period. The underlying profit after tax was \$11.9 million, an increase of \$3.7 million to the prior corresponding period.

Operating cash flow was \$75.5 million, 9.2% lower than for the previous year.

Safety remains a key focus for the Group. The Group's lost time injury rate reduced from 6.6 at the end FY2020 to 4.9 in the current year.

Following strong FY2020 improvements, the Australian transport segment continued to realise further consolidation improvements to the majority of its operating divisions. The reduction of \$1.1 million in depreciation expenses as a result of the change to the Group's depreciation policy partially offset the reduced contribution by our aviation refuelling business, Aero Refuellers. Full year revenue declined due to a combination of the cessation of contracts, exiting of underperforming business units and COVID-19 related reduced customer activity.

The New Zealand business produced a strong result, with the domestic economy proving to be resilient throughout the year. It continues to realise growth through the provision of its integrated and value adding service offering, with several key customer contracts extended or renewed in the course of the year.

The fuel trading business has again provided sound financial results, despite reduced demand for fuel in FY2021 consequent to COVID-19. The fuel retailing and wholesaling markets remain dynamic and continue to exhibit high levels of competition. An expansion of our network and the completion of several key projects to enhance our retail offering are currently being progressed.

The implementation of cost reduction strategies continued across the business, contributing strongly to improved underlying profit. In particular, the Group has maintained its focus on operational efficiencies, supplier renegotiations, cessation of underperforming activities, and the rationalisation and replacement of specific fleet assets that reduced operating costs. Ongoing cost reductions are expected to continue to be accretive in FY2022, although these may be offset by possible COVID-19 related impacts.

## COVID-19

In FY2021 the Group experienced reduced revenues in a number of business units in Australia and New Zealand as a result of COVID-19. At a minimum, the Group expects to continue to be adversely impacted by COVID-19 in the first half of FY2022.

The Group's operations have not been subject to any Government mandated state border closures. However, as evidenced by the lockdowns in New South Wales and Victoria, COVID-19 continues to present a threat to the Group's operations and also to key industry sectors serviced by the Group, such as construction.

The Group has enacted pandemic protocols to assist manage the safety of employees. The Group has also implemented measures to mitigate potential impacts of COVID-19 upon its continued ability to fulfil core managerial, administrative, and operational functions.

## BALANCE SHEET

Notwithstanding the ongoing impacts of COVID-19, the Group has significantly strengthened its balance sheet in FY2021.

The Group's debt profile carries long maturities and the gearing ratio (excluding lease liabilities) reduced to 9.0% at 30 June 2021, compared to 22.5% in the prior year. The Group's net debt reduced to \$26.6 million, the lowest since 2003.

During the course of the year, the Group acquired fixed assets totalling \$35.1 million, compared to \$20.6 million in the prior year, continuing the investment in a modern operating fleet.

Based upon independent valuations, the Group increased the carrying value of its freehold property portfolio by \$27.6 million. The Group's property portfolio consists of high quality industrial assets that have not been adversely impacted by COVID-19.

# CHAIRMAN'S REPORT

## DIVIDEND

The Group's underlying earnings have improved significantly compared to the prior year. The final dividend declared was determined with reference to the underlying net profit after tax, as opposed to the statutory profit after tax, and specifically excludes any impact of government wage subsidies from the dividend calculation.

The Directors have declared a fully franked final dividend of 3.5 cents per share (2020: 3.0 cents per share). This follows the fully franked interim dividend of 3.0 cents per share paid in April 2021, making the total fully franked dividend 6.5 cents per share in respect of the year ended 30 June 2021.

The final dividend will be paid on 3 November 2021, with the date for determining entitlements being 19 October 2021.

While the Group achieved record low debt levels at the end of FY2021, the Group has an extensive capital expenditure program for FY2022 which includes the development of a parcel of industrial land in Perth. Directors are of the view, based on the ongoing uncertainty relating to the potential impacts of COVID-19 on the economy that could adversely impact the Group's operations, that a conservative approach to balance sheet management is appropriate. As such, the Directors have elected to reinstate the dividend reinvestment plan (DRP) in respect of the final dividend.

The issue price of shares under the DRP will be the volume weighted average price for K&S shares in the five business days ending on 19 October 2021 (the record date for the final dividend), less a discount of 2.5%.

## BOARD COMPOSITION

Robert Dalton was appointed as a non-executive director with effect from 24 August 2021. Mr Dalton is considered by the board to be independent.

Mr Dalton's appointment continues a process of board renewal.

## OUTLOOK

Providing earnings guidance going forward remains difficult, particularly having regard to ongoing uncertainties created by COVID-19. It is not possible to predict with any certainty the extent or duration of COVID-19 related impacts on the Australian or New Zealand economies, or upon the Group itself.

The Group has secure long term bank facilities and low gearing levels, and will continue to take a conservative approach to financial risk as well as maintaining a strong focus on working capital management and underlying profit improvement. The Group will continue to target organic growth, particularly in market segments such as contract logistics that will deliver stronger returns on investment.

On behalf of the Board, I thank our customers, suppliers and employees, who have contributed to the continued success of the Group.

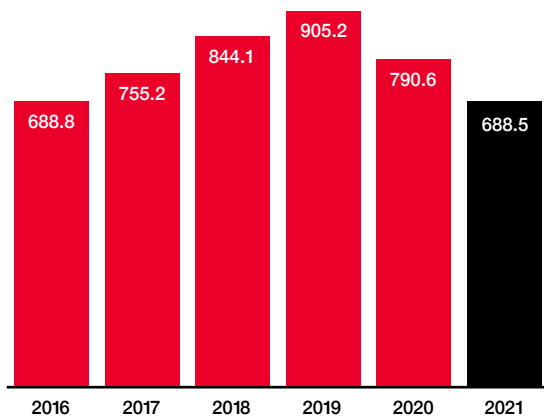
In particular, I thank the senior management team, led by Paul Sarant, for their ongoing commitment and dedication.

**Tony Johnson**  
Chairman

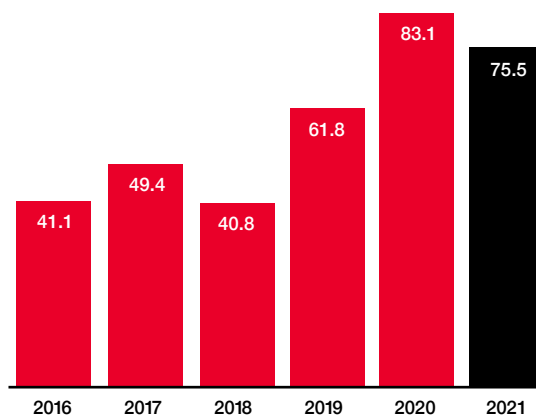


# FINANCIAL OVERVIEW

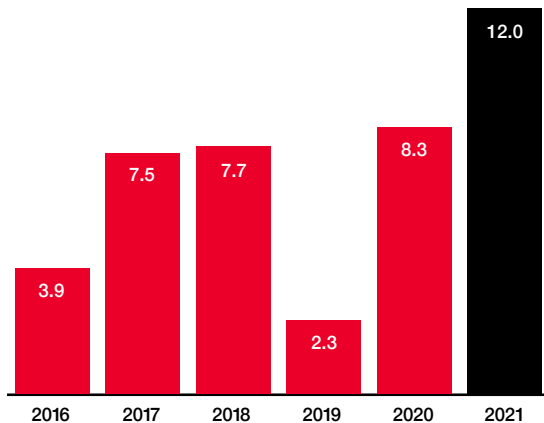
OPERATING REVENUE (\$M)



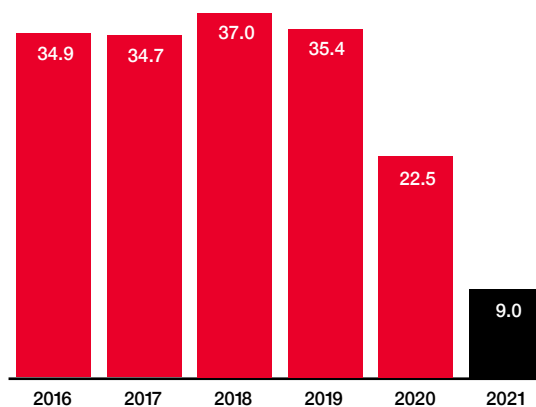
OPERATING CASH FLOW (\$M)



UNDERLYING PROFIT AFTER TAX (\$M)



GEARING (%)



# MANAGING DIRECTOR'S REPORT



Operating revenues decreased by 12.9% to \$688.5 million.

Underlying profit before tax increased to \$17.1 million from \$12.0 million for the prior corresponding period, underpinned by our strong ongoing continuous improvement initiatives completed in FY2021 and FY2020.

The lost time injury frequency rate across the Group decreased from 6.6 in the previous year to 4.9 in the current year. In addition, whilst the total recordable injury frequency rate increased by approximately 4.4% compared to the previous year, the total number of recorded incidents reduced by 12.4% from the previous year. The improvement of all facets of safety performance remains a high priority for the Group.

## SAFETY

The global COVID-19 pandemic continues to present the Group with a series of challenges concerning the ongoing safety of our employees and sub-contractors, and those who we interact with every day to provide transport and logistics services for our customers and communities.

The engagement, commitment and leadership displayed by all our workforce to ensure our workplace remained safe during this pandemic has been of the highest order. As an essential service provider, we have continued to operate throughout the pandemic, albeit with ongoing alterations to state and territory border crossing controls, ensuring supply chains remain in place for our customers and the broader community. Mandatory vaccination requirements have also been announced by authorities in several jurisdictions which apply to various of our operations.

We have supported our employees who wish to access vaccinations through the provision of paid leave. We thank the many employees in our workforce who have elected to support a national vaccination program.

Our primary concern remains the physical and mental wellbeing of our employees and their extended families.

Sadly, the Group sustained two fatality accidents in FY2021, as well as having a vehicle involved in a major on-road incident in Melbourne in May 2021 in which five pedestrians were injured. As with all safety incidents, the Group undertakes comprehensive investigations and will implement identified continuous improvement opportunities arising out of these accidents. The Group recognises that its social licence to operate is contingent upon achieving

industry leading on-road behaviours and safety outcomes, for which we are respected as an industry leader.

The Group also rolled out its new online subcontractor registration portal, KasSub, in FY2021. KasSub provides a central portal to allow the Group to provide enhanced visibility on the licensing, accreditation, induction and insurance status of its subcontractors. We will continue to proactively invest in this, and any other, technology that assists to improve our performance.

## ENVIRONMENT

Ongoing fleet upgrades have enabled the Group to continue its emissions improvements. During the year vehicle emissions reductions reached 79% of 2003 levels for NOx (FY2020: 74%), and 94% of 2003 levels for particulate matter (FY2020: 93%).

Carbon dioxide generation for 2019-20 was 156,780 tonnes, down from 180,866 tonnes in the previous year.

The Group will embark upon a major fleet upgrade in FY2022, adopting the latest Euro 6 emissions standards to further improve environmental performance.

## COMPLIANCE

The Group has maintained ISO 9001:2015 accreditation standards, including other relevant accreditations which included: WA Main Roads, NHVAS Mass, Maintenance, and Basic Fatigue Management, along with Food Safety/HACCP and TruckSafe.

## AUSTRALIAN TRANSPORT

### Intermodal and Import/Export

The intermodal and import/export operations again performed soundly, with eastern seaboard activity levels remaining firm despite COVID-19 impacts. Improving asset utilisation and the disposal of under-utilised or surplus assets continues to be a key focus.

Intermodal steel and timber volumes from our major customers were strong, with high activity levels in the construction sector and major infrastructure projects undertaken by the various state governments underpinning ongoing activity levels.

We continue to incur increased costs in our rail transport operations as a result of increased rail network costs. We have focussed on securing parcels of rail volumes that improve our rail network balance and performance.

Full year revenue declined due to a combination of the cessation of contracts, exiting of underperforming business units and COVID-19 related reduced customer activity. However, the successful retention and renegotiation of several customer contracts saw returns from the intermodal and import/export operations improve in the second half of FY2021.

### Contract Logistics

Our contract logistics business unit continues to provide a strong contribution to Group earnings.

The Western Australia based heavy haulage business performed well with a strong year underpinned by record commodity prices driving mine refurbishment activity. FY2022 forward demand remains solid.

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## Chemical and Fuel Transport

Our chemical and energy transportation businesses in FY2021 remain sound, despite the minimal activity in the Hi-Ex explosives transport sector, and significantly reduced fuel transport demand in the energy division as a result of COVID-19 and adverse weather impacts in central Queensland.

Chemtrans continues to develop and deploy a range of systems and procedures that will reinforce Chemtrans as the market leader in the transport of dangerous goods with regards to environmental and safety performance, while continuing to deliver efficiency benefits to its customer base.

## Aviation Services

Our specialised aviation refuelling business experienced a significant fall in volumes as a consequence of COVID-19, as our airport refuelling services materially declined. Fire season activity was also minimal.

A focus on operational efficiencies sees this business poised for a better FY2022 if there is a return to more normal fire season activity levels.

The new Port Hedland International Airport refuelling installation was commissioned in FY2021. We also completed the redevelopment of Aero Refuellers' main operational base at Thurgoona in NSW.

## NEW ZEALAND

The New Zealand business produced a strong result, with the domestic economy proving to be resilient throughout the year. The business continues to realise growth through the provision of its integrated and value adding service offering, with several key customer contracts extended or renewed in the course of the year.

Industry segments such as dairy, steel and timber again performed strongly in FY2021.

Operating cashflows were again strong and debt remains at record low levels. Further growth and diversification of the revenue base remain key priorities, leveraging the strong and expandable infrastructure that has been put in place over the last five years.

## FUEL AGENCY

The fuel trading business has again provided sound financial results, despite reduced demand for fuel in FY2021 consequent to COVID-19. The fuel retailing and wholesaling markets remain dynamic and continue to exhibit high levels of competition.

An expansion of our network and the completion of several projects to enhance our retail offering are currently being progressed.

## HUMAN RESOURCES

Employee engagement and communications programs remain a high priority and area of focus across our business.

With the ongoing challenges of COVID-19 and the collective toll that the pandemic and lock downs have taken upon the community, we have maintained a high level of communication with our workforce. The physical and mental well being of our workforce have been, and remain, at the forefront of our engagement strategies.

We continue to align the operational and management structures to service the needs of business units and customers, while maintaining our strong focus on the retention and development of skilled and qualified employees as the Group's most valuable asset.

## OTHER ITEMS

The implementation of cost reduction strategies continued across the business, contributing strongly to improved underlying profit. In particular, the Group has maintained its focus on operational efficiencies, supplier renegotiations, cessation of underperforming activities, and the rationalisation and replacement of specific fleet assets that reduced operating costs.

Ongoing cost reductions are expected to continue to be accretive in FY2022, although these may be offset by possible COVID-19 related impacts.

On 27 July 2021, the Group acquired a strategically located parcel of industrial land in Perth for approximately \$13.1 million. The land is currently being developed as a transport terminal, with the Group intending to consolidate operations presently undertaken on two externally leased sites at the new transport terminal when practical completion is achieved later in FY2022.

I would like to take this opportunity to thank our management team, and all employees and supporters of the Group who have collectively worked exceptionally hard to continue to improve our company.



**Paul Sarant**  
Managing Director and CEO

# DIRECTORS' REPORT

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The Directors present their report, together with the consolidated financial report of the Group comprising K&S Corporation Limited (the "Company") and its subsidiaries (the "Group"), for the year ended 30 June 2021 and the Auditor's Report thereon.

## DIRECTORS

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.

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### Tony Johnson Chairman

Age 74, Director since 1986

Tony Johnson BA, LLB, LLM (Companies & Securities) FAICD is a lawyer and an accredited mediator. Mr Johnson is a founder and former 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, the largest Shareholder of K&S Corporation Limited and Chairman of Adelaide Community Healthcare Alliance.

**Member of:**

- Environmental Committee (Chairman)
- Nomination and Remuneration Committee
- Audit Committee



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### Paul Sarant Managing Director and Chief Executive Officer

Age 53, Director since 2014

Paul Sarant B.Eng., has extensive experience in the transport and logistics sector. Mr Sarant held the position of Executive General Manager DTM for seven years at K&S Corporation prior to his appointment as Managing Director and Chief Executive Officer. Prior to this, Mr Sarant occupied a range of senior management roles, including general management and senior manufacturing, engineering and logistics roles in the course of his fifteen years at Amcor Printing Paper Group/ PaperlinX and was former General Manager at Spicer Stationery Group.

**Member of:**

- Environmental Committee



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### Legh Winsler

Age 73, Director since 2013

Legh Winsler is a former Managing Director of the Company, a position which he held for 16 years. He has extensive knowledge of the transport and logistics industry with more than 40 years' experience. Mr Winsler is also a director of AA Scott Pty Ltd, the largest Shareholder of K&S Corporation Limited.

**Member of:**

- Environmental Committee
- Nomination and Remuneration Committee





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### **Graham Walters AM (Independent Director)**

Age 79, Director since 22 May 2018

Graham Walters AM FCA is an experienced chartered accountant and director of successful public and private companies and associations, with extensive experience in accounting, finance, audit, risk management and corporate governance. Mr Walters AM is a former Chairman of Partners South Australia of KPMG and a former Chairman of Westpac South Australia.

Mr Walters AM is a Director of Adelaide Community Healthcare Alliance.

**Member of:**

- Audit Committee (Chairman)
- Nomination and Remuneration Committee (Chairman)



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### **Sallie Emmett GAICD**

Age 56, Director since 24 September 2019

Sallie Emmett GAICD LLB GDLP, is a lawyer with over 30 years' experience as a practising solicitor in both legal and management roles. Mrs Emmett GAICD is a former partner of national law firm Johnson Winter & Slattery. Mrs Emmett GAICD has a broad range of commercial exposure including in workplace relations.

Mrs Emmett GAICD operates her own legal and management consulting business and has advised the boards and management of a variety of organisations including private and public companies, government, and educational institutions. Mrs Emmett GAICD has significant transport sector experience, having acted for a number of transport companies. Mrs Emmett GAICD also sits on the board of a number of not for profit organisations.

**Member of:**

- Audit Committee



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### **SECRETARY**

#### **Chris Bright BEc, LLB, Grad Dip CSPM, FCIS**

Age 50, Secretary since 2005

Chris Bright has held the position of General Counsel for 19 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.



# DIRECTORS' REPORT

## 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 <sup>1</sup>	Audit Committee Meetings	Nomination & Remuneration Committee Meetings	Environmental Committee Meetings
<b>Number of meetings held:</b>	14	6	1	4
<b>Number of meetings attended:</b>				
Mr T Johnson	14	6	1	4
Mr P Sarant	14	–	–	1
Mr L Winser	14	–	1	4
Mr G Walters AM	14	6	–	–
Mrs S Emmett GAICD	14	6	–	–

1. In addition to the eleven scheduled directors' meetings, there were a further three directors' meetings held in the course of FY2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Group 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 Group during the year.

## OPERATING AND FINANCIAL REVIEW

The Board presents the FY2021 Operating and Financial Review, which has been designed to provide Shareholders with a clear and concise overview of the Group's operations, financial position, business strategies and outlook. The review complements the financial report and has been prepared in accordance with the guidelines in ASIC RG247.

The consolidated profit for the year ended 30 June 2021 attributable to the members of K&S Corporation Limited (“K&S”) is shown below, along with comparative results for the previous corresponding period:

<b>Financial Overview</b>		<b>2021</b>	<b>2020<sup>2</sup></b>	<b>% Movement</b>
<b>Operating Revenue</b>	\$'000	<b>688,541</b>	790,639	<b>(12.9%)</b>
Statutory profit after tax	\$'000	<b>18,123</b>	11,128	<b>62.9%</b>
Statutory profit before tax	\$'000	<b>27,541</b>	15,934	<b>72.8%</b>
Earnings before interest and tax (EBIT)	\$'000	<b>30,917</b>	26,254	<b>17.8%</b>
Earnings before interest, tax and depreciation (EBITDA)	\$'000	<b>83,336</b>	82,426	<b>1.1%</b>
Less JobKeeper income	\$'000	<b>(16,235)</b>	(13,731)	<b>18.2%</b>
Less bad debts recovered	\$'000	<b>(199)</b>	–	<b>100.0%</b>
Add other significant items	\$'000	<b>6,001</b>	9,648	<b>(37.8%)</b>
Underlying profit before interest, tax & depreciation <sup>1</sup>	\$'000	<b>72,903</b>	78,343	<b>(6.9%)</b>
Underlying profit before interest & tax <sup>1</sup>	\$'000	<b>20,484</b>	22,171	<b>(7.6%)</b>
Underlying profit before tax <sup>1</sup>	\$'000	<b>17,108</b>	11,851	<b>44.4%</b>
Underlying operating profit after tax <sup>1</sup>	\$'000	<b>11,976</b>	8,296	<b>44.4%</b>
Total assets	\$'000	<b>525,837</b>	540,140	<b>(2.7%)</b>
Net borrowings excluding lease liabilities	\$'000	<b>26,566</b>	69,608	<b>(61.8%)</b>
Shareholders' funds	\$'000	<b>268,717</b>	239,157	<b>12.4%</b>
Finance costs	\$'000	<b>3,376</b>	10,320	<b>(67.3%)</b>
Depreciation	\$'000	<b>52,419</b>	56,172	<b>(6.7%)</b>
Dividend per share	cents	<b>6.5</b>	5.0	<b>30.0%</b>
Net tangible assets per share	\$	<b>2.04</b>	1.61	<b>26.7%</b>
Operating cash flow	\$'000	<b>75,454</b>	83,074	<b>(9.2%)</b>
Return on assets	%	<b>3.5</b>	2.1	<b>66.7%</b>
Gearing ratio (excluding lease liabilities)	%	<b>9.0</b>	22.5	<b>(60.0%)</b>
Employee numbers		<b>1,972</b>	2,161	<b>(8.7%)</b>
Lost time injuries		<b>22</b>	31	<b>(29.0%)</b>
Lost time injuries frequency rate		<b>4.9</b>	6.6	<b>(25.8%)</b>

- Underlying profits and earnings per share based on underlying profits are categorised as non-IFRS Financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230- Disclosing non-IFRS information issued in December 2011. Underlying adjustments have been considered in relation to their size and nature and have been adjusted from the statutory information for disclosure purposes to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments primarily include the Government wage subsidies received, bad debt recovery, redundancies, asset impairment expenses and costs associated with the sale of Regal General Freight. The exclusion of these items provides a result which, in the Directors view, is more closely aligned with the ongoing operations of the Consolidated Group. The non-IFRS information has not been subject to audit or review by the auditor.
- FY2020 balances have been restated based on the impact of change in accounting policy for the treatment of the Group's freehold buildings. Refer to relevant statements and Note 2(aa) for further details.

The Group is a tier one logistics provider, recognised as a leader in the development and provision of specialist logistics solutions for its customers. The Group operates in the Australian and New Zealand markets. The Group's success is underpinned by a strong focus on safety, service and continuous improvement.

The environment for the transport and logistics sector in FY2021 continued to be challenging. The transport and logistics sector continues to experience high levels of competition and pressure on rates, a low growth economic environment and the concentration of bargaining power in large and sophisticated buyers of transport and logistics services. In addition, the COVID-19 pandemic has impacted economic activity and market sentiment, albeit that stimulus provided by federal and state governments has under-pinned a level of consumer confidence in FY2021.

Operating revenues decreased by 12.9% to \$688.5 million.

The Group achieved a statutory profit before tax of \$27.5 million, an increase of \$11.6 million or 72.8% on the prior corresponding period.

# DIRECTORS' REPORT

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Included in the Group's statutory result for FY2021 was \$16.2 million (before tax) attributable to the JobKeeper subsidy, which was received in the September 2020 quarter. The Group's statutory result also included \$6.0 million of one off costs treated as significant items. These largely relate to the impairment of the carrying value of buildings and land totalling \$4.7 million and \$0.9 million in miscellaneous restructuring costs mainly associated with the exiting of the Hyde Park Tank business.

After adjusting for the above significant items including government wage subsidies, the current year underlying profit before tax was \$17.1 million, an increase of 44.4% to the prior corresponding period.

The underlying profit benefitted from a \$1.1 million before tax reduction in depreciation expenses realised through an alignment in estimated residual values of the motor vehicle assets to be consistent with their financial lifecycle.

Safety remains a key focus for the Group. The Group's lost time injury rate reduced from 6.6 at the end FY2020 to 4.9.

## Australian Transport

Following strong FY2020 improvements, the overall segment continued to realise further consolidation improvements to the majority of its operating divisions. The reduction of \$1.1 million in depreciation expenses as a result of the change to the Group's depreciation policy more than offset a reduced contribution by our aviation refuelling business, Aero Refuellers.

Full year revenue declined due to a combination of the cessation of contracts, exiting of underperforming business units and COVID-19 related reduced customer activity.

The implementation of cost reduction strategies continued across the business, contributing strongly to improved underlying profit. In particular, the Group has maintained its focus on operational efficiencies, supplier renegotiations, cessation of underperforming activities, and the rationalisation and replacement of specific fleet assets that reduced operating costs. Ongoing cost reductions are expected to continue to be accretive in FY2022, although these may be offset by possible COVID-19 related impacts.

Intermodal steel and timber volume from our major customers were strong, with major infrastructure projects undertaken by the various state governments underpinning ongoing activity levels.

We continue to incur increased costs in our rail transport operations as a result of increased rail network costs. We have focussed on securing parcels of rail volumes that improve our rail network balance and performance.

Our contract logistics business unit again experienced a pleasing FY2021.

Our chemical and energy transportation businesses in FY2021 were sound, despite the Chemtrans business enduring a number of weather impacts, minimal activity in the Hi-Ex explosives cartage division, and the energy business seeing fuel demand decline significantly as a result of COVID-19.

The Western Australia based heavy haulage business enjoyed a strong year in FY2021 on the back of record commodity prices driving mine refurbishment activity in north-west Western Australia.

Our specialised aviation refuelling business experienced a significant fall in volumes as a consequence of COVID-19 as our airport refuelling services materially declined. Fire season activity was also minimal. A focus on cost reductions and efficiencies sees this business poised for a better FY2022 if there is a return to more normal fire season activity levels.

## Fuel Agency

The fuel trading business has again provided sound financial results, despite reduced demand for fuel in FY2021 consequent to COVID-19. The fuel retailing and wholesaling markets remain dynamic and continue to exhibit high levels of competition. An expansion of our network and the completion of several projects to enhance our retail offering are currently being progressed.

## New Zealand Transport

The New Zealand business produced a strong result, with the domestic economy to be resilient throughout the year. It continues to realise growth through the provision of its integrated and value adding service offering, with several key customer contracts extended or renewed in the course of the year.

## Balance Sheet and Funding

Notwithstanding the ongoing impacts of COVID-19, the Group has significantly strengthened its balance sheet in FY2021, mainly driven by improved trading performance, JobKeeper subsidies and increased property valuations.

The Group's debt profile carries long maturities and the gearing ratio (excluding lease liabilities) reduced to 9.0% at 30 June 2021, compared to 22.5% in the prior year. The Group's net debt reduced to \$26.6 million, the lowest since 2003.

During the course of the year, the Group acquired fixed assets totalling \$35.1 million, compared to \$20.6 million in the prior year, continuing the investment in modern operating fleet.

Based upon independent valuations, the Group increased the carrying value of its freehold property portfolio by \$27.6 million. The Group's property portfolio consists of high quality industrial assets that have not been adversely impacted by COVID-19.

## COVID-19

It is not possible to forecast with any certainty the magnitude of the COVID-19 impact on the Australian and New Zealand economies or upon the Group itself. In FY2021 the Group experienced reduced revenues in a number of business units in Australia and New Zealand as a result of COVID-19. At a minimum, the Group expects to continue to be adversely impacted by COVID-19 in the first half of FY2022.

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The Group's operations have not been subject to any Government mandated state border closures. However, as evidenced by the current lockdown in New South Wales, COVID-19 continues to present a threat to the Group's operations and also to key industry sectors serviced by the Group, such as construction.

The Group has enacted pandemic protocols to assist the safety of employees. The Group has also implemented measures to mitigate potential impacts of COVID-19 upon its continued ability to fulfil core managerial, administrative, and operational functions.

### **Safety**

The Group achieved a significant reduction in lost time injuries in FY2021, with the LTIFR falling from 6.6 at the end of FY2020 to 4.9 at the end of the current financial year.

Sadly, the Group sustained two fatality accidents in FY2021, as well as having a vehicle involved in a major on-road incident in Melbourne in May 2021 in which five pedestrians were injured. As with all safety incidents, the Group undertakes comprehensive investigations and will implement identified continuous improvement opportunities arising out of these accidents. The Group recognises that its social licence to operate is contingent upon achieving industry leading on-road behaviours and safety outcomes.

Managing COVID-19 required considerable resourcing. Our key priority was, and remains, the safety and welfare of our employees and their families. Cognisant of the Group's large and mobile workforce which provides services to a substantial number of customer sites, it is pleasing that to date the Group has had nil employee COVID-19 cases. Our employees' proactive engagement and support underpinning this outcome has been excellent.

We continue to invest in our safety management system and in the training of our employees.

### **Dividend**

The Group's underlying earnings have also improved significantly compared to the prior year. The final dividend declared was determined with reference to the underlying net profit after tax, as opposed to the statutory profit after tax, and specifically excludes any impact of government wage subsidies from the dividend calculation.

The Directors have declared a fully franked final dividend of 3.5 cents per share (2020: 3.0 cents per share). This follows the fully franked interim dividend of 3.0 cents per share paid in April 2021, making the total fully franked dividend 6.5 cents per share in respect of the year ended 30 June 2021.

The final dividend will be paid on 3 November 2021, with the date for determining entitlements being 19 October 2021.

While the Group achieved record low debt levels at the end of FY2021, the Group has an extensive capital expenditure program for FY2022 which includes the development of a parcel of industrial land in Perth. Directors are of the view, based on the ongoing uncertainty relating to the potential impacts of COVID-19 on the economy that could impact the Group's operations, that a conservative approach to balance sheet management is appropriate. As such, the Directors have elected to reinstate the Dividend Reinvestment Plan (DRP) in respect of the final dividend.

In accordance with the terms of the DRP rules, previous DRP elections made by Shareholders will remain in force in respect of the resumed DRP. Accordingly, Shareholders who previously elected to participate in the DRP will once again participate in the resumed DRP in respect of the final dividend of 3.5 cents per share in respect of the year ended 30 June 2021.

Should any shareholder wish to change their DRP setting, notices to change DRP elections need to be received at least fourteen days before the date upon which the final dividend is to be paid to be effective in respect of the final dividend.

The issue price of shares under the DRP will be the volume weighted average price for K&S shares in the five business days ending on 19 October 2021 (the record date for the final dividend), less a discount of 2.5%.

### **Board Composition**

Robert Dalton was appointed as a non-executive director with effect from 24 August 2021. Mr Dalton is considered by the board to be independent.

Mr Dalton has been a registered company auditor for over twenty-five years and is a former Managing Partner of the Ernst & Young Melbourne Accounting and Assurance Practice. Mr Dalton also has a wealth of entrepreneurial knowledge and experience having previously run Ernst & Young's entrepreneurship initiatives across the Oceania region, as well as being a Regional Director of Ernst & Young's Asia Pacific Entrepreneur management team.

Mr Dalton has worked with a variety of public, private, and start up organisations advising on strategy, commercialisation and global expansion, as well as providing audit and assurance services. Mr Dalton has also held many volunteer director roles in the not for profit sector.

Mr Dalton's appointment continues a process of board renewal.

### **Outlook**

Providing earnings guidance going forward remains difficult, particularly having regard to ongoing uncertainties created by COVID-19. It is not possible to predict with any certainty the extent or duration of COVID-19 related impacts on the Australian or New Zealand economies or upon the Group itself.

The Group has secure long term bank facilities and low gearing levels, and will continue to take a conservative approach to financial risk as well as maintaining a strong focus on working capital management and underlying profit improvement. The Group will continue to target organic growth, particularly in market segments such as contract logistics that will deliver stronger returns on investment.

The Group continues to review the industry segments in which it operates as well as the ways it offers services to the market.

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group'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 Group has a Board Committee which monitors compliance with environmental regulations.

### Climate Change

Reporting under the National Greenhouse Energy Reporting regime (NGER) was completed and submitted in FY2021.

## Transport and Warehousing

The transport and warehousing business is subject to the Dangerous Goods Acts in Commonwealth and State Legislation. The Group monitors performance and recorded several incidents during the year, none of which has the potential to result in any material restrictions being placed upon the Group's ability to continue its operations in their current form.

### Fuel

The fuel business is subject to the South Australian Environmental Protection Act 1993 and the South Australian Dangerous Substances Act 1979. The Group monitors performance and recorded a number of 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:

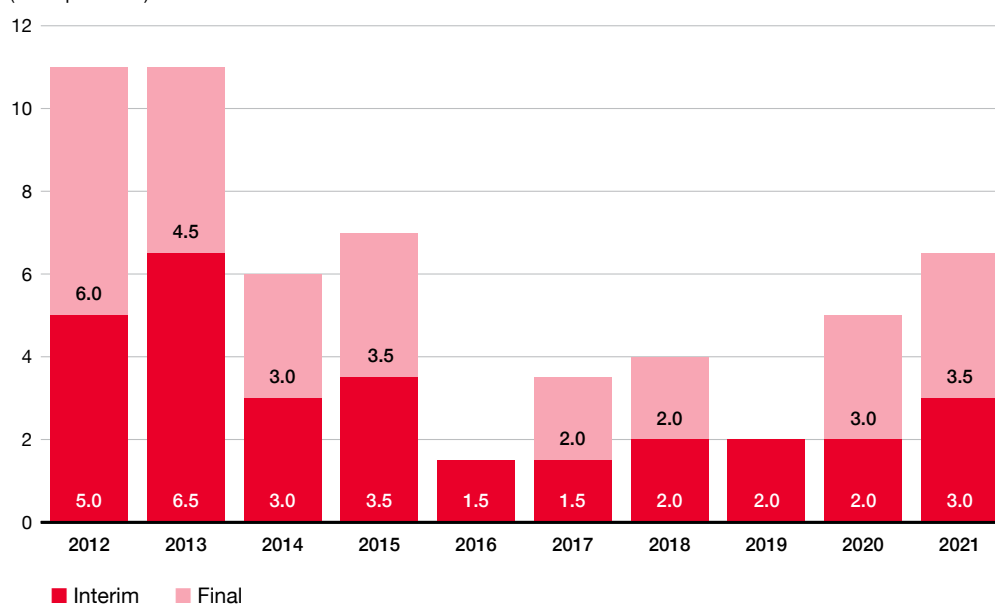
- 1 A fully franked ordinary dividend (taxed to 30%) of 3.0 cents per share amounting to \$3,863,563 in respect of the year ended 30 June 2020 was declared on 28 August 2020 and paid on 3 November 2020; and
- 2 An interim fully franked ordinary dividend (taxed to 30%) of 3.0 cents per share in respect of the year ended 30 June 2021 was declared on 24 February 2021 and paid on 1 April 2021 amounting to \$3,863,563.

The final dividend declared by the Company for the year ended 30 June 2021 and payable on 3 November 2021 in respect of the year ended 30 June 2021 comprises:

- 1 A fully franked ordinary dividend (taxed to 30%) of 3.5 cents per share amounting to \$4,507,490 (based on the Company's current issued share capital); and
- 2 A fully franked preference dividend (taxed to 30%) of 4.0 cents per share amounting to \$4,800.

The preference share dividends are included as interest expense in determining net profit.

**DIVIDENDS PAID TO SHAREHOLDERS**  
(cents per share)



## EVENTS SUBSEQUENT TO BALANCE DATE

On 24 August 2021, the Directors of K&S Corporation Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is \$4,507,490 which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2021 financial statements and is payable on 3 November 2021.

Directors have elected to reinstate the application of the DRP in respect of the final dividend.

On 27 July 2021, the Group acquired a parcel of industrial land in Perth for approximately \$13.1 million. The land is currently being developed as a transport terminal, with the Group intending to consolidate operations presently undertaken on two externally leased sites at the new transport terminal when practical completion is achieved later in FY2022.

On 24 August 2021, K&S announced that Robert Dalton had been appointed as a non-executive director with effect from 24 August 2021. Robert is currently the acting CEO of Sports Australia and has served as a Senior Partner of EY for 25 years. He is also a former non-Executive Director of the Richmond Football Club, a position he held for 15 years, and Chair of Hockey Victoria.

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.

## 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 \$254,100 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; and
- 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, L Winser, S Emmett GAICD, G Walters AM and P Sarant. 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.

## Indemnification of auditors

To the extent permitted by law and excluding in circumstances of negligence, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## 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 can be found on this URL on our website: <http://www.ksgroup.com.au/corporate-governance/>.

## ROUNDING

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 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.

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The entity's Auditor, Ernst & Young have provided the Group with an Auditors' Independence Declaration which is on page 58 of this report.

## 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 L Winser	43,651
Mr P Sarant	60,000

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

	Ordinary Shares
Mr L Winser	1,252,799
Mr T Johnson	542,967
Mr P Sarant	126,603
Mr G Walters AM	5,252

# 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.

For the purposes of this report, the term executive encompasses the Managing Director, executives, general managers and secretaries of the Parent and the Group. Details of the Key Management Personnel are:

## **i) Directors**

Mr T Johnson	Non-Executive Chairman
Mr P Sarant	Managing Director and Chief Executive Officer
Mr L Winser	Non-Executive Director
Mr G Walters AM	Non-Executive Director
Mrs S Emmett GAICD	Non-Executive Director

## **ii) Key Management Personnel**

Mr R Parikh	Chief Financial Officer
Mr C Bright	Company Secretary

## **REMUNERATION PHILOSOPHY**

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

To this end, the Group 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**

From time to time, the Nomination and Remuneration Committee may be delegated by the Board of Directors of the Company responsibility for reviewing compensation arrangements for the Directors, the Managing Director and executives. However, the Company has a small Board of Directors and the review of compensation arrangements can efficiently be discharged by the Board itself.

Where requested by the Board, the Nomination and Remuneration Committee will assess the appropriateness of the nature and amount of remuneration of Directors and executives 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 may review the remuneration paid to Non-Executive Directors and the Managing Director, and the aggregate remuneration paid to the executive team where requested by the Board, 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, Managing Director and other executive 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 maximum aggregate remuneration of Non-Executive Directors' shall be determined from time to time by a general meeting of Shareholders.

The latest determination was at the Annual General Meeting held on 20 November 2012 when Shareholders approved a maximum aggregate remuneration of \$600,000 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 the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review, as well as periodically taking advice from external recruitment consultants. No advice was taken from external recruitment consultants in relation to the fees paid to Non-Executive Directors in FY2021. Each Non-Executive Director receives a fee for being a Director of the Company.

There was a 2% increase in fees payable to Non-Executive Directors in FY2021, with that increase being effective from 1 September 2020.

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 2021 is detailed on page 17 of this report.



## EXECUTIVE DIRECTOR AND EXECUTIVE 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 performance of the Company; and
- 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 executives, remuneration programs are balanced with a mix of fixed and variable rewards. The makeup and eligibility criteria for short term incentives are approved by the Board at the commencement of each financial year.

The Board reviews and considers the fees paid to the Managing Director and other executives of comparable companies when undertaking the annual review, as well as periodically taking advice from external recruitment consultants. No advice was taken from external recruitment consultants in relation to the fees paid to the Managing Director and other executives for the year ended 30 June 2021.

As safety performance is a key organisational goal and critical to the ongoing operations of the Group, the Board believes that aligning the payment of short-term incentives to reducing lost time injuries is appropriate and in the interests of Shareholders.

As the Company's annual budget for operating profit before 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 also believes that aligning the payment of short term incentives to the attainment of budgeted profit before tax on a normalised basis is appropriate and in the interests of Shareholders. The Board also believes that having all of the Company's executives aligned to the common goal of achieving budgeted operating profit before tax drives positive behaviours amongst the executives in maximising Group wide benefits from operating activities.

For the year ended 30 June 2021, the Board approved the adoption of at risk short-term incentives of up to 30% of the base remuneration of the Managing Director and executives. The payment of such short-term incentives is to be settled in cash.

Payment of the short term incentive in respect of the 2021 financial year was conditional upon:

- outperformance of budgeted Group and divisional (where applicable) profit before tax on an underlying basis and excluding any non-trading items (e.g., government wage subsidies or restructuring charges) (but including any non-trading items that have been included in the budget) on a sliding scale up to a maximum of 20% of base remuneration:

Profit Before Tax	Budget											
	<Budget	Budget	+ 0.5% to 1.99%	+ 2.0% to 3.99%	+ 4.0% to 5.99%	+ 6.0% to 7.99%	+ 8.0% to 9.99%	Budget+ 10.0% to 11.99%	Budget + 12.0% to 13.99%	Budget + 14.0% to 15.99%	Budget + 16.0% to 17.99%	Budget + 18.0% to 18.99%
STI	0%	0%	2%	4%	6%	8%	10%	12%	14%	16%	18%	20%

- the reduction of aged debtors balance on a sliding scale up to a maximum of 5% of base remuneration
- the reduction of lost time injuries (LTIs) sustained by employees on a sliding scale up to a maximum of 10% of base remuneration:

	LTI Reduction	KSG LTI's
Functional EGM	10% Reduction	1%-2%
	20% Reduction	2%-4%
	30% Reduction	3%-6%
	40% Reduction	4%-8%
	50%+ Reduction	5%-10%
	<b>% Base Payment</b>	

The applicable percentage of the base remuneration is also dependent on the relevant executive's role within the organisation.

The Company's Managing Director and executives qualified for the payment of a short-term incentive in respect of the 2021 financial year as follows:

- Between 10% and 20% of base remuneration based on the outperformance compared to divisional and/or Group underlying profit before tax;
- Between 8% and 9% of base remuneration based on a 45% reduction in LTI compared to the previous financial year; and
- Achieving a reduction in the aged debtors balance.

This will result in the payment to the Managing Director of a total short-term incentive of \$206,068 (2020: \$219,065) and an aggregate payment to the Managing Director and executives of the Company of \$832,536 (2020: \$845,083) in respect to FY2021.

# REMUNERATION REPORT

(AUDITED)

## Employment Contracts

It is the Nomination and Remuneration Committee's current policy that fixed term contracts are not entered into with members of the executive team.

The Managing Director, Mr Sarant, has a contract of employment with an open term. Either of Mr Sarant and the Company may terminate Mr Sarant's employment on the giving of three months' notice or, in the case of the Company, payment in lieu of the three months' notice.

## Directors' Retirement Benefits

A change to the Non-Executive Directors' retirement benefits calculation was made in July 2004 to freeze accumulation of years of service of Directors as at 30 June 2004. No Non-Executive Director commencing after 1 July 2004 is eligible for any benefits under the retirement scheme. Mr Johnson is the only remaining Non-Executive Director eligible to receive retirement benefits under the scheme. At 30 June 2021, the total retirement allowance payable to Mr Johnson was \$404,016 (30 June 2020: \$399,016).

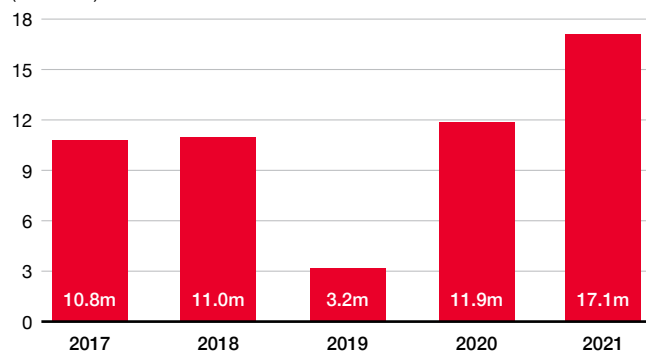
The expenditure provided (not paid) during the year ended 30 June 2021 is attributable only to the method of calculation which involves the averaging of the fees paid to Directors, as per the benefits scheme in operation up to 30 June 2004.

## Group Underlying Performance

The graph below shows the performance of the Group, as measured by the Group's underlying profit before tax (PBT). Underlying profit excludes individually significant items.

### UNDERLYING PROFIT BEFORE TAX

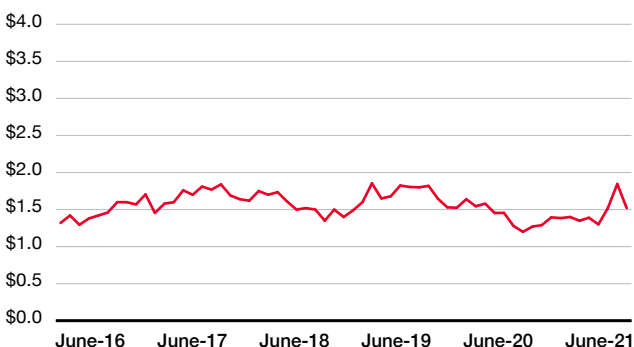
(\$ millions)



In addition, Dividends paid to Shareholders are disclosed on page 12 of the Directors' report.

The next graph highlights the performance of the share price of K&S Corporation Limited over the past 5 years.

### K&S CORPORATION SHARE PRICE 2016 – 2021



## REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND THE GROUP

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2021

	Short-Term			Post Employment		Other Long Term	Total	Performance Related %
	Salary & Fees \$	Incentives \$	Non-monetary Benefit <sup>1</sup> \$	Retirement Benefit \$	Super Contribution \$	Movements in leave accruals <sup>2</sup> \$		
T Johnson	135,922	–	–	5,000	14,951	–	155,873	–
L Winser	80,632	–	–	–	8,870	–	89,502	–
G Walters AM	80,632	–	–	–	8,870	–	89,502	–
S Emmett GAICD	80,632	–	–	–	8,870	–	89,502	–
<b>Total</b>	<b>377,818</b>	<b>–</b>	<b>–</b>	<b>5,000</b>	<b>41,561</b>	<b>–</b>	<b>424,379</b>	<b>–</b>
P Sarant	775,129	206,068	37,327	–	25,000	85,914	1,129,438	18.2%
C Bright	290,623	84,117	26,828	–	25,000	33,387	459,955	18.3%
R Parikh	296,634	87,894	24,042	–	25,000	27,540	461,110	19.1%
<b>Total Executive KMP</b>	<b>1,362,386</b>	<b>378,079</b>	<b>88,197</b>	<b>–</b>	<b>75,000</b>	<b>146,841</b>	<b>2,050,503</b>	<b>18.4%</b>
<b>Totals</b>	<b>1,740,204</b>	<b>378,079</b>	<b>88,197</b>	<b>5,000</b>	<b>116,561</b>	<b>146,841</b>	<b>2,474,882</b>	<b>15.3%</b>

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2020

	Short-Term			Post Employment		Other Long Term	Total	Performance Related %
	Salary & Fees \$	Incentives \$	Non-monetary Benefit <sup>1</sup> \$	Retirement Benefit \$	Super Contribution \$	Movements in leave accruals <sup>2</sup> \$		
T Johnson	133,694	–	–	16,165	14,706	–	164,565	–
R Smith	33,046	–	–	–	3,635	–	36,681	–
L Winser	79,310	–	–	–	8,724	–	88,034	–
G Walters AM	79,310	–	–	–	8,724	–	88,034	–
S Emmett GAICD	61,008	–	–	–	6,711	–	67,719	–
<b>Total</b>	<b>386,368</b>	<b>–</b>	<b>–</b>	<b>16,165</b>	<b>42,500</b>	<b>–</b>	<b>445,033</b>	<b>–</b>
P Sarant	746,410	219,065	38,329	–	25,000	79,293	1,108,097	19.8%
W Johnston	282,223	–	16,212	–	25,000	10,113	333,548	–
C Bright	299,528	89,585	28,196	–	25,000	33,872	476,181	18.9%
R Parikh	64,977	21,798	5,143	–	8,910	16,132	116,960	23.5%
<b>Total Executive KMP</b>	<b>1,393,138</b>	<b>330,448</b>	<b>87,880</b>	<b>–</b>	<b>83,910</b>	<b>139,410</b>	<b>2,034,786</b>	<b>16.4%</b>
<b>Totals</b>	<b>1,779,506</b>	<b>330,448</b>	<b>87,880</b>	<b>16,165</b>	<b>126,410</b>	<b>139,410</b>	<b>2,479,819</b>	<b>13.3%</b>

1. Non-monetary benefits included are based on benefits paid in the form of fuel cards, tolls, memberships and motor vehicles.

2. Includes any net changes in the balance of annual leave and long service leave (i.e. leave entitlements that accrued during the year but were not used).

# REMUNERATION REPORT

(AUDITED)

## REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND THE GROUP (CONTINUED)

**TABLE 3: LOANS TO KEY MANAGEMENT PERSONNEL**

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

	Amount at the start of the year \$	Amounts written off in the year \$	Amount at the end of the year \$	Number in Group
<b>Total</b>				
<b>2021</b>	<b>146,760</b>	<b>–</b>	<b>140,220</b>	<b>2</b>
2020	148,940	–	146,760	2

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. Loans to Key Management Personnel under the Plan are required to be repaid in full upon the cessation of the employment of the Key Management Personnel with 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. The Plan was suspended in 2016/17 and no loans have been entered into with Key Management Personnel or employees in connection with the Plan following that suspension. No other loans are made to any Key Management Personnel.

**TABLE 4: SHAREHOLDING OF KEY MANAGEMENT PERSONNEL**

Shares held in K&S Corporation Limited: 30 June 2021	Balance 1 July 2020 Ordinary	Net Change Ordinary	Balance 30 June 2021 Ordinary
<b>Non-Executive Directors</b>			
T Johnson	542,967	–	<b>542,967</b>
L Winser	1,296,450	–	<b>1,296,450</b>
G Walters AM	5,252	–	<b>5,252</b>
S Emmett GAICD	–	–	–
<b>Executive Director</b>			
P Sarant	186,603	–	<b>186,603</b>
<b>Other Key Management Personnel</b>			
R Parikh	–	–	–
C Bright	51,000	–	<b>51,000</b>
<b>Total</b>	<b>2,082,272</b>	<b>–</b>	<b>2,082,272</b>

**TABLE 5: SHAREHOLDING OF KEY MANAGEMENT PERSONNEL**

Shares held in K&S Corporation Limited: 30 June 2020	Balance 1 July 2019 Ordinary	Net Change Ordinary	Balance 30 June 2020 Ordinary
<b>Non-Executive Directors</b>			
T Johnson	535,651	7,316	<b>542,967</b>
R Smith	44,119	602	<b>44,721</b>
L Winser	1,278,982	17,468	<b>1,296,450</b>
G Walters AM	5,252	–	<b>5,252</b>
S Emmett GAICD	–	–	–
<b>Executive Director</b>			
P Sarant	186,603	–	<b>186,603</b>
<b>Other Key Management Personnel</b>			
R Parikh	–	–	–
C Bright	51,000	–	<b>51,000</b>
<b>Total</b>	<b>2,101,607</b>	<b>25,386</b>	<b>2,126,993</b>

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**REMUNERATION OPTIONS: GRANTED AND VESTED DURING THE YEAR**

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

Signed in accordance with a resolution of the Directors.



**Tony Johnson**  
Chairman

25 August 2021



**Paul Sarant**  
Managing Director and Chief Executive Officer

25 August 2021



# FINANCIAL REPORT

AS AT 30 JUNE 2021

## CONTENTS

Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26
Directors' Declaration	57
Auditor's Independence Declaration	58
Auditor's Report to the Members	59

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
<b>Revenue and other income</b>			
Operating revenue	5(a)	688,541	790,639
Other income	5(b)	22,591	21,070
		<b>711,132</b>	<b>811,709</b>
<b>Expenses</b>			
Consumption of fuel held for sale and changes in inventories		(87,781)	(117,206)
Contractor expenses		(173,740)	(185,968)
Employee expenses	5(e)	(217,787)	(258,054)
Fleet expenses		(117,002)	(141,528)
Depreciation expense	5(d)	(52,419)	(56,172)
Finance costs	5(c)	(3,376)	(10,320)
Impairment expense	5(f)	(4,726)	–
Other expenses		(26,760)	(26,454)
		<b>(683,591)</b>	<b>(795,702)</b>
Share of losses of associate		–	(73)
<b>Profit before income tax</b>		<b>27,541</b>	<b>15,934</b>
Income tax expense	6	(9,418)	(4,806)
<b>Profit after income tax</b>		<b>18,123</b>	<b>11,128</b>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		(132)	(527)
		<b>(132)</b>	<b>(527)</b>
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of freehold land, net of tax		19,296	1,239
<b>Other comprehensive income for the period, net of tax</b>		<b>19,164</b>	<b>712</b>
<b>Total comprehensive income for the period</b>		<b>37,287</b>	<b>11,840</b>
<b>Earnings per share (cents per share)</b>			
Basic, profit for the year attributable to ordinary equity holders of the parent	7	14.1	8.6
Diluted, profit for the year attributable to ordinary equity holders of the parent		14.1	8.6
<b>Dividends per share (cents per share)</b>	8	<b>6.5</b>	<b>5.0</b>

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	22,461	17,237
Trade and other receivables	10	94,181	102,116
Inventories		5,880	5,649
Assets held for sale		3,325	2,896
Prepayments		9,800	9,539
Derivatives		167	–
<b>Total current assets</b>		<b>135,814</b>	<b>137,437</b>
<b>Non-current assets</b>			
Other receivables		2,727	4,406
Property, plant & equipment	11	350,180	353,310
Intangibles	12	6,157	6,181
Right of use assets	16(a)	19,352	25,708
Deferred tax assets	6	11,607	13,098
<b>Total non-current assets</b>		<b>390,023</b>	<b>402,703</b>
<b>TOTAL ASSETS</b>		<b>525,837</b>	<b>540,140</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		84,054	96,314
Lease liabilities	16(b)	7,918	7,691
Income tax payable	6	1,487	2,032
Provisions	14	28,467	29,345
<b>Total current liabilities</b>		<b>121,926</b>	<b>135,382</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	13	49,027	86,845
Lease liabilities	16(b)	12,494	18,915
Deferred tax liabilities	6	51,318	39,016
Provisions	14	22,355	20,825
<b>Total non-current liabilities</b>		<b>135,194</b>	<b>165,601</b>
<b>TOTAL LIABILITIES</b>		<b>257,120</b>	<b>300,983</b>
<b>NET ASSETS</b>		<b>268,717</b>	<b>239,157</b>
<b>EQUITY</b>			
Contributed equity	15(a)	164,613	164,613
Reserves		64,612	45,448
Retained earnings		39,492	29,096
<b>TOTAL EQUITY</b>		<b>268,717</b>	<b>239,157</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued Capital \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Forex Translation Reserve \$'000	Common Control Reserve \$'000	Total Equity \$'000
<b>CONSOLIDATED</b>							
<b>At 1 July 2020</b>		<b>164,613</b>	<b>29,096</b>	<b>44,929</b>	<b>832</b>	<b>(313)</b>	<b>239,157</b>
Profit for the year		-	18,123	-	-	-	18,122
Other comprehensive income		-	-	19,296	(132)	-	19,164
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>18,123</b>	<b>19,296</b>	<b>(132)</b>	<b>-</b>	<b>37,286</b>
<b>Transactions with owners in their capacity as owners:</b>							
Issue of share capital	15(a)	-	-	-	-	-	-
Dividends paid	8	-	(7,727)	-	-	-	(7,727)
<b>At 30 June 2021</b>		<b>164,613</b>	<b>39,492</b>	<b>64,225</b>	<b>700</b>	<b>(313)</b>	<b>268,717</b>
<b>At 1 July 2019</b>		162,408	18,880	57,997	1,359	(313)	240,331
Adjustment for change in accounting policy		-	1,633	(14,307)	-	-	(12,674)
<b>Restated balance at 1 July 2019</b>		162,408	20,513	43,690	1,359	(313)	227,657
Profit for the year		-	11,128	-	-	-	11,128
Other comprehensive income		-	-	1,239	(527)	-	712
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>11,128</b>	<b>1,239</b>	<b>(527)</b>	<b>-</b>	<b>11,840</b>
<b>Transactions with owners in their capacity as owners:</b>							
Issue of share capital	15(a)	2,205	-	-	-	-	2,205
Dividends paid	8	-	(2,545)	-	-	-	(2,545)
<b>At 30 June 2020</b>		<b>164,613</b>	<b>29,096</b>	<b>44,929</b>	<b>832</b>	<b>(313)</b>	<b>239,157</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		771,669	910,963
Cash payments to suppliers and employees		(711,914)	(821,114)
Interest received		1	10
Government wage subsidies received		23,208	6,758
Lease payments (interest component)		(638)	(791)
Borrowing costs paid		(2,385)	(10,502)
Income taxes paid		(4,487)	(2,250)
<b>Net cash provided by operating activities</b>	<b>9</b>	<b>75,454</b>	<b>83,074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant, property and equipment		19,347	12,452
Payments for property plant & equipment		(34,287)	(19,938)
Dividends received from associates		–	349
<b>Net cash used in investing activities</b>		<b>(14,940)</b>	<b>(7,137)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		–	176,502
Repayments of borrowings		(38,136)	(118,904)
Repayment of hire purchase liabilities		–	(120,364)
Lease payments (principal component)		(9,426)	(12,135)
Dividend paid net of reinvestment plan		(7,727)	(341)
<b>Net cash used in financing activities</b>		<b>(55,289)</b>	<b>(75,242)</b>
<b>Net increase in cash held</b>		<b>5,225</b>	<b>695</b>
Cash at the beginning of the financial year		17,237	16,564
Effects of exchange rate variances on cash		(1)	(22)
<b>Cash at the end of the financial year</b>		<b>22,461</b>	<b>17,237</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 1. CORPORATE INFORMATION

This is the financial report of K&S Corporation Limited (the “Company”) and its controlled entities (together, the “Group”). The financial report for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of Directors on 25 August 2021.

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

Registered Office:

141-147 Jubilee Highway West  
Mount Gambier SA 5290  
PO Box 567  
Mount Gambier SA 5290

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

The financial report is a general purpose financial report for a for-profit entity, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for freehold land which has been measured at fair value.

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. The Company is an entity to which the legislative instrument applies.

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

#### b) Compliance with IFRS

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

#### c) New Accounting Standards and Interpretations

There are no new or amended standards applicable for the first time for the Financial Statements for the year ended 30 June 2021 that affect the Group's accounting policies or any of the amounts recognised in the financial statements.

#### (i) Accounting Standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2021, outlined below:

	Effective Date
AASB 17 Insurance Contracts	1 July 2023
Amendments to AASB 101: Classification of Liabilities as Current or Non-current	1 July 2023
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116	1 July 2022

The impact of the standards not yet effective is not expected to be material for the Group.

#### d) 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 fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is lost. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Recognises the fair value of consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Derecognises the cumulative translation differences, recorded in equity and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or transfer directly to retained earnings as appropriate.

#### e) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Executive Management Team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following aspects:

- Nature of the product or services;
- Type or class of customer for the product or services; and
- Methods used to distribute the products or provide services.

### f) Revenue

**Provision of transportation services** – These services are provided individually on a per-run basis to customers. The performance obligation related to transport revenue is satisfied over time as the goods are delivered and the service is provided to the customer based on the agreed transaction price.

**Sale of fuel** – The Group's contracts with customers for the sale of fuel generally include one performance obligation. The Group recognises revenue from the sale of fuel at the point in time when control of the fuel is transferred to the customer, generally on delivery of the fuel product.

**Commission from fuel sales** – Commission earned from fuel sales under agency arrangements is recognised on a net basis when the fuel is delivered to customers.

**Rental income** – Rental income is recognised as other income on a straight-line basis over the lease term.

**Interest income** – Interest income is recognised using the effective interest method.

**Financing component** – As the Group does not have any contracts where the period between the provision of the promised service or sale of fuel to the customer and payment by the customer exceeds one year, it does not adjust any of the transaction prices for the time value of money.

### g) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

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

### h) Trade and other receivables

For trade receivables, the Group has adopted a simplified approach when calculating an expected credit loss (ECL) provision by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### i) 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.

### j) Financial Instruments

#### Initial Recognition

##### Financial Assets

Trade receivables are initially recognised when there is an unconditional right to receive consideration. Other financial assets/liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables are initially measured at the transaction price as defined in AASB 15 *Revenue from Contracts with Customers*. Financial assets/liabilities are initially measured at fair value (together with any transaction costs which are directly attributable to the acquisition of the asset, or cost of the liability).

##### Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Classification and subsequent measurement

##### Financial Assets

AASB 9 *Financial Instruments* contains three principal classification categories for financial assets:

- Measured at amortised cost*
- Fair value other comprehensive income (FVOCI); and*
- Fair value through profit or loss (FVTPL)*

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

The following table illustrates the measurement requirements of AASB 9:

	Initial recognition	Subsequent measurement
<b>Amortised cost</b>	Measured at fair value plus transaction costs directly attributable to the acquisition of the asset.	Measured at amortised cost using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
<b>FVTPL</b>	Measured at fair value. Any transaction costs of acquisition are recognised in the profit or loss.	These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.
<b>FVOCI</b>	Measured at fair value plus transaction costs directly attributable to the acquisition of the asset.	Measured at fair value. Net gains and losses are recognised in other comprehensive income ('OCI'). For equity instruments, these are never reclassified to profit or loss. For debt instruments, they are reclassified to profit or loss upon de-recognition of the asset.

### Financial Liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### Impairment

The ECL model applies to financial assets measured at amortised cost, contract assets and debt instruments at FVOCI. Measurement under ECLs is based on the anticipated impact of default events arising either in the 12 months after reporting date or the entire lifetime of the asset.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Derecognition

#### Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Consolidated Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### k) 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 reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss 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 profit or loss.

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 reporting date and the revenue and expenses 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 to that particular foreign operation is recognised in profit or loss.

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

### l) Investment in associates

Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment

in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment loss is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from the associates are recognised in the parent entity's Statement of Comprehensive Income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

### m) Income tax and other taxes

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 based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided for temporary differences at the reporting 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 difference 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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

– 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 reporting 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 reporting 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

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.

### **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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows 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.

### **n) Property, plant and equipment**

#### **i) Initial measurement and depreciation**

Freehold buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment expense.

Freehold land is measured at fair value less any impairment losses recognised after the date of the revaluation.

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

Land	Not depreciated
Buildings	2 – 20% p.a.
Motor vehicles	5 – 25% p.a.
Plant and equipment	10 – 40% p.a.
IT equipment	20 – 33% p.a.

#### **ii) Revaluations**

Following initial recognition at cost, freehold land is carried at a revalued amount which is the fair value at the date of the revaluation less any accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Consolidated Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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

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 reporting 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 profit or loss in the period the item is derecognised.

#### **iv) Assets held for sale**

When an asset is deemed to be sold it is reclassified from Property, Plant and Equipment to Assets held for sale at the lower of carrying amount and sale price.

### **o) Goodwill and intangibles**

#### **Goodwill**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 from 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 an operating segment determined in accordance with AASB 8 *Operating Segments*.

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.

### p) Impairment of non-financial 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 or CGU. 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). Fair value is determined in accordance with AASB 13 *Fair Value Measurement*.

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 to 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.

### q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value net of directly attributable costs.

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 profit or loss when the liabilities are derecognised. Interest expense is recorded in profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### r) 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.

### s) 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 profit or loss 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## t) Employee leave benefits

### *i) Wages and salaries*

Liabilities for wages and salaries, including non-monetary benefits are all measured at nominal values 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. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### *ii) Long service and annual 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 yields in high quality corporate 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 profit or loss 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.

## u) 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.

## v) Earnings per share

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

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- 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.

## w) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring and non-recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## x) Government Grants

Government grants have been received by the Group in relation to the JobKeeper program in support of the effect of COVID-19. There are no unfilled conditions or contingencies attached to these grants. The grants are recognised as income over the period to match the Group's expenses the grants intend to compensate.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### y) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements. Further details on how these assumptions and estimates have been adjusted to reflect the impact of COVID-19 can be found in the relevant notes.

#### **Impairment testing**

The Group determines whether goodwill and other non-current assets when there are impairment indicators, are 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 or where there is an impairment trigger. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 12.

#### **Workers' compensation provision**

The Group maintains a self-insurance provision for future workers' compensation claims. The provision is determined based on actuarial estimates of future claim rates and is discounted back to its present value. The related carrying amounts are disclosed in Note 14.

#### **Valuation of freehold land**

The Group's policy is to carry its freehold land at its fair values. Determining the fair values requires significant estimation and judgements including on current market rental rates etc. Refer to Note 11 for further information.

#### **Provision for expected credit loss of trade receivables**

The Group uses a provision matrix to calculate the expected credit loss for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has reviewed these measures and increased its provision to consider the uncertainty and potential impact associated with the COVID-19 pandemic.

### Leasing

Determination of the lease term is a key judgement exercised by management on a recurring basis. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

### z) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

AASB 16 Leases requires recognition of a right of use asset and lease liability based on the present value of future lease payments. For the Group's leases, the nature and structure of the lease portfolio is such that the interest rate implicit in the leases is not readily determinable and therefore, the Group uses the Incremental Borrowing Rate (IBR) for terms which approximate the lease term to discount the future value of lease payments.

The right-of-use asset is initially measured to be equal to the lease liability and adjusted for any lease incentives received, initial direct costs and estimates of costs to dismantle or remove the underlying leased asset. Subsequently the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

Lease payments, previously expensed on a straight-line basis, are replaced in the Statement of Comprehensive Income by the straight-line depreciation of the right of use asset and an interest expense on the lease liability. As the lease liability is carried at present value, an interest expense arises over the duration of the lease term.

The principal component of lease payments is reclassified in the statement of cash flows from operating to financing activities.

The Group uses the practical expedient allowed under AASB 16 to account for short term and low value asset leases using the previous method of accounting (in accordance with recognition exemption provided in the standard), whereby the sum of lease payments is recognised on a straight-line basis over the lease term in the Income Statement. Short term leases are those with terms equal to or less than 12 months and do not contain purchase option, and low value assets may include tablet and personal computers, small items of office furniture and telephones.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### aa) Change in accounting policy – Freehold buildings

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group previously recognised freehold land and buildings using the revaluation method under AASB 116 *Property, Plant and Equipment*. The revaluation method of accounting for freehold land and buildings requires entities to measure these assets at fair value under AASB 13 *Fair Value*. Following initial recognition at cost, freehold land and buildings are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings.

The Group has elected to change the method of accounting for freehold buildings to the cost model to align the accounting with practices adopted by its industry peers. In doing so the Group believes applying the cost model to freehold buildings will be more relevant and comparable to its industry peers. The Group has applied the cost model retrospectively.

After initial recognition, all freehold buildings are measured at cost less accumulated depreciation. Land is not depreciated.

Impact of change on the Consolidated Balance Sheet at the earliest period presented and as at 30 June 2020:

	2020 \$'000	2019 \$'000
<b>Increase/(Decrease) of previously reported balances</b>		
Assets		
Property, Plant and Equipment	(23,204)	(18,153)
	(23,204)	(18,153)
Liabilities		
Deferred Tax Liabilities	6,994	5,479
Net Assets	(16,210)	(12,674)
Equity		
Asset revaluation reserve	(17,735)	(14,307)
Retained earnings	1,525	1,633
	(16,210)	(12,674)

As a result of the change in accounting policy the depreciation expense in FY2020 increased by \$0.156 million and revaluation gain on buildings reduced by \$4.896 million. The change in depreciation expense led to a decrease in tax expense for FY2020 of \$0.047 million.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank bill facilities, overdrafts and cash deposits. The fair value of these bank bills are described in Note 13. The carrying amount of cash, trade and other receivables, and trade and other payables approximates their fair values.

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 main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Group's exposure to currency risk is minimal.

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

#### Risk exposures and responses

##### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer

contract, leading to a financial loss. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

While the Group also minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various states, the Group is materially exposed to counterparty risk with several of its major customers. Concentration of credit risk on trade debtors due from customers are: Transport 92% (2020: 92%) and Fuel 8% (2020: 8%). The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivables are non-interest bearing and are generally on 14-90 day terms. The allowance for credit loss is measured using the simplified expected credit loss model, using an average loss rate %. Set out below is the ageing of receivables at the end of the reporting date that were not impaired:

	2021 \$'000	2020 \$'000
Neither past due nor impaired	60,990	69,107
Past due 0 – 30 days	16,446	14,873
Past due 31 – 60 days	1,946	1,973
Past due 61 – 90 days	239	835
Past due 91 days	520	1,477
	80,141	88,265

Movements in the provision for impairment loss were as follows:

	2021 \$'000	2020 \$'000
At 1 July	1,699	510
Charge for the year	–	1,189
Amounts written off	(1,115)	–
At 30 June	584	1,699

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 13. The Group manages interest rate risk by fixing a portion of its long term debt. At 30 June 2021, \$20 million of debt was fixed with an interest rate swap (2020: \$0).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Balance Sheet date:  
Judgements of reasonably possible movements:

2021	2020	Post-tax Higher/(Lower)	
		2021 \$'000	2020 \$'000
<b>Consolidated</b>			
+ 0.5% (50 basis points)	+ 0.5% (50 basis points)	(93)	(304)
- 0.15% (15 basis points)	- 0.15% (15 basis points)	28	91

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In addition, the Group maintains access to short and long-term funding facilities which are drawn upon as required. These are disclosed in Note 13.

### Exposures to liquidity risk

The following liquidity risk disclosure reflects all contractual fixed repayments and interest resulting from recognised financial liabilities as of 30 June 2021. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	Less than 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
<b>Year ended 30 June 2021</b>					
<b>Financial liabilities</b>					
Interest bearing loans and borrowings	-	(29,027)	(20,000)	-	(49,027)
Lease Liabilities	(8,871)	(6,522)	(6,331)	-	(21,724)
Trade and other payables	(82,984)	-	-	-	(82,984)
	(91,855)	(35,549)	(26,331)	-	(153,735)
<b>Year ended 30 June 2020</b>					
<b>Financial liabilities</b>					
Interest bearing loans and borrowings	-	-	(88,202)	-	(88,202)
Lease Liabilities	(7,691)	(7,278)	(11,586)	(204)	(26,759)
Trade and other payables	(96,313)	-	-	-	(96,313)
	(192,206)	(7,278)	(11,586)	(204)	(211,274)

## 4. OPERATING SEGMENTS

### Identification of reportable segments

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

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

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

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

### Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in Note 2 to the accounts and in the prior period except as detailed below:

#### Inter-entity sales

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

#### Corporate charges

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

#### Major customer

The entity has one customer which contributes greater than 10% of total revenue (\$96.9 million) and falls within the Australian Transport Segment (2020: \$95.1 million).

#### 4. OPERATING SEGMENTS CONTINUED

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2021 and 30 June 2020.

Year ended 30 June 2021	Australian Transport \$'000	Fuel \$'000	New Zealand Transport \$'000	Total \$'000
<b>Revenue</b>				
External customers	584,501	43,251	60,789	688,541
Finance revenue	–	–	–	–
Inter-segment sales	3	24,891	–	24,894
<b>Total segment revenue</b>	<b>584,504</b>	<b>68,142</b>	<b>60,789</b>	<b>713,435</b>
<b>Results</b>				
Depreciation and amortisation expense	(44,537)	–	(7,882)	(52,419)
Impairment Expense	(4,726)	–	–	(4,726)
Finance costs	(2,998)	–	(378)	(3,376)
<b>Segment net operating profit/(loss) after tax</b>	<b>12,021</b>	<b>1,455</b>	<b>4,647</b>	<b>18,123</b>
<b>Operating assets</b>	<b>458,404</b>	<b>32,942</b>	<b>45,011</b>	<b>536,357</b>
<b>Operating liabilities</b>	<b>201,774</b>	<b>11,805</b>	<b>12,863</b>	<b>226,442</b>
<b>Other disclosures</b>				
Capital expenditure	(30,601)	–	(4,490)	(35,091)

Inter-segment revenues of \$24.9 million are eliminated on consolidation.

Year ended 30 June 2020	Australian Transport \$'000	Fuel \$'000	New Zealand Transport \$'000	Total \$'000
<b>Revenue</b>				
External customers	623,989	112,281	54,359	790,629
Finance revenue	6	–	4	10
Inter-segment sales	753	67,312	–	68,065
<b>Total segment revenue</b>	<b>624,748</b>	<b>179,593</b>	<b>54,363</b>	<b>858,704</b>
<b>Results</b>				
Depreciation and amortisation expense	(50,664)	–	(5,508)	(56,172)
Finance costs	(9,492)	–	(828)	(10,320)
Share of profit/(losses) of associates	(73)	–	–	(73)
<b>Segment net operating profit/(loss) after tax</b>	<b>5,515</b>	<b>3,130</b>	<b>2,483</b>	<b>11,128</b>
<b>Operating assets</b>	<b>476,454</b>	<b>37,538</b>	<b>40,884</b>	<b>554,876</b>
<b>Operating liabilities</b>	<b>265,950</b>	<b>9,893</b>	<b>11,926</b>	<b>287,769</b>
<b>Other disclosures</b>				
Capital expenditure	(15,962)	–	(3,678)	(19,640)

Inter-segment revenues of \$68.1 million are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### ***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, intangibles and deferred tax assets.

Reconciliation of segment operating assets to total assets:

	Consolidated	
	2021 \$'000	2020 \$'000
Segment operating assets	536,357	554,876
Inter-segment eliminations	(22,127)	(27,834)
Deferred tax assets	11,607	13,098
Total assets per the Consolidated Statement of Financial Position	525,837	540,140
The analysis of location of non-current assets are as follows:		
Australia	358,218	373,057
New Zealand	31,805	29,646
Total non-current assets per the Consolidated Statement of Financial Position	390,023	402,703

#### ***ii) Segment liabilities reconciliation to the Consolidated Statement of Financial Position***

Segment liabilities include trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. The Managing Director, Chief Financial Officer and Directors review the level of debt for each segment in the monthly Board meetings.

Reconciliation of segment operating liabilities to total liabilities.

	Consolidated	
	2021 \$'000	2020 \$'000
Segment operating liabilities	226,442	287,769
Inter-segment eliminations	(22,127)	(27,834)
Deferred tax liabilities	51,318	39,016
Income tax payable	1,487	2,032
Total liabilities per the Consolidated Statement of Financial Position	257,120	300,983



## 5. REVENUE AND EXPENSES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>a) Revenue</b>		
Rendering of services	583,307	650,780
Sale of goods	105,114	139,531
Agency commission from fuel sales	120	318
Finance revenue	–	10
<b>Total revenue</b>	<b>688,541</b>	<b>790,639</b>

Key information relating to the Group's financial performance is detailed below. In accordance with AASB 15, the table disaggregates revenue by operating segments that correspond to the internal reports reviewed by management.

Segments	For the year ended 30 June 2021			
	Australian Transport \$'000	New Zealand Transport \$'000	Fuels \$'000	Total \$'000
<b>Type of service</b>				
Transport Services	522,518	60,789	–	583,307
Sale of Fuel (including agency commissions)	–	–	105,234	105,234
<b>Total revenue from contracts with customers</b>	<b>522,518</b>	<b>60,789</b>	<b>105,234</b>	<b>688,541</b>
<b>Geographical markets</b>				
Australia	522,518	–	105,234	627,752
New Zealand	–	60,789	–	60,789
	<b>522,518</b>	<b>60,789</b>	<b>105,234</b>	<b>688,541</b>
<b>Total revenue from contracts with customers</b>				
<b>Timing of revenue recognition</b>				
Services transferred over time	522,518	60,789	–	583,307
Goods transferred at a point in time	–	–	105,234	105,234
<b>Total revenue from contracts with customers</b>	<b>522,518</b>	<b>60,789</b>	<b>105,234</b>	<b>688,541</b>

Segments	For the year ended 30 June 2020			
	Australian Transport \$'000	New Zealand Transport \$'000	Fuels \$'000	Total \$'000
<b>Type of service</b>				
Transport Services	596,421	54,359	–	650,780
Sale of Fuel (including agency commissions)	–	–	139,849	139,849
<b>Total revenue from contracts with customers</b>	<b>596,421</b>	<b>54,359</b>	<b>139,849</b>	<b>790,629</b>
<b>Geographical markets</b>				
Australia	596,421	–	139,849	736,270
New Zealand	–	54,359	–	54,359
	<b>596,421</b>	<b>54,359</b>	<b>139,849</b>	<b>790,629</b>
<b>Total revenue from contracts with customers</b>				
<b>Timing of revenue recognition</b>				
Services transferred over time	596,421	54,359	–	650,780
Goods transferred at a point in time	–	–	139,849	139,849
<b>Total revenue from contracts with customers</b>	<b>596,421</b>	<b>54,359</b>	<b>139,849</b>	<b>790,629</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>b) Other income</b>		
– Net gains on disposal of property, plant and equipment	2,944	3,435
– Government wage subsidies received	16,235	13,731
– Other	3,412	3,904
<b>Total other income</b>	<b>22,591</b>	<b>21,070</b>
<b>c) Finance costs</b>		
– Other parties	2,738	2,482
– Finance charges on hire purchase contracts	–	7,048
– Right of use asset	638	790
<b>Total finance costs</b>	<b>3,376</b>	<b>10,320</b>
<b>d) Depreciation expense</b>		
– Buildings	2,231	2,239
– Motor vehicles	36,765	37,626
– Plant and equipment	4,266	4,112
– Right of use asset	9,157	12,195
<b>Total depreciation expense</b>	<b>52,419</b>	<b>56,172</b>
<b>e) Employee expenses</b>		
– Wages and salaries	176,494	207,464
– Workers' compensation costs	7,488	10,335
– Long service leave expense	868	350
– Annual leave expense	10,632	13,613
– Payroll tax	9,480	11,301
– Defined contribution plan expense	12,820	14,967
– Director's retirement scheme expense	5	24
<b>Total employee expenses</b>	<b>217,787</b>	<b>258,054</b>
<b>f) Individually significant items</b>		
– Government wage subsidies received <sup>1</sup>	16,235	13,731
– Bad debts recovered	199	–
– Redundancy costs <sup>2</sup>	(196)	(3,350)
– Debt refinance costs	–	(3,585)
– COVID-19 costs relating to NZ operations	–	(957)
– JobKeeper wage top-ups to employees	(344)	–
– Net costs relating to the sale of Regal General Freight	(228)	(1,350)
– Onerous lease provisions	(507)	(406)
– Asset impairment expenses <sup>3</sup>	(4,726)	–
<b>Total significant items pre-tax</b>	<b>10,433</b>	<b>4,083</b>
<b>Tax impact on significant items</b>	<b>(3,130)</b>	<b>(1,225)</b>
<b>Total significant items, net of tax</b>	<b>7,303</b>	<b>2,858</b>

1. Includes amounts received in Australia under the JobKeeper scheme (\$16,234,500).

2. Redundancy charges relate to the sale of Regal General Freight in August 2019 as well as the closure of a number of unprofitable operations.

3. Pursuant to an independent valuation conducted in June 2021 by Jones Lang LaSalle, the carrying value totaling \$6,817,157 of a non-core property located in Perth WA exceeded the recoverable amount as determined by Jones Lang LaSalle, resulting in an impairment charge of \$4,400,613. In addition, a further impairment of \$324,797 on building assets was required due to planned upgrades which will result in demolition of existing assets.

## 6. INCOME TAX

	Consolidated	
	2021 \$'000	2020 \$'000
The major components of income tax expense are:		
<b>Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
– Current income tax charge	3,625	2,689
– Impact of change in accounting policy	–	(47)
– Adjustments in respect of current income tax of previous years	37	(9)
<i>Deferred income tax</i>		
– Relating to origination and reversal of Income tax expense reported in the Statement of Comprehensive Income temporary differences	5,756	2,173
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<b>9,418</b>	<b>4,806</b>
<b>Consolidated Statement of Changes in Equity</b>		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
– Net gain on revaluation of freehold land	8,269	531
<b>Income tax expense reported in equity</b>	<b>8,269</b>	<b>531</b>
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:		
<b>Accounting profit before income tax</b>	<b>27,541</b>	<b>15,934</b>
At the Group's statutory income tax rate of 30% (2020: 30%)	8,262	4,780
– Permanent differences	1,119	35
– Adjustments in respect of current income tax of previous years	37	(9)
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<b>9,418</b>	<b>4,806</b>

### Recognised deferred tax assets and liabilities

	Consolidated			
	2021 \$'000 Current income tax	2021 \$'000 Deferred income tax	2020 \$'000 Current income tax	2020 \$'000 Deferred income tax
<b>Opening balance</b>	(2,032)	(25,918)	(1,596)	(28,009)
Impact of change in accounting policy as at 1 July 2019	–	–	–	5,479
Charged to income	(3,625)	(5,756)	(2,689)	(2,173)
Impact of change in accounting policy for the year ended 30 June 2020 on tax charged to income	–	–	(47)	–
Over provision in relation to prior year	(37)	–	9	–
Charged to equity	–	(8,269)	–	(531)
Payments	4,487	–	2,250	–
Other movements	(280)	232	41	116
<b>Closing balance</b>	<b>(1,487)</b>	<b>(39,711)</b>	<b>(2,032)</b>	<b>(25,918)</b>
<b>Tax expense in Statement of Comprehensive Income</b>		<b>9,418</b>		<b>4,853</b>
Impact of change in accounting policy		–		(47)
Restated balance		<b>9,418</b>		<b>4,806</b>
<b>Amounts recognised in the Consolidated Statement of Financial Position:</b>				
Deferred tax assets		<b>11,607</b>		<b>13,098</b>
Deferred tax liabilities		<b>(51,318)</b>		<b>(39,016)</b>
		<b>(39,711)</b>		<b>(25,918)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Statement of Financial Position	
	2021 \$'000	2020 \$'000
<b>Deferred income tax</b>		
Deferred income tax at 30 June relates to the following:		
<b>CONSOLIDATED</b>		
<b>Deferred tax liabilities</b>		
– Property, Plant and Equipment	(45,680)	(39,869)
– Impact of accounting policy change	–	6,948
– Trade and other receivables not derived for tax purposes	(5,638)	(6,095)
	<b>(51,318)</b>	<b>(39,016)</b>
<b>Deferred tax assets</b>		
– Property, Plant and Equipment	–	270
– Trade and other payables not currently deductible	1,356	1,723
– Provisions not currently deductible	10,251	11,105
	<b>11,607</b>	<b>13,098</b>

### Tax consolidation

#### (i) Members of the Tax Consolidated Group and the Tax Sharing Arrangement

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.

#### (ii) 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. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidation Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. In addition to its own current and deferred tax amounts, the head entity also recognises current and deferred tax assets and liabilities arising from unused tax losses and unused tax credits assumed from controlled entities within the tax consolidated Group.

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.

A Deferred Tax Asset/Liability is recognised when there is a deductible/taxable temporary difference between the tax base of an asset or liability and its carrying amount in the Consolidated Statement of Financial Position.

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

	Parent	
	2021 \$'000	2020 \$'000
Total (reduction) to tax expense of K&S Corporation Ltd	(4,612)	(1,086)
Total increase to inter-company assets of K&S Corporation Ltd	4,612	1,086

## 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	
	2021 \$	2020 \$
Basic earnings per share	\$0.141	\$0.086
Diluted earnings per share	\$0.141	\$0.086
Net profit attributable to ordinary equity holders of the parent from continuing operations	18,123,367	11,128,136
Net profit attributable to ordinary equity holders of the parent	18,123,367	11,128,136

	Consolidated	
	2021 Thousands	2020 Thousands
Weighted average number of ordinary shares used in the calculation of the basic and diluted earnings per share	128,785	127,646

## 8. DIVIDENDS PAID AND PROPOSED

	Consolidated	
	2021 \$'000	2020 \$'000
<i>Declared and paid during the year:</i>		
Dividends on ordinary shares		
Final franked dividend for 2020: 3.0 cents (2019: \$Nil)	3,863	–
Interim franked dividend for 2021: 3.0 cents (2020: 2.0 cents)	3,864	2,545
	7,727	2,545
<i>Proposed (not recognised as a liability as at 30 June):</i>		
Dividends on ordinary shares		
Final franked dividend for 2021: 3.5 cents (2020: 3.0 cents)	4,507	3,864
<b>Franking credit balance</b>		
The amount of franking credits available for the subsequent year are:		
– franking account balance as at the end of the financial year at 30% (2020: 30%)	44,570	44,790
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	258	448
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	1,932	(1,656)
	43,896	43,582

### Tax rates

- The tax rate at which dividends have been franked is 30% (2020: 30%)
- Dividends proposed will be franked at the rate of 30% (2020: 30%)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2021 \$'000	2020 \$'000
Cash	23	51
Cash deposits with banks	22,438	17,186
	<b>22,461</b>	<b>17,237</b>

Cash deposits with banks earn interest at floating rates based on daily bank deposit rates.

<b>Reconciliation of net profit/(loss) after income tax to net cash flows from operations</b>		
Net profit after income tax	18,123	11,128
Less items classified as investing/financing activities:		
– Profit on sale of non-current assets	(2,944)	(3,394)
Add/(less) non-cash items:		
– Impairment of non-current assets	4,726	–
– Increment in right of use asset/lease liabilities	65	898
– Amounts set aside to provisions	652	1,697
– Depreciation expense	52,419	56,172
– Share of associates' net loss/(profit)	–	73
– Impact on deferred taxes associated with change in accounting policy	(6,994)	–
<b>Net cash provided by operating activities before changes in assets and liabilities</b>	<b>66,047</b>	<b>66,574</b>
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
(Increase) in inventories	(231)	493
(Increase)/decrease in future income tax benefit	1,491	(566)
(Increase) in prepayments	(261)	(49)
(Increase)/decrease in receivables	7,935	14,914
(Decrease)/increase in trade creditors	(12,260)	(256)
Decrease in income taxes payable	(545)	436
Increase in deferred taxes payable	12,302	2,622
Exchange rate differences	976	(1,094)
<b>Net cash provided by operating activities</b>	<b>75,454</b>	<b>83,074</b>

### 10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade debtors	80,141	88,265
Allowance for impairment loss	(584)	(1,699)
	<b>79,557</b>	<b>86,566</b>
Sundry debtors	14,624	8,576
Wage subsidy receivable	–	6,974
<b>Total trade and other receivables</b>	<b>94,181</b>	<b>102,116</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Freehold Land \$'000	Freehold Buildings \$'000	Motor Vehicles \$'000	Plant & Equipment \$'000	Total \$'000
<b>a) Reconciliation of carrying amounts at the beginning and end of the period:</b>					
<b>Year ended 30 June 2021</b>					
As at 1 July 2020, net of accumulated depreciation and impairment	88,554	42,705	205,128	16,923	353,310
Additions	541	1,379	29,291	3,880	35,091
Disposals	-	-	(17,022)	(274)	(17,296)
Revaluation	27,566	-	-	-	27,566
Transfers	-	675	-	(675)	-
Assets held for sale	-	-	(429)	-	(429)
Impairment	(4,401)	(325)	-	-	(4,726)
Depreciation charge for the year	-	(2,231)	(36,765)	(4,266)	(43,262)
Exchange adjustment	-	-	(109)	35	(74)
At 30 June 2021, net of accumulated depreciation and impairment	112,260	42,203	180,094	15,623	350,180
<b>At 30 June 2021</b>					
Cost or fair value	116,661	73,366	424,116	57,314	671,457
Accumulated depreciation and impairment	(4,401)	(31,163)	(244,022)	(41,691)	(321,277)
Net carrying amount	112,260	42,203	180,094	15,623	350,180
<b>Year ended 30 June 2020</b>					
As at 1 July 2019, net of accumulated depreciation and impairment	86,711	63,078	239,471	16,679	405,939
Impact of accounting policy change as at 1 July 2019	-	(18,153)	-	-	(18,153)
Additions	-	38	16,028	4,570	20,636
Disposals	-	-	(9,305)	(132)	(9,437)
Revaluation	1,770	4,896	-	-	6,666
Impact of accounting policy change for the year ended 30 June 2020 on revaluation	-	(4,896)	-	-	(4,896)
Transfers	73	(20)	-	(53)	-
Assets held for sale	-	-	(2,896)	-	(2,896)
Impairment	-	-	-	-	-
Depreciation charge for the year	-	(2,083)	(37,626)	(4,112)	(43,821)
Impact of accounting policy change for the year ended 30 June 2020 on depreciation charge	-	(156)	-	-	(156)
Exchange adjustment	-	-	(544)	(29)	(573)
At 30 June 2020, net of accumulated depreciation and impairment	88,554	42,705	205,128	16,923	353,310
<b>At 30 June 2020</b>					
Cost or fair value	88,554	72,849	470,905	81,629	713,937
Accumulated depreciation and impairment	-	(30,144)	(265,777)	(64,706)	(360,627)
Net carrying amount	88,554	42,705	205,128	16,923	353,310

As noted in the Financial report for the period ended 31 December 2020, in accordance with AASB 116 Property, Plant and Equipment, the Group has completed a review of the residual values for its Motor Vehicle assets in the period. This review led to a reduction in the depreciation expense of \$5.1 million for the year. Additionally, the Group also completed a review of the economic useful lives of its motor vehicle assets to better align the useful lives of its assets to its Fixed Assets Policy. The change in estimates were effective from 1 July 2020. As a result of this review, the depreciation expense increased by \$4.0 million for the year. Hence, based on the reviews performed, the depreciation expense for Motor Vehicle assets has decreased by \$1.1 million compared to the previous year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### b) Revaluation of freehold land

The freehold land are included in the financial statements at fair value, except for capital expenditure subsequent to the valuation which is initially recorded at cost. A revaluation was performed in the current year by an independent valuer, Jones Lang LaSalle resulting in an increase to the asset revaluation reserve of \$19.3 million (2020: \$1.2 million).

Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

As the freehold land measured at fair value contains unobservable price inputs, they are designated as a Level 3 valuation. The most significant unobservable inputs are:

- Rental capitalisation rates between 4.5% and 7.75%; and
- Future rental growth rates ranging from 2.5% – 3.5%.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. The rates applied are consistent with the prior year.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long-term vacancy rate.

### c) Carrying amounts if freehold land was measured at cost less accumulated impairment losses

If freehold land was measured using the cost model the carrying amounts would be as follows:

	Consolidated	
	2021 Freehold Land \$'000	2020 Freehold Land \$'000
Cost	32,889	32,348
Accumulated impairment losses	–	–
Net carrying amount	32,889	32,348

Inclusive of freehold land, the total fair value of the Group's freehold property assets as determined by Jones Lang LaSalle above is \$174.1 million (2020: \$154.5 million).

## 12. INTANGIBLE ASSETS

### Cash generating units

For the purpose of impairment testing, goodwill is allocated to cash-generating units ('CGUs') which equate to the Group's reportable segments being Australian Transport, Fuels and New Zealand Transport. The Group's goodwill balance of \$6.2 million (2020: \$6.2 million) is solely allocated to the New Zealand Transport CGU.

### Impairment testing of CGUs

Following an impairment assessment at 30 June 2021, the recoverable amount for all CGUs exceeded their carrying values and no impairment was recognised (2020: Nil). The recoverable amounts were determined through a fair value less costs of disposal calculation based on the discounted cash flow method. Key estimates and judgements included:

### Cashflow forecasts

The cash flow forecasts are based on financial budgets approved by the Board for FY2022 and then projected over a five-year period using short and long-term growth rates

specific to market and economic conditions. These cash flow forecasts are based on level 3 fair value inputs. The short term forecasts consider the impact of COVID-19 whereas the long term growth assumed return to pre-pandemic levels of activity.

### Terminal growth rates and discount rates

The Group applied a short-term growth rate of 2.5% (2020: 2%) for the Australian Transport and New Zealand Transport CGUs and 1% (2020: 2%) for the Fuels CGU.

The Group applied post-tax discount rates to post-tax cash flows as this approximates applying pre-tax discount rates to pre-tax cash flows. The discount rates incorporate a risk adjustment relative to the risks associated with the net post-tax cash flows being achieved. Adjustments are made including the addition of a cost to sell and other adjustments per the view of a market participant in line with the fair value method.

The following discount and terminal growth rates were applicable for each CGU:

	Pre-tax discount rate		Terminal growth rate	
	2021 %	2020 %	2021 %	2020 %
Australian Transport	9.98	11.21	2.5	2.5
Fuel	9.98	11.21	2.5	2.5
New Zealand Transport	9.72	10.93	2.5	2.5



## 12. INTANGIBLE ASSETS CONTINUED

### Sensitivity analysis

Increases in discount rates or changes in other assumptions such as operating performance may cause the recoverable amount to fall below carrying value. Based on current economic conditions, and CGU performances, there were no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in a material impairment to the Group.

## 13. INTEREST BEARING LOANS AND BORROWINGS

	2021 \$	2020 \$
<b>Non-current</b>		
Non redeemable preference shares	60	60
Bank loans – secured	49,792	87,944
Directly attributable transaction costs	(825)	(1,159)
	<b>49,027</b>	<b>86,845</b>

### Summary of financing arrangements

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

Facility and limit	Maturity	Interest rate	Amounts drawn	
			2021 \$'000	2020 \$'000
\$150m bank bill facility <sup>1,2</sup>	April 2023	BBSY + margin	29,792	67,944
\$50m bank bill facility <sup>1</sup>	April 2025	BBSY + margin	20,000	20,000
Total interest bearing liabilities			<b>49,792</b>	<b>87,944</b>

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

2. \$1m of this facility is a bank guarantee facility.

The carrying values of the bank bill facilities approximate the fair values as they bear a fully variable interest rate.

### 30-Jun-21

	1 July 2020 \$'000	Cash Flows \$'000	For. Ex. Movement \$'000	New Agreements \$'000	Other \$'000	30 June 2021 \$'000
Non-redeemable preference shares	60	–	–	–	–	60
Bank loans – secured	87,944	(38,136)	(16)	–	–	49,792
<b>Total liabilities from financing activities</b>	<b>88,004</b>	<b>(38,136)</b>	<b>(16)</b>	<b>–</b>	<b>–</b>	<b>49,852</b>

### 30-Jun-20

	1 July 2019 \$'000	Cash Flows \$'000	For. Ex. Movement \$'000	New Agreements \$'000	Other \$'000	30 June 2020 \$'000
Hire purchase liabilities	118,109	(132,499)	1,056	3,820	9,514	–
Non-redeemable preference shares	60	–	–	–	–	60
Bank loans – secured	30,000	57,935	9	–	–	87,944
Total liabilities from financing activities	148,169	(74,564)	1,065	3,820	9,514	88,004

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 14. PROVISIONS

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Current</b>		
Employee benefits	23,241	24,632
Self-insured workers' compensation liability	5,021	4,308
Onerous lease provision	205	405
	<b>28,467</b>	<b>29,345</b>
<b>Non-current</b>		
Employee benefits	5,530	5,263
Make good provision	2,121	2,437
Directors' retirement allowance	404	399
Self-insured workers' compensation liability	14,300	12,726
	<b>22,355</b>	<b>20,825</b>

#### 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:

	Make Good Provision \$'000	Onerous Lease Provision \$'000	Directors Retirement Allowance \$'000	Self insured Workers' Compensation Liability \$'000	Total \$'000
<b>CONSOLIDATED</b>					
At 1 July 2020	2,437	405	399	17,034	20,275
Arising during the year	424	260	5	10,645	11,334
Transfers	(389)	389	–	–	–
Utilised	(351)	(849)	–	(8,358)	(9,558)
<b>At 30 June 2021</b>	<b>2,121</b>	<b>205</b>	<b>404</b>	<b>19,321</b>	<b>22,051</b>

#### b) Nature and timing of provisions

##### i) Make good provision

In accordance with various lease agreements, the Group must restore leased premises to their original condition at the end of the leases.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provisions is the costs that will ultimately be incurred.

##### ii) Long service leave

Refer to Note 2s(ii) for the relevant accounting policy applied in the measurement of this provision.

##### iii) Directors retirement allowance

Refer to Note 2s(iv) for the relevant accounting policy applied in the measurement of this provision.

##### iv) Self Insured Workers Compensation

Workers compensation self insurance liability is based on actuarial assessments prepared in accordance with the Group's self insurance licence.

##### v) Onerous lease provision

The onerous lease provision relates to a property rental arrangement in Victoria. This has been recognised where the contractual costs to fulfil the rental obligation exceeds the economic benefits derived from the rental property.

## 15. CONTRIBUTED EQUITY AND RESERVES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>a) Ordinary shares</b>		
<b>Contributed Equity</b>	<b>164,613</b>	164,613
128,785,433 (2020: 128,785,433) ordinary shares fully paid	<b>164,613</b>	164,613

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 or 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.

	Thousands	\$'000
<b>Movements in ordinary shares on issue</b>		
At 1 July 2019	127,279	162,408
Issued through Dividend Re-investment Plan – 1,506,094 ordinary shares at \$1.4643	1,506	2,205
At 30 June 2020	128,785	164,613
<b>At 30 June 2021</b>	<b>128,785</b>	<b>164,613</b>

### 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 FY2021, the Group paid dividends of \$7,727,126 (2020: \$2,545,587).

Management monitor capital through the gearing ratio (Net debt/Net debt + Shareholders funds) excluding lease liabilities.

The gearing ratios based on continuing operations at 30 June were as follows:

	Consolidated	
	2021 \$'000	2020 \$'000
Gross debt (excluding lease liabilities)	<b>49,027</b>	86,845
Less cash and cash equivalents	<b>(22,461)</b>	(17,237)
Net debt	<b>26,566</b>	69,608
Net debt + Shareholders funds	<b>295,283</b>	308,765
<b>Gearing ratio</b>	<b>9.0%</b>	22.5%

### Nature and purpose of reserves

#### Asset revaluation reserve

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

#### 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.

#### Common control reserve

The common control reserve was created to record a gain in relation to a transaction with the Group's major shareholder.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 16. LEASES

#### a) Right of use assets

The Group enters non-cancellable leases on properties, motor vehicles and other items of plant and equipment. Lease terms vary in length and generally, when approaching expiry, are either extended at the option of the Group or are renegotiated. Our leases mainly relate to properties in Australia and New Zealand.

	'000 Property	'000 Plant and equipment	'000 Total
<b>Year ended 30 June 2021</b>			
Cost	31,494	7,034	38,528
Accumulated depreciation	(13,192)	(5,984)	(19,176)
<b>As at 30 June 2021</b>	<b>18,302</b>	<b>1,050</b>	<b>19,352</b>
<b>Movement:</b>			
Opening balances	23,308	2,400	25,708
Additions	1,698	–	1,698
Depreciation	(7,618)	(1,539)	(9,157)
Terminations	958	–	958
Other movements	(42)	189	145
<b>At 30 June 2021</b>	<b>18,302</b>	<b>1,050</b>	<b>19,352</b>
<b>Year ended 30 June 2020</b>			
Cost	30,869	7,034	37,903
Accumulated depreciation	(7,561)	(4,634)	(12,195)
<b>As at 30 June 2020</b>	<b>23,308</b>	<b>2,400</b>	<b>25,708</b>
<b>Movement:</b>			
Opening balances arising from adoption of AASB 16	30,354	5,028	35,382
Additions	1,022	2,006	3,028
Depreciation	(7,561)	(4,634)	(12,195)
Terminations	(688)	–	(688)
Other movements	181	–	181
<b>At 30 June 2020</b>	<b>23,308</b>	<b>2,400</b>	<b>25,708</b>

#### b) Lease liabilities

	2021 \$'000	2020 \$'000
<b>Movement:</b>		
Opening balance	26,606	36,171
Additions	1,698	3,028
Interest	638	790
Repayments	(9,426)	(12,926)
Terminations	(646)	(670)
Other movements	1,542	213
<b>At 30 June 2021</b>	<b>20,412</b>	26,606
Current liabilities	7,918	7,691
Non-current liabilities	12,494	18,915
<b>At 30 June 2021</b>	<b>20,412</b>	26,606

#### c) Short-term leases

As allowed by the Standard, there is no change to the recognition and measurement of short-term and variable leases. Short-term leases are those with terms equal to or less than 12 months. The amounts recognised in EBIT for these leases are:

	2021 \$'000	2020 \$'000
<b>Short term leases</b>	<b>7,252</b>	9,672

## 17. COMMITMENTS

The estimated maximum amount of commitments not provided for in the accounts as at 30 June 2021 are:

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Capital expenditure commitments</b>		
The aggregate amount of contracts for capital expenditure on plant and equipment due no later than one year	41,898	19,640

## 18. CONTINGENT LIABILITIES

From time to time the Group is party to claims from customers and suppliers arising from operations in the ordinary course of business. At the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Group's financial position or results from operations.

## 19. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 17 December 2016, the wholly owned subsidiaries disclosed in Note 20 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 legislative instrument 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 entities within the Deed of Cross Guarantee are referred to in Note 20. A Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position, 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 2021 is set out below:

	Closed Group	
	2021 \$'000	2020 \$'000
<b>Consolidated Statement of Comprehensive Income</b>		
Profit/(loss) before income tax	20,582	15,452
Income tax (expense)/benefit	(7,750)	(3,854)
<b>Profit/(loss) after income tax</b>	<b>12,832</b>	11,598
Retained profits at the beginning of the year	14,154	5,101
Transfer from reserves	-	-
Dividends provided or paid	(7,727)	(2,545)
<b>Retained earnings at the end of the year</b>	<b>19,259</b>	14,154

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 19. DEED OF CROSS GUARANTEE CONTINUED

	Closed Group	
	2021 \$'000	2020 \$'000
<b>Consolidated Statement of Financial Position</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	19,657	14,297
Trade and other receivables	84,653	94,113
Inventories	5,880	5,649
Assets held for resale	3,325	2,896
Prepayments	9,380	9,245
Derivatives	167	–
<b>Total current assets</b>	<b>123,062</b>	<b>126,200</b>
<b>Non-current assets</b>		
Other receivables	2,726	4,406
Investment in subsidiary	9,625	9,625
Property, plant and equipment	327,854	330,468
Right of use assets	15,576	20,169
Deferred tax assets	11,607	12,812
<b>Total non-current assets</b>	<b>367,388</b>	<b>377,480</b>
<b>TOTAL ASSETS</b>	<b>490,450</b>	<b>503,680</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	78,721	91,914
Interest bearing loans and borrowings	–	–
Lease liabilities	5,469	5,400
Income tax payable	284	1,111
Provisions	27,506	28,496
<b>Total current liabilities</b>	<b>111,980</b>	<b>126,921</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	46,258	78,932
Lease liability	11,142	15,577
Deferred tax liabilities	50,397	37,486
Provisions	22,355	20,825
<b>Total non-current liabilities</b>	<b>130,152</b>	<b>152,820</b>
<b>TOTAL LIABILITIES</b>	<b>242,132</b>	<b>279,741</b>
<b>NET ASSETS</b>	<b>248,318</b>	<b>223,939</b>
<b>EQUITY</b>		
Contributed equity	164,613	164,613
Reserves	64,446	45,172
Retained earnings	19,259	14,154
<b>TOTAL EQUITY</b>	<b>248,318</b>	<b>223,939</b>

## 20. CONTROLLED ENTITIES

	Class of Share	Country of Incorporation	% Equity Interest	
			2021	2020
<b>Particulars in relation to controlled entities</b>				
<b>Name</b>				
K&S Corporation Limited				
<b>Controlled Entities<sup>1</sup></b>				
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	100	100
K&S Heavy Haulage Pty Ltd	Ord	Australia	100	100
Strategic Transport Services Pty Ltd	Ord	Australia	100	100
Vortex Nominees Pty Ltd	Ord	Australia	100	100
K&S Freighters Limited	Ord	New Zealand	100	100
Cochrane's Transport Limited	Ord	New Zealand	100	100
Scott Corporation Pty Ltd	Ord	Australia	100	100
Bulktrans Pty Ltd	Ord	Australia	100	100
Chemtrans Pty Ltd	Ord	Australia	100	100
Hyde Park Tank Depot Pty Ltd	Ord	Australia	100	100
Energytrans Pty Ltd	Ord	Australia	100	100

1. All wholly owned Australian entities in this table are part of the Deed of Cross Guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 21. 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 T Johnson, L Winsler, G Walters AM, P Sarant and S Emmett GAICD.

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

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies as noted below:

– Mr Winsler is a Director of several companies (including AA Scott Pty Ltd, Sneaths Freightliners Pty Ltd, AA Scott

Jubilee Hwy (209) Pty Ltd, AA Scott Bowyer Rd (19-33) Pty Ltd, Ascot Cartage Contractors Pty Ltd, Ascot Haulage (NT) Pty Ltd, AAS Graham Road (30) Pty Ltd, AAS Graham Road (40) Pty Ltd and Northfuels Pty Ltd);

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

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

From time to time Directors of the Group, or their related entities, may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group customers.

The aggregate amount of dealings with these companies during 2021 were as follows:

	Purchases		Sales		Receivables		Payables	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
AA Scott Pty. Ltd <sup>1</sup>	68,324	140,426	6,827	7,057	4,613	613	5,268	6,652
The Border Watch Pty Ltd <sup>1</sup>	1,451	15,609	9,878	56,576	–	2,882	–	700
Smart Logistics Pty Ltd	–	–	–	9,650,686	–	–	–	–
Ray Scott Pastoral Pty Ltd	–	–	–	19,385	–	–	–	–
Raymond Scott Pty Ltd	–	–	–	867,794	–	–	–	–
AA Scott Jubilee Hwy (209) Pty Ltd <sup>1</sup>	638,614	723,209	–	–	–	–	54,330	–
AA Scott Bowyer Rd (19-33) Pty Ltd <sup>1</sup>	615,180	674,725	–	–	–	–	50,643	–
Ascot Cartage Contractors Pty Ltd <sup>1</sup>	926,540	1,096,901	–	6,476	–	–	95,437	–
Ascot Haulage (NT) Pty Ltd <sup>1</sup>	30,310	345,772	–	–	–	–	–	–
AA Scott Francis St (Lot 514) Pty Ltd <sup>1</sup>	580,635	–	–	–	–	–	48,384	–
AAS Graham Road (30) Pty Ltd <sup>1</sup>	3,519	–	–	–	–	–	–	–
AAS Graham Road (40) Pty Ltd <sup>1</sup>	1,575	–	–	–	–	–	–	–
Kindaruar Pastoral Company	–	–	–	8,366	–	–	–	–
Northfuels Pty Ltd <sup>1</sup>	2,000	–	–	–	–	–	–	–
Scott's Fleet Rentals <sup>1</sup>	1,868,361	6,943,077	1,389,701	2,108,103	–	35,208	–	1,185,506
Cleanaway Waste Management Ltd	–	117,853	–	479,091	–	–	–	–

1. These entities are related parties of the Group's majority shareholders.

No provision for doubtful debts has been recognised in respect of these balances as they are considered recoverable.

#### Other related party arrangements

The Group also had an agreement to rent equipment from Scott's Fleet Rentals Pty Ltd which ceased during the year. Under this agreement, the amounts payable to Scott's Fleet Rentals Pty Ltd are determined on the number of kilometers travelled during the year. In addition, the Group also had the option to de-hire at its sole discretion, any equipment by providing 30 days' notice to Scott's Fleet Rentals Pty Ltd. The amounts paid in 2021 and 2020 are noted in the table above.

Under an agreement dated 2 November 2020, the Group purchased various items of equipment formerly rented from Scott's Fleet Rentals Pty Ltd for a purchase price of \$584,232 plus GST.

#### 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.



## Directors' Share Transactions

	Consolidated	
	2021	2020
<b>Shareholdings</b>		
Aggregate number of shares held by Directors and their Director-related entities at balance date:		
– Ordinary shares	1,844,669	1,844,669
– Preference shares	–	–
All share transactions were with the parent Company, K&S Corporation Limited.		
<b>Dividends</b>	\$'000	\$'000
Aggregate amount of dividends paid in respect of shares held by Directors or their Director-related entities during the year:		
– Ordinary shares	111	36

### Directors' transactions in shares and share options

Purchases of shares by Directors and Director related entities are set out in the Director's Report.

### 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.

### Compensation for Key Management Personnel

	Consolidated	
	2021 \$	2020 \$
Short-term	2,206,480	2,197,834
Long-term	146,841	139,410
Post employment	121,561	142,575
	2,474,882	2,479,819

### Loans with Key Management Personnel

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

Total	Amount at the start of the year \$	Amounts written off in the year \$	Amount at the end of the year \$	Number in Group
2021	146,760	–	140,220	2
2020	148,940	–	146,760	2

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. Loans to Key Management Personnel under the Plan are required to be repaid in full upon the cessation of the employment of the Key Management Personnel with 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### 22. EVENTS SUBSEQUENT TO BALANCE DATE

On 25 August 2021, the Directors of K&S Corporation Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is \$4,507,490 which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2021 financial statements and is payable on 3 November 2021.

The Directors have elected to reinstate the application of the DRP in respect of the final dividend.

On 27 July 2021, the Group acquired a parcel of industrial land in Perth for approximately \$13.1 million. The land is currently being developed as a transport terminal, with the Group intending to consolidate operations presently undertaken on two externally leased sites at the new transport terminal when practical completion is achieved later in FY2022.

On 24 August 2021, K&S announced that Robert Dalton had been appointed as a non-executive director with effect from 24 August 2021. Robert is currently the acting CEO of Sports Australia and has served as a Senior Partner of EY for 25 years. He is also a former non-Executive Director of the Richmond Football Club, a position he held for 15 years, and Chair of Hockey Victoria.

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.

### 23. AUDITORS' REMUNERATION

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

	Consolidated	
	2021 \$	2020 \$
<b>Audit Services:</b>		
Audit and review of the statutory financial reports	312,405	345,330
	<b>312,405</b>	<b>345,330</b>

### 24. PARENT ENTITY INFORMATION

	2021 \$'000	2020 \$'000
<b>Current assets</b>	<b>113,090</b>	147,730
<b>Total assets</b>	<b>211,025</b>	245,767
<b>Current liabilities</b>	<b>3,498</b>	(1,111)
<b>Total liabilities</b>	<b>(43,233)</b>	(80,510)
Issued capital	164,613	164,613
Retained earnings	3,179	644
<b>Total Shareholders' equity</b>	<b>167,792</b>	165,257
Profit/(Loss) after tax of the parent entity	9,938	(73)
<b>Total comprehensive profit/(loss) of the parent entity</b>	<b>9,938</b>	(73)

#### Guarantees

Cross guarantees given by the Company and its wholly owned controlled entities are described in Note 19.

#### Contingent liabilities

Contingent liabilities of the Company and its wholly owned controlled entities are outlined in Note 18.

# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

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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 Group is in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
  - ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- d) 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 2021.
- e) As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 19 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 Melbourne this 25th day of August 2021.

On behalf of the Board:



**Tony Johnson**  
Chairman



**Paul Sarant**  
Managing Director and Chief Executive Officer

# AUDITOR'S INDEPENDENCE DECLARATION



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## Auditor's Independence Declaration to the Directors of K&S Corporation Limited

As lead auditor for the audit of the financial report of K&S Corporation Limited for the financial year ended 30 June 2021, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

*Ernst + Young*

Ernst & Young

A handwritten signature in black ink, appearing to be 'David Sanders', written over a faint, stylized signature line.

David Sanders  
Partner  
Adelaide  
25 August 2021



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## Independent Auditor's Report to the Members of K&S Corporation Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of K&S Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



**Impairment assessment of intangible assets and property, plant and equipment**

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2021, the value of the Group's net assets exceeded its market capitalisation. This was considered by the Group to be an indicator of impairment.</p> <p>An impairment assessment of intangible assets and property, plant and equipment was carried out by the Group as disclosed in Note 12 of the financial report using a fair value less costs to sell approach. This required the Group to apply judgments in relation to forecast cash flows, long term growth rates, the allocation of corporate costs to the Group's cash generating units (CGUs) and the application of an appropriate discount rate.</p> <p>Freehold land is recorded in the financial statements at fair value. A valuation was performed in the current year by an independent valuation specialist, which resulted in an increase to the asset revaluation reserve of \$27.6 million, before tax and an impairment charge of \$4.4 million in relation to a non-core property located in Perth WA.</p> <p>Given the uncertainties involved in the forecast of future results used in the impairment assessment and developing uncertainties within the property market in light of the COVID-19 pandemic, we considered this to be a key audit matter.</p>	<p>We assessed the appropriateness of the key assumptions used by the Group in their impairment testing model.</p> <p>Specifically, we assessed the cash flow projections, discount rates, long term growth rates and sensitivities used, with the assistance of our valuation specialists where appropriate.</p> <p>We considered external market data and assessed the historical accuracy of the Group's forecasting and ensured that the forecast cash flows were consistent with the most recent board-approved cash flow forecasts.</p> <p>We considered the qualifications, competency and objectivity of the Group's independent valuation specialist. Our real estate specialists assessed the work of the valuer.</p> <p>We assessed the appropriateness of the recognition of the increase to the asset revaluation reserve, the impairment charge recorded and associated disclosures at 30 June 2021.</p> <p>We also assessed the adequacy of the disclosures associated with the impairment assessment.</p>

**Information other than the financial report and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of K&S Corporation Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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.

*Ernst + Young*

Ernst & Young

A stylized signature of David Sanders, consisting of a large, bold, black letter 'S' with a horizontal line extending to the right.

David Sanders  
Partner  
Adelaide  
25 August 2021



# INFORMATION ON SHAREHOLDINGS

Information relating to security holders as at 30th September 2021

## DISTRIBUTION OF SHAREHOLDINGS

Ordinary Shares	Number of Shareholders
1-1,000 Shares	476
1,001 – 5,000 Shares	661
5,001 – 10,000 Shares	238
10,001 – 100,000 Shares	280
100,001 and more Shares	43
	1,698

166 shareholders hold less than a marketable parcel (295 shares).

## TWENTY LARGEST SHAREHOLDERS

Name	Number of Ordinary Shares Held	%
1 AA Scott Pty Ltd	77,905,262	60.49
2 Linfox Australia Pty Ltd	18,299,696	14.21
3 Bell Potter Nominees Ltd <BB Nominees A/C>	5,125,532	3.98
4 Ascot Media Investments Pty Ltd	2,538,428	1.97
5 PS Super Nominee Pty Limited <Shadbolt Future Fund A/C>	2,167,309	1.68
6 Zena Winser Pty Ltd <The Zena A/C>	2,058,885	1.60
7 Oakcroft Nominees Pty Ltd <Oakcroft Super Fund A/C>	1,252,799	0.97
8 Mr Eric Joseph Roughana	700,000	0.54
9 Ardmore Super Pty Ltd <Ardmore Super Fund A/C>	682,032	0.53
10 Winscott Investments Pty Ltd	667,536	0.52
11 Tirroki Pty Ltd <AF Johnson Super Fund A/C>	542,967	0.42
12 Kailva Pty Ltd <Superannuation A/C>	425,000	0.33
13 Dixson Trust Pty Ltd	364,430	0.28
14 Collins Rural Superfund Pty Ltd <Collins Family S/F A/C>	355,343	0.28
15 Mr Anthony Victor King & Ms Elina Maria King <King S/F A/C>	350,000	0.27
16 Ray Scott Private Pty Ltd <Ray Scott Private A/C>	292,721	0.23
17 Maine Pty Ltd <George Sabadin Family A/C>	282,457	0.22
18 Mrs Edna Grace Scott	241,925	0.19
19 Mr Raymond Walter Scott	241,664	0.19
20 Mr Bruce Grubb & Mrs Valerie Grubb <Grubb Family Super Fund A/C>	215,837	0.17
	114,709,823	89.07

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 89.07% 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 30th September 2021:-

	Number	% of Class
AA Scott Pty Ltd & Associated Companies	83,067,544	65.26
Linfox Australia Pty Ltd	22,977,255	18.05

## VOTING RIGHTS

The voting rights are as follows:

Preference Shares: Nil

Ordinary Shares: 1 vote per share

# CORPORATE DIRECTORY

## HEAD OFFICE

591 Boundary Road  
Truganina Victoria 3029  
Phone: (03) 8744 3500  
Facsimile: (03) 8744 3599

## REGISTERED OFFICE

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

## STOCK EXCHANGE

K&S Corporation Limited's  
shares are quoted on the  
Australian Securities Exchange  
(ASX code: KSC).

## SHARE REGISTRY

c/o Computershare Investor  
Services Pty Ltd  
Level 5, 115 Grenfell Street  
Adelaide, South Australia 5000  
Phone: (08) 8236 2300  
Facsimile: (08) 9473 2102  
GPO Box 1903  
Adelaide SA 5001  
Enquiries within Australia:  
1300 556 161  
Enquiries outside Australia:  
61 3 9415 5000  
Email:  
web.queries@computershare.com.au  
Website:  
www.computershare.com.au  
Website:  
www.ksgroup.com.au

## OPERATIONS

### Intermodal/Bulk

**Melbourne**  
591 Boundary Road  
Truganina VIC 3029  
Phone: (03) 8744 3700

**Portland**  
53 Fitzgerald Street  
Portland VIC 3305  
Phone: (03) 5523 4144

**Geelong**  
325 Thompson Road  
North Geelong VIC 3215  
Phone: (03) 5278 5777

### Ballarat

c/o Laminex Industries  
16 Trewin Street  
Wendouree VIC 3355  
Phone: (03) 5338 1710

### Kyabram

39 McCormick Road  
Kyabram VIC 3620  
Phone: (03) 5852 1011

### Sydney

1 Hope Street  
Enfield NSW 2136  
Phone: (02) 9735 2400

### Appin

West Cliff Colliery Weighbridge  
Wedderburn Road  
Wedderburn NSW 2560  
Phone: (02) 4640 4109

### Brisbane

34 Postle Street  
Coopers Plains QLD 4108  
Phone: (07) 3137 4400

### Bundaberg

Old Quanaba Mill,  
Grange Road  
Bundaberg QLD 4670  
Phone: (07) 4159 2150

### Townsville

677 Ingham Road  
Mount Saint John QLD 4818  
Phone: (07) 4431 2070

### Perth

Lot 1 Kewdale Freight  
Precinct  
Off Fenton Street  
Kewdale WA 6105  
Phone: (08) 6466 6600

### Bunbury

28 Barcoo Close  
Dardanup West WA 6236  
Phone: (08) 9725 4400

### Adelaide

30-32 Francis Street  
Port Adelaide SA 5015  
Phone: (08) 7224 5400

### Mount Gambier

209 Jubilee Highway West  
Mount Gambier SA 5290  
Phone: (08) 8721 2941

### Alice Springs

5827 Dalgety Road  
Alice Springs NT 0870  
Phone: (08) 8950 8701

### Darwin

8 College Road  
Darwin NT 0828  
Phone: (08) 8984 4922

## New Zealand

### Cambridge

3847 Te Awamutu Road  
Cambridge NZ  
Phone: (07) 827 6002

### Mount Maunganui

35 Portside Drive  
Mount Maunganui NZ  
Phone: (07) 575 8265

### Auckland

126 Kerwyn Ave  
Highbrook  
Auckland NZ  
Phone: (09) 307 0061

### Christchurch

55 Lunns Rd  
Middleton  
Christchurch NZ  
Phone: (03) 344 0171

## DTM

### Sydney

2 Hope Street  
Enfield NSW 2136  
Phone: (02) 9735 2300

### Melbourne

591 Boundary Road  
Truganina VIC 3029  
Phone: (03) 8744 3509

### Adelaide

30-32 Francis Street  
Port Adelaide SA 5015  
Phone: (08) 7224 5400

### Brisbane

34 Postle Street,  
Coopers Plains QLD 4108  
Phone: (07) 3137 4400

### Perth

Lot 1 Kewdale Freight Precinct  
Off Fenton Street  
Kewdale WA 6105  
Phone: (08) 6466 6646

## K&S Heavy Haulage

### Perth

Part 460 Bushmead Road  
Hazelmere WA 6055  
Phone: (08) 9376 9600

## K&S Energy/Chemtrans

### Brisbane

34 Postle Street  
Coopers Plains QLD 4108  
Phone: (07) 3718 4221

### Darwin

8 College Road  
Berrimah NT 0828  
Phone: (08) 8995 8100

### Sydney

1 Hope Street  
Enfield NSW 2135  
Phone: (02) 9735 2346

## Adelaide

19 Bowyer Rd  
Wingfield SA 5013  
Phone: (08) 8347 3449

## Melbourne

591 Boundary Road  
Truganina VIC 3029  
PO Box 57  
Laverton VIC 3028  
Phone: (03) 8744 3700

## Mackay

112 Spiller Avenue  
Mackay QLD 4740  
Phone: (07) 4431 2040

## Port Kembla

Cnr King & Wattle Streets  
Port Kembla NSW 2505  
Phone: (02) 4267 9200

## Newcastle

45 Greenleaf Road  
Kooragang Island  
NSW 2304  
Phone: (02) 4033 7000

## Townsville

13 Pilkington Street  
Garbutt QLD 4814  
Phone: (07) 4431 2000

## Gladstone

Lot 152 Red Rover Road  
Gladstone QLD 4680  
Phone: (07) 4973 1700

## Perth

3 Central Avenue  
Hazelmere WA 6055  
Phone: (08) 6274 9600

## Perth

Cnr Beard and Morley Streets  
Naval Base WA 6165  
Phone: 0417 046 786

## K&S Fuels

### Mount Gambier

40 Graham Road  
Mount Gambier SA 5290  
Phone: (08) 8721 1774

### Millicent

Cnr Williams &  
Mt Gambier Roads  
Millicent SA 5280  
Phone: (08) 8733 3133

## Aero Refuellers

### Enfield

1 Hope Street  
Enfield NSW 2135  
Phone: (02) 9735 2392

### Thurgoona

22 Hoffmann Road  
Thurgoona NSW 2640  
Phone: (02) 6054 2200



The logo for K&S Corporation Limited features a white, stylized four-pointed star or cross shape centered on a dark red background. The text "K&S CORPORATION LIMITED" is written in a bold, white, sans-serif font across the horizontal bar of the star.

**K&S CORPORATION LIMITED**