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Chairman's Address to 35th Annual General Meeting 20th November 2007

Good afternoon ladies & gentlemen. It is a great pleasure to welcome you all.

As Chairman and on behalf of the Board, I am pleased to report another successful year for the Company.

The 2006/07 financial year has seen another solid performance of the business with profit after tax of $17.0 million.

Earnings per share were 25.3 cents per share.

Operating revenue for the year was $418.0 million, an increase of 13.9% on the previous year. The higher operating revenues were as a direct result of the DTM acquisition.

The normalised profit after tax after excluding non trading items showed underlying growth in earnings of 5.8%.

The normalised earnings before interest and tax excluding non trading items reached $28.5 million, up 9.8 % on the previous year.

Interest expenses were $5.0 million, up $1.2 million due to the increased debt levels associated with the Truganina development and the DTM acquisition.

The result was also impacted by lower margins associated with the renewal of contracts with a number of major customers.

Operating cash flows at $31.4 million were 4.7% up on the previous year.

On 8 November 2006 we acquired the business of DTM Business Logistics. This business focused on the metropolitan areas of the eastern states, with operations in Melbourne, Sydney, Brisbane and Adelaide.

Following the DTM acquisition a review of operations was completed to identify synergies. The review identified savings in the area of corporate overheads, systems and procurement.

To date we have largely completed the task of integrating the DTM business into K&S. The integration delivered significant savings to the Group late in the second half of the financial year.

Additional savings have been achieved in the current financial year with further integration and property rationalisation.

We continue to invest heavily in new infrastructure and equipment. Our expenditure is targeted to improve the productivity of the business and underpin our future growth and profitability. During the year, we invested in excess of $38.1 million into terminals and equipment to support the business.

In June 2007, we re-valued the Group's land and buildings. Fair value was determined by an independent valuation undertaken in March 2007 by Jones Lang LaSalle. The impact of the revaluation was to increase Shareholders funds by $15.6 million.

On the 21st August Directors declared a fully franked final dividend of 7.0 cents per share equivalent to last year's 7.0 cents per share. This follows the interim dividend of 7.0 cents per share paid in March 2007, making the total dividend of 14.0 cents per share fully franked for the year. The final dividend was paid on 31 October 2007.

Another pleasing milestone was the introduction of a Dividend Reinvestment Plan (DRP) as part of the October 2006 dividend. Shares acquired under this scheme were at a 2.5% discount to the market price of K&S shares. The DRP also applied in respect to the fully franked final dividend of 7.0 cents paid on 31 October 2007. The terms of the DRP remained unchanged with the issue price based on the weighted average trading price of K&S shares in the five business days ending on 17 October 2007, less a discount of 2.5%.

Board Changes

You would be aware that Laurie Ackroyd resigned from the Board on 31st July 2007. I would like to thank Laurie for his contribution as a Director and in particular as Chairman of the Audit Committee during his term.

Bruce Grubb joined the Board following Mr Ackroyd's resignation. Mr Grubb brings a wealth of industry experience.

Outlook

The new financial year has started in an extremely positive manner with net profit after tax up 14% on the previous year.

The strength of the domestic economy together with the commencement of a number of infrastructure projects has had a positive impact on profitability.

On behalf of the Board, I want to thank our employees for their contribution in producing another strong result. I once again in particular want to thank Legh Winser our Managing Director and his excellent management team all of which deserve to be thanked by the shareholders for another year of strong performance.

In conclusion, I would like to thank my fellow board members for the contribution they have made throughout the year. We would also like to thank the shareholders for their support particularly our major shareholder, Mr Allan Scott for the support he has given us during the year.

Tony Johnson
Chairman

Annual General Meeting

Presented by Legh Winser – Managing Director

K&S - Overview

- K&S has been in business for over 60 years.
- Core Expertise is in the provision of supply chain solutions:
    - road, rail and sea linehaul
    - local transport
    - warehousing
    - supply chain IT and reporting capability

K&S - Overview

We have a large and diversified customer base.
Our major customers 2006/07:

OneSteel/Smorgon	$60M
PaperlinX	$39M
Norske Skog	$32M
Alcoa	$21M
Laminex	$20M
Air Liquide	$13M
Green Triangle Forest Products	$11M
Holden	$ 8M
Capral	$ 8M

K&S - Overview

- Corporate strategies include:
  - Development of alliances and long term customer relationships and partnerships with large enterprises that value our service.
  - Development of our supply chain capabilities, which allows us to expand our potential client base and increase yields for higher value services.
  - Investment and upgrade program where innovation and IT form key components.

K&S - Strength is in our Structure

- Our structure reflects our functional capabilities and our belief in a flat organisational arrangement where customers have access to decision makers.

- This enhances partnership arrangements and allows us to differentiate our service when compared to larger providers.

Financial Result 2006/07

- Revenue $418M for FY 2006/07 – Increase 13.7%.
- EPS 25.3 cents.
- Normalised PAT $16.5M – Increase 5.8%.
- Normalised EBIT $28.5M – Increase 9.8%.
- K&S acquires DTM Business Logistics.
- Revaluations on land and building – increased shareholders fund by $15.6M.
- New Melbourne terminal expanded to meet growing customer demands.

Financial Result 2006/07

- We see growth from our existing customers.
- Integration of DTM has delivered significant synergies. The full impact of these benefits will be in 2007/08 results.
- We are still clearly focused on further acquisitions.
- We continue to actively tender for new business.
- Our strategy is based on continuing to grow and enhance our business.

K&S – Financial Overview		2006	2007	%
Operating Revenue	$m	367.1	418.0	13.7
Normalised EBIT	$m	26.0	28.5	9.8
Normalised PBT	$m	22.2	23.5	5.9
Normailsed PAT	$m	15.6	16.5	5.8
Total Assets	$m	217.1	281.2	29.5
Shareholders Funds	$m	103.3	136.0	31.8
Dividend Per Share	€	14.0	14.0	-
Gearing	%	37.5	44.7	(19.2)

K&S – Environmental Issues

- K&S is a participant in the Australian Greenhouse Office Greenhouse Challenge Plus programme and the Energy Efficiency Opportunities programme.
- Diesel fuel is the main form of energy consumed and the major source of carbon emissions.
- K&S is striving to improve fuel efficiency via investment of $21m in new Euro 4 compliant trucks.
- Increased usage of rail and sea.
- Carbon trading.