



25<sup>th</sup> June 2007

Attn: Mr. Scott Evans

National Stock Exchange of Australia  
Ground Floor  
384 Hunter Street  
Newcastle  
NSW 2300

Dear Scott,

I refer to your letter of the 18<sup>th</sup> June 2007 and respond as follows:

1. The company initially found it difficult to establish a market for its equipment since inception, but is starting to gain acceptance in the Australian marketplace. The company has recently received a large order for dump trucks and is currently arranging finance for these orders.

In the immediate term the company has made sales within the first half year that combined with loans from shareholders has enabled the company to continue to trade.

2. At the present time the company has received loans from shareholders that have assisted the company to have sufficient cash resources with which to trade. The Directors have confirmed that further funds would be forthcoming if required.

In the meantime Directors believe that there are real prospects for the sale of equipment currently in stock that will give sufficient cash flow to alleviate the need for further borrowings.

The Directors are cognizant of their duties and will keep the market fully informed if a material change occurs and they believe King Equipment is not in a position to trade out of its difficulties.

Siegfried Konig  
Executive Chairman  
25<sup>th</sup> June 2007