

# FORM: Preliminary final report

Name of issuer

King Equipment Limited

ACN or ARBN

69 109 947 051

Half yearly  
(tick)

Preliminary  
final (tick)

x

financial year ended ('Current  
period')

30/6/2007

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A
Sales (or equivalent) operating revenue (item 1.1)	up/down	% N/A	to		417,208
Operating profit (loss) before abnormal items and tax (item 1.4)	up/down	%N/A	to		(531,648)
Abnormal items before tax (item 1.5)		gain (loss) of	to		-
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up/down	%N/A	to		(531,648)
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to		-
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/down	% N/A	to		(531,648)
Dividends	No dividends have been declared.				

**Consolidated profit and loss account***(The figures are not equity accounted)*

		Current period \$A
1.1	Sales (or equivalent operating) revenue	417,208
1.2	Other revenue	
1.3	<b>Total revenue</b>	417,208
1.4	<b>Operating profit (loss) before abnormal items and tax</b>	(531,648)
1.5	Abnormal items before tax (detail in item 2.1)	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)	(531,648)
1.7	Less tax	-
1.8	Operating profit (loss) after tax but before outside equity interests	(531,648)
1.9	Less outside equity interests	-
1.10	<b>Operating profit (loss) after tax attributable to members</b>	(531,648)
1.11	Extraordinary items after tax (detail in item 2.3)	-
1.12	Less outside equity interests	-
1.13	Extraordinary items after tax attributable to members	-
1.14	<b>Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)</b>	(531,648)
1.15	Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	-
1.16	<b>Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)</b>	(531,648)
1.17	Retained profits (accumulated losses) at beginning of financial period	-
1.18	Aggregate of amounts transferred from reserves	-
1.19	Total available for appropriation (carried forward)	(531,648)
1.20	Total available for appropriation (brought forward)	-
<b>Consolidated profit and loss account continued</b>		
1.21	Dividends provided for or paid	-
1.22	Aggregate or amounts transferred to reserves	-
1.23	<b>Retained profits (accumulated losses) at end of financial period</b>	(531,648)

**Consolidated Balance Sheet***(See note 5)*

<b>Current assets</b>		At end of current period \$A'000
4.1	Cash	27
4.2	Receivable	6,616
4.3	Investments	-
4.4	Inventories	423,050
4.5	Other (provide details if material)	
4.6	<b>Total current assets</b>	428,693
<b>Non-current assets</b>		
4.7	Receivables	-
4.8	Investments	-
4.9	Inventories	-
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-
4.11	Development properties (mining entities)	-
4.12	Other property, plant and equipment (net)	3,100
4.13	Intangibles (net)	
4.14	Other (provide details if material)	-
4.15	<b>Total non-current assets</b>	3,100
4.16	<b>Total assets</b>	431,793
<b>Current liabilities</b>		
4.17	Accounts payable	354,101
4.18	Borrowings	219,686
4.19	Provisions	
4.20	Other (provide details if material)	
4.21	<b>Total current liabilities</b>	573,787
<b>Non-current liabilities</b>		
4.22	Accounts payable	
4.23	Borrowings	2,979
4.24	Provisions	
4.25	Other (provide details if material)	
4.26	<b>Total non-current liabilities</b>	2,979
4.27	<b>Total liabilities</b>	576,766
4.28	<b>Net assets</b>	(144,973)

**Consolidated balance sheet continued**

	<b>Equity</b>	
4.29	Capital	2,084,356
4.30	Reserves	-
4.31	Retained profits (accumulated losses)	(2,229,329)
4.32	Equity attributable to members of the parent entity	(144,973)
4.33	Outside equity interests in controlled entities	-
4.34	<b>Total equity</b>	<b>(144,973)</b>
4.35	Preference capital and related premium included as part of 4.31	-



**Consolidated statement of cash flows***(See note 6)*

		Current period \$A
<b>Cash flows related to operating activities</b>		
7.1	Receipts from customers	458,929
7.2	Payments to suppliers and employees	(841,277)
7.3	Dividends received	-
7.4	Interest and other items of similar nature received	84
7.5	Interest and other costs of finance paid	(78,194)
7.6	Income taxes paid	-
7.7	Other (provide details if material)	-
7.8	<b>Net operating cash flows</b>	(460,458)
<b>Cash flows related to investing activities</b>		
7.9	Payments for purchases of property, plant and equipment	1,455
7.10	Proceeds from sale of property, plant and equipment	-
7.11	Payment for purchases of equity investments	-
7.12	Proceeds from sale of equity investments	-
7.13	Loans to other entities	-
7.14	Loans repaid by other entities	-
7.15	Other (provide details if material)	-
7.16	<b>Net investing cash flows</b>	1,455
<b>Cash flows related to financing activities</b>		
7.17	Proceeds from issues of securities (shares, options, etc.)	
7.18	Proceeds from borrowings	313,641
7.19	Repayment of borrowings	(12,491)
7.20	Dividends paid	-
7.21	Other (provide details if material)	-
7.22	<b>Net financing cash flows</b>	301,150
<b>Net increase (decrease) in cash held</b>		(157,853)
7.23	Cash at beginning of period (see <i>Reconciliations of cash</i> )	157,880
7.24	Exchange rate adjustments to item 7.23	-
7.25	<b>Cash at end of period</b> (see <i>Reconciliation of cash</i> )	27

### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A
8.1 Cash on hand and at bank	27
8.2 Deposits at call	-
8.3 Bank overdraft	-
8.4 Other (provide details)	-
8.5 Total cash at end of period (item 7.25)	27

### Ratios

	Current period
<b>Profit before abnormals and tax/sales</b>	
9.1 Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	(127%)
<b>Profit after tax/equity interests</b>	
9.2 Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	(367%)

### Earnings per security (EPS)

10.1 Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share	
(a) Basic EPS	( 0.7 cents)
(b) Diluted EPS (if materially different from (a))	( 0.6 cents)

### NTA backing

(see note 7)

	Current period
11.1 Net tangible asset backing per ordinary security	(0.002) cents

### Details of specific receipts/outlays, revenues/expenses

	Current period A\$
12.1 Interest revenue included in determining items 1.4	84
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	78,194
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-

12.5	Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	
12.6	Depreciation (excluding amortisation of intangibles)	25,481
12.7	Amortisation of intangibles	-

### Reports for industry and geographical segments

King Equipment operates in a multiple segment that being the sale of machinery in Australia.

### Dividends

No dividends are to be paid.

### Issued and listed securities

*Description includes rate of interest and any redemption or conversion rights together with prices and rates.*

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.3	<b>Ordinary securities</b>	75,767,738	75,767,738	20	20
18.4	Issued during current period			20	20
18.7	<b>Options</b> (description and conversion factor)			Exercise price	Expiry date
		19,504,375	19,504,375	25	30/6/09
18.8	Issued during current period				
18.9	Exercised during current period	-	-	-	-



**Comments by directors**

**Basis of accounts preparation**

*factors affecting the revenues and expenses of the issuer for the current period*

Dear Shareholders,

Over the past year the company has been focussing on its core business and actively seeking to develop the business opportunities for KING. During that time the company has:

- Imported and sold Wheel Loaders and Excavators
- Sought to expand the Australian distribution network
- Sought to acquire a rental company
- Sought to enter the Australian mining equipment market with rigid dump trucks through the acquisition of the distribution rights for Bharat Limited, a government of India Company. The company was successful in securing a multi – million dollar order; however, the manufacturer's product did not meet the customer's requirements.

In summary the company has been unsuccessful in its expansion aspirations. Further, numerous new competitors have entered the market place and are offering low cost equipment with little or no backup support, whereas our company offers quality equipment with backup support and spare parts.

The directors have decided that there is limited profitable opportunity in continuing the business of importing and sales of construction machinery save for selling the stock on hand and finalising present business enquires.

The directors are continuing to provide financial support for the company and are now actively seeking an acquisition opportunity in the construction machinery rental sector in order to profit from the company's established relationships with manufacturers and knowledge of the market.

**Yours sincerely**



Siegfried König  
Chairman and Managing Director

30 October 2007



A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

It is not proposed a dividend will be declared within the next twelve months.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)

Nil

### Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

Hop[Goog Ganim Lawyers

Date

December 14 2007

Time

9:00 am

Approximate date the annual report will be available

November 8 2007

### Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act*.
2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement gives a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

<input type="checkbox"/> The financial statements have been audited.	<input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent).
<input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review.	<input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications will follow immediately they are available.
6. The *issuer* does not have a formally constituted audit committee.

Sign here:  Date: 30<sup>th</sup> October 2007  
(Director/Company secretary)

Print name: .....Sean Corbin.....

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
  - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
  - Item 1.2 "other revenue" includes abnormal items, but excludes extraordinary revenue items.
  - Item 1.4 "operating profit (loss) before abnormal items and tax" is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
  - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

**Format** The format of the consolidate balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029*. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
6. **Statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 1026: Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. Mining exploration *issuers* may use the form of cashflow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.



8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an ASIC Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the ASIC, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).