

BOOM LOGISTICS LIMITED

ABN 28 095 466 961

**Annual Financial Report
for the year ended 30 June 2012**

Table of Contents

Note	Description	Page
	Directors' Report	1
	Auditor's Independence Declaration	13
	Consolidated Income Statement	14
	Consolidated Statement of Comprehensive Income	15
	Consolidated Statement of Financial Position	16
	Consolidated Statement of Cash Flows	17
	Consolidated Statement of Changes in Equity	18
1	Corporate Information	19
2	Basis of Preparation	19
3	Summary of Significant Accounting Policies	20
4	Financial Risk Management	32
5	Revenue and Expenses	34
6	Income Tax	35
7	Earnings Per Share	36
8	Dividends Paid and Proposed	37
9	Cash and Cash Equivalents	38
10	Trade and Other Receivables	38
11	Inventories	39
12	Prepayments and Other Current Assets	39
13	Assets Classified as Held for Sale	39
14	Plant and Equipment	40
15	Intangible Assets	41
16	Impairment Testing of Goodwill	42
17	Trade and Other Payables	42
18	Interest Bearing Loans and Borrowings	43
19	Provisions	44
20	Derivative Financial Instruments	45
21	Other Liabilities	46
22	Contributed Equity	46
23	Retained Earnings	46
24	Reserves	47
25	Commitments	47
26	Employee Benefits	49
27	Events After Balance Sheet Date	50
28	Auditor's Remuneration	50
29	Key Management Personnel	51
30	Segment Reporting	53
31	Related Party Disclosure	57
32	Deed of Cross Guarantee	58
33	Financial Instruments	60
34	Contingencies	64
35	Parent Entity Financial Information	65
36	Discontinued Operations	66
	Director's Declaration	68
	Independent Audit Report to Members of Boom Logistics Limited	69
	ASX Additional Information	71

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Boom Logistics Limited ("Boom Logistics" or "the Company") and the entities it controlled for the financial year ended 30 June 2012.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Rodney John Robinson BSc, MGSc, F Aus IMM (Non-executive Chairman) (appointed 15 November 2002)

Mr. Robinson was formerly Managing Director and CEO of Ashton Mining Limited. During the past three years, Mr. Robinson has held another ASX listed public company directorship and is currently Chairman of Global Mining Investments Limited (appointed 9 December 2005). Mr. Robinson is Chairman of the Boom Logistics Nomination & Remuneration Committee and the Occupational Health, Safety, Environment & Quality Committee.

Brenden Clive Mitchell B.Sc (Chem), B.Bus (Managing Director) (appointed 1 May 2008)

Mr. Mitchell worked for over ten years leading multifaceted and multi-location businesses for Brambles in Australia and the UK. He has previous experience in the fast moving consumer goods (FMCG) sector and upon moving to Brambles, Mr. Mitchell held senior positions in the equipment hire and the high compliance waste industry. Mr. Mitchell's last position for Brambles was leading the capital and people intensive municipal business in the UK with revenue of \$550 million and 6,000 employees. During the past three years, Mr. Mitchell has not held any other ASX listed public company directorships.

Terence Alexander Hebiton (Non-executive Director) (appointed 22 December 2000)

Mr. Hebiton commenced his commercial career in the rural sector. In 1989, he acquired various business interests associated with land and property rental developments. In the late 1990s, Mr. Hebiton was Managing Director of Hazdon Holdings Pty Ltd. He is currently a director of a number of private companies and a director of Integrated Livestock Industries Ltd. He was a principal of Alpha Crane Hire, one of the founding entities of Boom Logistics. Mr. Hebiton was the CEO of Boom Logistics at its formation and ceased being an executive director in 2004. During the past three years, Mr. Hebiton has not held any other ASX listed public company directorships.

Dr. Huw Geraint Davies BSc (Hons), PhD (Geology) (Non-executive Director) (appointed 15 November 2002)

Dr. Davies was a Group Chief Executive and Director of BTR Nylex until his retirement in 1994. Since that time he has been involved in restructuring of manufacturing and service businesses and in the electricity and gas industries, together with distribution / trading project assignments in Asia. He has extensive experience as both an executive and non executive director of public, private and government businesses. He is currently the Administrator of the SECV and Chair of its Executive Committee. During the past three years, Dr. Davies has not held any other ASX listed public company directorships.

Terrence Charles Francis B.E (Civil), MBA, FIE Aust, FAICD, F Fin, D Bus (hon causa) (Non-executive Director) (appointed 13 January 2005)

Mr. Francis is currently a Non-executive Director of the ANZ Specialist Asset Management Limited, and NBN Company Limited. He also advises business and government on governance and project development. Mr. Francis has extensive experience in resources and infrastructure development, and in finance as Vice President of Continental Illinois Bank, Executive Director of Deutsche Bank Australia, and Chief Executive Officer of Bank of America in Australia. During the past three years, Mr. Francis has not held any other ASX listed public company directorships.

Fiona Rosalyn Vivienne Bennett BA (Hons), FCA, FAICD, FAIM (Non-executive Director) (appointed 29 March 2010)

Ms. Bennett is a Chartered Accountant with a strong finance and risk management background. She formerly held senior executive roles at BHP Billiton Limited and Coles Group Limited and was Chief Financial Officer at several organisations in the health sector. Ms. Bennett is a Director of Hills Holdings Limited, Alfred Health and the Legal Services Board of Victoria. During the past three years, Ms. Bennett has held another ASX listed public company directorship with Hills Holdings Limited (appointed 31 May 2010). Ms. Bennett is Chairman of the Boom Logistics Audit and Risk Committee.

DIRECTORS' REPORT (continued)

Company Secretary

Iona MacPherson BA, CA (appointed 30 June 2007)

Ms. MacPherson was appointed to the position of Chief Financial Officer and Company Secretary on 30 June 2007. She previously held the role of Chief Financial Officer and Company Secretary of Australian Air Express Pty Ltd for 4 years and prior to that worked with KPMG for 13 years and has been a Chartered Accountant for over 18 years.

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in the shares of Boom Logistics Limited were:

Name	Ordinary Shares
R.J. Robinson	680,000
T.A. Hebiton	547,995
H.G. Davies	291,547
T.C. Francis	185,745
F.R.V. Bennett	151,885
B.C. Mitchell	2,259,235

Directors Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

<i>Name of director</i>	<i>Board of Directors</i>		<i>Audit & Risk Committee</i>		<i>Nomination and Remuneration Committee</i>		<i>Occupational, Health, Safety, Environment & Quality Committee</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
R.J. Robinson	12	12	-	-	1	1	4	4
T.A. Hebiton	12	11	-	-	-	-	4	4
H.G. Davies	12	12	6	6	1	1	-	-
T.C. Francis	12	12	6	6	-	-	4	4
F.R.V. Bennett	12	12	6	6	1	1	-	-
B.C. Mitchell	12	12	-	-	-	-	4	3

Corporate Structure

Boom Logistics is a company limited by shares that is incorporated and domiciled in Australia. Boom Logistics Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are listed in note 31 of the financial statements.

Indemnification and Insurance

The Company has entered into Deeds of Access, Indemnity and Insurance with each of the Directors and the Company Secretary, under which the Company indemnifies, to the extent not precluded by law from doing so, those persons against any liability they incur in or arising out of discharging their duties. No indemnity has been granted to an auditor of the Group in their capacity as auditor.

During the financial year, the Company has paid an insurance premium for the benefit of the Directors and officers of the Company in accordance with common commercial practice. The insurance policy prohibits disclosure of the liability insured and the amount of the premium.

Nature of Operations and Principal Activities

During the year, the principal activity of the Group was the provision of lifting solutions.

DIRECTORS' REPORT (continued)

Operating and Financial Review

The Group reported an after tax profit of \$19.705 million for the financial year (2011: \$37.748 million loss) based on revenue of \$352.141 million (2011: \$338.332 million).

The result demonstrated growth in revenue, growth in profit and growth in return on capital employed as a result of the continuing execution of the Group's strategy.

The Group's business strategy focuses on delivering industrial services utilising operators and equipment (cranes, travel towers, transport and other assets) for major customers in the mining & resources, energy, utilities and infrastructure sectors. The strategy is premised on safety and shareholder value.

The Group focuses on customers who are low cost producers and therefore are well positioned through commodity cycles. The Group's operations are predominantly in support of ongoing maintenance and operational enhancement projects. Our sustainable forward earnings are not reliant on new project development decisions by our customers. Such decisions, do however present new tender opportunities and the potential for accelerated earnings growth.

Revenue growth from the Group's core operations (crane logistics and travel towers) was 11% compared with the prior corresponding period and EBIT margin improved to 10%, up from 7% in the prior year.

	FY12	FY11	% change
	\$m	\$m	
Crane Logistics (Continuing)	281.2	250.3	12%
Boom Sherrin Travel Towers	34.9	33.9	3%
Core Business Revenue	316.1	284.2	11%
Boom Sherrin Access & Other	29.1	39.0	(25%)
Revenue from Continuing Operations	345.2	323.2	7%
Revenue from Discontinued Businesses	3.5	14.7	
Operating Revenue	348.7	337.9	3%
Profit on sale of Melbourne tower crane assets	2.9	-	
Interest Income	0.5	0.4	(7%)
Total Statutory Revenue	352.1	338.3	4%

The crane logistics business achieved 8% revenue growth in FY12. Excluding revenue from the discontinued Melbourne tower crane assets, revenue from continuing operations grew by 12%. Earnings before interest expense and tax from continuing operations grew 25%.

This was achieved despite difficult business conditions through the year, including lower activity due to customer industrial action in the Bowen Basin and the residual impact of FY2011 weather events. The closure of a significant customer mine site in the Bowen Basin and pressures on operational costs in housing and accommodation in Queensland and North Western Australia were also challenges during the year.

Key events impacting crane logistics during the year included:

- => Continued growth in the mining & resources sector, which now contributes 62% of total crane logistics revenue (up from 53% in FY2011). The majority of this business is in regular and critical maintenance activities;
- => Revenue from the Group's wet hire operations (crane and operator) increased by 16% compared with FY2011 and rigging labour hire revenue increased by 34%;
- => A successful tender and commencement of new business providing maintenance support for BHP Billiton's Olympic Dam's existing operations. The contract, which commenced in June 2012, is expected to generate \$100 million of revenue over five years;
- => Business expansion on the Gorgon LNG project, adding transport equipment to our current fleet of cranes;
- => Completion of the Oaklands Hill Wind Farm construction project three weeks ahead of schedule and OH&S incident free; and
- => Sale of the Melbourne tower crane assets in October 2011 for proceeds of \$7.5 million and a profit on the sale of \$2.9 million.

With the BHPB Olympic Dam contract operational, and solid production forecasts from the Group's major customer segments (particularly in mining & resources), the crane logistics business will continue to deliver profitable growth and an improved return on capital in FY2013.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

The Boom Sherrin business executed a restructure of its operations in November 2011 at a cost of \$1.2 million. The restructure resulted in the closure of six Boom Sherrin depots, with assets redeployed to areas of greater demand and higher yield. The benefits of the restructure are evident in the 2H12 performance which saw growth in earnings before interest and tax of 17% compared with the prior corresponding period.

Boom Sherrin's core business is travel towers where it holds the number one market position. Revenue in the travel tower business grew by 3% in FY2012 through improved utilisation of the high end fleet (40 metre+). Investment in replacement and growth travel tower assets is scheduled for FY2013 to build on Boom Sherrin's market leading position.

The Group has previously stated that Boom Sherrin will seek to maximise cash flows from its non-core low end access and general equipment hire in a zero capital investment environment by:

- => aligning infrastructure with the reduced asset base;
- => re-deploying productive assets to higher yield areas; and
- => disposing of unproductive assets to maximise cash flow contribution.

The Group reduced its Total Recordable Injury Frequency Rate ("TRIFR") down to 14.4 at 30 June 2012. This reflects a 39% reduction from the previous year as the Group continues its safety journey towards "zero harm".

Significant Changes in the State of Affairs

Melbourne tower crane sale

In October 2011, the Group announced the sale of its non-core Melbourne tower crane assets which was part of the Lifting Solutions operating segment. The asset sale comprised 34 tower cranes, a small number of supporting mobile cranes, stock and ancillary equipment. Gross proceeds from the sale were \$7.5 million with a net profit on sale of \$2.9 million.

Significant Events After the Balance Date

Dividend

On 14 August 2012, the Directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2012.

Likely Developments and Expected Results

The Directors expect that the Group will continue to improve the profitability and market share of its major business sectors during the next financial year. This will require further investment in the Lifting Solutions segment which has performed well over recent years and offers sound opportunities for future development.

Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than matters addressed in this financial report there are no matters sufficiently advanced or at a level of certainty that would require disclosure.

Environmental Regulation and Performance

The Board confirms that the Group has adequate systems and processes in place to manage and comply with environmental regulations as they apply to the Group. This includes the National Greenhouse and Energy Reporting Act 2007 which requires the Group to report energy consumption and greenhouse gas emissions for the 12 months ended 30 June 2012 and future periods.

There have been no significant known breaches of any environmental regulations to which the Group is subject.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Boom Logistics Limited have followed recommendations set by the ASX Corporate Governance Council. For further information on corporate governance policies adopted by Boom Logistics Limited, refer to our website: www.boomlogistics.com.au/corporate_governance.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for Directors and executives of Boom Logistics Limited and the Group.

Nomination and Remuneration Committee

This Committee has responsibility for advising the Board of Directors on remuneration policy and related matters, including:

- => Reviewing and making recommendations with regard to remuneration policies applicable to Directors, executives and employees generally;
- => Reviewing and making recommendations in relation to the remuneration of non-executive Directors, CEO and other executives;
- => Reviewing and recommending general remuneration principles, including incentive schemes, bonuses and share plans that reward individual and team performance;
- => Reviewing and making recommendations to the Board of Directors with regard to termination policies and procedures for Directors, the CEO and other executives;
- => Reviewing and making recommendations in relation to the Company's superannuation arrangements; and
- => Reviewing and approving an annual remuneration report and making recommendations to the Board of Directors for the inclusion of the Remuneration Report in the Company's annual report.

The Committee comprises only independent non-executive Directors and is chaired by the Chairman of the Board of Directors. The Committee draws upon advice and market survey data from external consultants in discharging its responsibilities.

Executive remuneration policy

Executive remuneration is based upon the following principles:

- => External competitiveness, using appropriate independent market survey data comparing the Group's remuneration levels against industry peers in terms of comparable job size and responsibilities;
- => Internal equity, ensuring that executive remuneration across the Group is based upon a clear view of the scope of individual positions and the respective responsibilities, with motivation for continual improvement;
- => A meaningful component of executive remuneration is "at risk" with entitlement dependent upon achievement of group and individual performance targets set by the Board of Directors and linked to increasing shareholder value; and
- => Reward for performance represents a balance of annual and longer term targets.

Use of remuneration consultants

The Nomination and Remuneration Committee engages Hay Group as an independent external remuneration specialist to the Board of Directors to evaluate and benchmark the remuneration of key management personnel ("KMP"). Hay Group was paid \$8,310 for the evaluation and benchmarking of KMP's remuneration for the current financial year. Hay Group evaluations and benchmarking data is provided to the Nomination and Remuneration Committee and is free from undue influence by members of the Group's KMP.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- => Hay Group was engaged by, and reported directly to, the chair of the Nomination and Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the chair of the Nomination and Remuneration Committee under delegated authority on behalf of the Board of Directors;
- => The report containing Hay Group's evaluation was provided directly to the chair of the Nomination and Remuneration Committee;

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Use of remuneration consultants (continued)

- => Hay Group's benchmarking data is obtained directly from Hay Group and is used by the Nomination and Remuneration Committee to evaluate KMP remuneration; and
- => Hay Group was permitted to speak to the KMPs throughout the engagement. However, Hay Group was not permitted to provide any KMPs with a copy of their draft or final report that contained their evaluations.

As a consequence, the Board of Directors is satisfied that the recommendations were made free from undue influence from any members of the KMP.

In addition to evaluating KMP's remuneration, Hay Group also provided benchmarking data through their remuneration database on a subscription basis. Hay Group was paid a total of \$9,600 for providing this service.

In addition to evaluating KMP's remuneration, Hay Group also provided benchmarking data through their remuneration database on a subscription basis. Hay Group was paid a total of \$9,600 for providing this service.

Executive remuneration components

There are two primary elements to the Group's remuneration structure:

Fixed annual reward (FAR)

This element comprises base salary, any fringe benefits (e.g. motor vehicle allowance) and employer contributed superannuation. The individual FAR levels to be applied are established on an annual basis using external survey data provided by independent external consultants.

The survey data is drawn from the industrial sector of ASX listed enterprises and is provided on a comparable basis, taking account of the various factors that determine individual job scope and responsibility. The Group targets the market median for each position, projected ahead to the mid point of each year. The final determination of FAR for each executive, as a percentage of the market median, takes account of individual performance and experience in the position.

Executives have scope to vary the components that make up their FAR and can tailor their salary package to suit individual requirements.

Variable remuneration

This element of reward comprises various components determined by factors related to shareholder returns. The proportion of these "at risk" payments in the total remuneration structure is guided by market survey data provided by independent consultants. In this regard the Group targets typical reward structures as related to individual job scope and responsibility.

(a) Short term incentive plan

The short term reward is determined by the Group's Short Term Incentive Plan (STIP). The objectives of this plan are:

- => To focus executives on key annual business goals and reinforce the link between performance and reward;
- => Allow scope to recognise exceptional performance through a sliding scale of reward;
- => Encourage teamwork as well as individual performance in meeting annual goals; and
- => Align reward with the Group's values.

The STIP is applied following the annual audit of the Group's results and a review of individual performance against agreed targets set at the beginning of each financial year. Any payments made under the STIP will occur in the first half of the following financial year. No STIP payment is made should results fall short of targets. Individual performance measures are reset each year and are determined by the business drivers appropriate to each position.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Executive remuneration components (continued)

Variable remuneration (continued)

(b) Long term incentive plan

The Group's Long Term Incentive Plan (LTIP) was established to provide reward for consistent performance over a rolling three year period. It is based on the Group achieving a Return on Capital Employed (RoCE) of at least 1% greater than the pre tax investment Weighted Average Cost of Capital (WACC).

RoCE is defined as Trading Earnings Before Interest Expense & Tax / (Average Capital Employed less Goodwill). Trading Earnings Before Interest Expense & Tax is defined as "earnings before interest expense & tax" less one off, non-recurring items. Average Capital Employed is calculated with reference to the opening and closing balances of the financial year for: "trade and other receivables", "inventories", "assets classified as held for sale", "plant and equipment", and "trade and other payables". The pre tax investment WACC is determined using the 10 year bond rate as the risk free rate and using data sourced independently to determine the average Beta in Boom Logistics industry sector.

As with the STIP, the level of reward available under the LTIP is determined on the basis of market survey data provided by independent consultants. The Group has adopted the policy of aligning the level of LTIP reward to average market practice and the quantum is determined by individual job scope and responsibility among the executive group.

The annual value of the reward is converted into the Company's shares at a price determined as the volume weighted average over the five business days preceding the grant date. Shares issued after the end of the 2012 financial year will typically be granted 5 business days following the Company's Annual General Meeting to ensure time for the market to adjust to the released information. The benefit does not vest until 30 June 2015. Vesting requires continued full time employment with the Group over the three year period and RoCE must be greater than the pre tax investment WACC by 1% or more at the end of the three year period.

The operation of the LTIP is conducted through an Employee Share Trust administered by an independent third party - Remuneration Strategies Group.

(c) Other incentive plans

Executives can receive additional incentive benefits in relation to the delivery of key projects critical to the Group's future performance as assessed by the Nomination and Remuneration Committee. Executives have also participated in the Group's Executive Investment Trust.

Remuneration review

The review of executive and general staff remuneration is conducted annually through a formal process.

Executive remuneration is reviewed by the Nomination & Remuneration Committee of the Board of Directors with input from the CEO in respect of executives reporting directly to him. Market survey data provided by Hay Group (external independent remuneration specialist) is combined with individual performance appraisals to determine recommendations to go to the Board of Directors for approval. This process occurs in May/June of each year and remuneration adjustments take effect from the beginning of each financial year. The Committee has direct responsibility for reviewing CEO performance against targets set by the Board of Directors and recommending to the Board of Directors appropriate adjustments to his remuneration package.

Staff reviews are similarly conducted by the relevant General Managers, with overview from the CEO.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Nomination and Remuneration Committee have regard to the following indices in respect of the current financial year and the previous financial years.

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Net profit/(loss) attributable to members of Boom Logistics Limited	\$ 19,705	\$ (37,748)	\$ 6,541	\$ (27,486)
Dividends paid	\$ -	\$ -	\$ -	\$ 3,422
Share price at financial year end	\$ 0.22	\$ 0.30	\$ 0.39	\$ 0.28
Return on capital employed (as defined on the previous page under "Long Term Incentive Plan" section)	9.6%	5.6%	2.6%	7.2%
Pre tax investment weighted average cost of capital (as defined on the previous page under "Long Term Incentive Plan" section)	11.9%	12.3%	12.2%	13.9%

The remuneration details of executive directors and senior executives are detailed on the following pages.

Managing Director remuneration

Mr. Mitchell has an employment contract that has no fixed term. Both the Company and Mr. Mitchell are entitled to terminate the employment contract on six month's written notice, except in the case of serious misconduct or neglect of duty. Contractual arrangements relating to a redundancy event are set out below.

The Hay Group system is used to determine the market position relating to the Managing Director role, comparing equivalent positions in comparative companies. Boom Logistics does not pay above market median for this position.

Mr. Mitchell's remuneration package as at 30 June 2012 comprised the following components:

- => Fixed annual reward ("FAR") of \$705,000 per annum, inclusive of superannuation contributions in line with the Superannuation Guarantee legislation. Mr. Mitchell's FAR is reviewed annually on 1 July each year taking into account the Group's performance, industry and economic conditions, and personal performance;
- => Short term incentive plan ("STIP") equivalent to 40% of his FAR upon achievement of performance conditions set by the Board of Directors on an annual basis. The payment of any bonus under the STIP will take place after the finalisation of the annual accounts each year which typically occurs in the first half of the following financial year; and
- => Long term incentive plan ("LTIP") equivalent to 45% of his FAR allocated in shares of the Company with a three year vesting condition, but subject to shareholder approval at the Company's Annual General Meeting.

If his employment is terminated on the grounds of redundancy or where a diminution in responsibility occurs, in addition to his notice period, he will be entitled to receive:

- => 12 months pay calculated in accordance with his fixed annual reward at the date of redundancy or diminution;
- => Long term incentive grants that have vested or qualify within annual vesting conditions, but have not satisfied the usual three year vesting hurdle; and
- => Vested employee entitlements.

The STIP provides for a pro-rata payment of bonus on termination but subject to Board of Directors approval.

In the event that Mr. Mitchell is summarily dismissed, he will be paid for the period served prior to dismissal and any accrued leave entitlements. Mr. Mitchell would not be entitled to the payment of any bonus under the STIP or LTIP unless approved by the Board of Directors.

He is subject to restrictive covenants upon cessation of his employment for a maximum period of one year.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Non-Executive Director fees

Non-executive Director fees are determined by reference to external survey data, taking account of the Group's relative size and business complexity. No additional payments are made for serving on Board Committees; no equity incentives are offered and no retirement benefits are payable to any non-executive director. The maximum aggregate sum for non-executive director remuneration of \$400,000 was approved by shareholders at the 2004 Annual General Meeting.

Other executives (standard contracts)

All executives have rolling contracts. Either the Company or the executive may terminate the executive's employment agreement by providing 3 months written notice or providing payment in lieu of the notice period (based upon the fixed component of the executive's remuneration). On termination by notice of the Company or the executive, any LTIP shares that have vested or that will vest during the notice period will be awarded. LTIP shares that have not yet vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that proportion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested LTIP shares will be forfeited.

Insurance

Amounts disclosed for remuneration of Directors and specified executives exclude insurance premiums paid by the Company in respect of directors' and officers' liability insurance. The premium has not been allocated to the individuals covered by the insurance policy as, based on all available information, the directors believe that no reasonable basis for such allocation exists.

Remuneration report approval at FY2011 Annual General Meeting

The 30 June 2011 remuneration report received positive shareholder support at the FY2011 Annual General Meeting with a vote of 78% in favour.

Compensation of non-executive directors and other key management personnel

Details of non-executive directors and other key management personnel remuneration for the year ended 30 June 2012 are as follows:

	Salary & fees	Cash bonus	Short Term Non monetary benefits	Other	Post Employment Super-annuation	Share-based Payments Shares	Long Term Long service leave	Total	Total performance related
Non-Executive Directors									
John Robinson									
2012	120,000	-	-	-	10,800	-	-	130,800	-
2011	120,000	-	-	-	10,800	-	-	130,800	-
Terence Hebiton									
2012	60,000	-	-	-	5,400	-	-	65,400	-
2011	60,000	-	-	-	5,400	-	-	65,400	-
Dr. Huw Davies									
2012	60,000	-	-	-	5,400	-	-	65,400	-
2011	60,000	-	-	-	5,400	-	-	65,400	-
Terrence Francis									
2012	60,000	-	-	-	5,400	-	-	65,400	-
2011	60,000	-	-	-	5,400	-	-	65,400	-
Fiona Bennett									
2012	60,000	-	-	-	5,400	-	-	65,400	-
2011	60,000	-	-	-	5,400	-	-	65,400	-
Total Remuneration: Non-Executive Directors									
2012	360,000	-	-	-	32,400	-	-	392,400	-
2011	360,000	-	-	-	32,400	-	-	392,400	-

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Compensation of non-executive directors and other key management personnel (continued)

	Cash salary	Short Term Cash bonus ^a	Non monetary benefits	Other ^b	Post Employment Super- annuation	Termination benefits	Share- based Payments Shares ^c	Long Term Long service leave	Total	Total performance related
Executives										
Brenden Mitchell (Managing Director) ^d										
2012	442,988	81,000	11,054	232,120	50,000	-	86,202	14,079	917,443	18.2%
2011	417,667	-	10,133	194,035	49,999	-	101,554	12,403	785,791	12.9%
Iona MacPherson (Chief Financial Officer and Company Secretary) ^e										
2012	330,523	47,088	-	32,000	26,702	-	27,564	9,666	473,543	15.8%
2011	323,477	33,000	388	48,000	35,371	-	32,155	8,496	480,886	13.5%
Rosanna Hammond (General Manager - Human Resources) ^f										
2012	182,081	17,004	-	23,440	19,783	-	11,944	4,383	258,635	11.2%
2011	198,445	12,000	140	-	18,630	-	13,934	4,108	247,257	10.5%
Paul Martinez (Chief Information Officer and Director of Strategy) ^g										
2012	367,638	45,360	-	-	36,542	-	26,905	8,235	484,680	14.9%
2011	342,384	15,000	324	-	32,562	-	31,904	4,833	427,006	11.0%
Tony Spassopoulos (Director of Sales & Marketing) ^h										
2012	218,723	39,240	-	112,928	25,000	-	22,970	7,037	425,898	14.6%
2011	198,335	27,000	270	144,647	29,425	-	26,796	4,160	430,633	12.5%
Terese Withington (General Manager - Boom Sherrin) ⁱ										
2012	294,067	-	-	25,000	41,816	-	18,376	5,013	384,272	4.8%
2011	283,083	67,918	69	25,000	37,786	-	21,437	3,587	438,879	20.4%
Peter O'Shannessy (former Chief Operating Officer) ^j										
2012	61,148	39,312	-	-	14,733	-	-	(12,479)	102,714	38.3%
2011	358,051	-	388	-	30,914	461,710	38,209	7,019	896,292	8.8%
Total Remuneration: Executives										
2012	1,897,168	269,004	11,054	425,488	214,576	-	193,961	35,934	3,047,185	-
2011	2,121,443	154,918	11,711	411,682	234,687	461,710	265,988	44,605	3,706,743	-
Total Remuneration: Non-Executive Directors and Executives - Group										
2012	2,257,168	269,004	11,054	425,488	246,976	-	193,961	35,934	3,439,585	-
2011	2,481,443	154,918	11,711	411,682	267,087	461,710	265,988	44,605	4,099,143	-

Refer to note 29 for further details.

^a Cash bonus is determined in accordance with the incentive plans outlined on page 6.

^b Other represents motor vehicle allowance, novated lease payments and contributions to the Group's Executive Investment Trust.

^c Share-based payments represents ordinary shares in Boom Logistics Limited issued for nil consideration. For the purpose of this disclosure, the ordinary shares have been valued at fair value at the grant date being \$0.290 per share, with the exception of Mr. Mitchell being \$0.300 per share calculated as the higher of the fair value at grant date or \$0.300 per share (2011: \$0.450 per share). The share based payment vests over a 3 year period from grant date. Only the expense relating to the period has been recognised in accordance with accounting policy note 3(r).

^d During the year, 287,186 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met.

^e Ms. MacPherson is a director of all of Boom Logistics Limited's subsidiaries. During the year, 90,452 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Compensation of non-executive directors and other key management personnel (continued)

^f During the year, 39,196 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met.

^g During the year, 90,452 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met.

^h During the year, 75,377 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met.

ⁱ During the year, 60,301 ordinary shares granted in October 2008 at a fair value at that date of \$0.520 per share were forfeited as the vesting conditions were not met. Whilst Ms. Withington received a cash bonus of \$67,918 in September 2011, this amount was accrued at the end of FY2011 and therefore, was disclosed in the prior year remuneration.

^j In June 2011, Mr. O'Shannessy was notified that his position as Chief Operating Officer had been made redundant and the estimated redundancy payment of \$461,710 was disclosed as part of his remuneration in the 30 June 2011 Annual Financial Report. Subsequent to 30 June 2011, the actual redundancy payment was as estimated. The disclosure for FY2012 reflects his remuneration received to the date of cessation on 7 September 2011. In addition, all share based payments issued to Mr. O'Shannessy were forfeited as the 3 year vesting conditions were not met.

Shares granted as part of remuneration for the year ended 30 June 2012 (in accordance with the LTIP)

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date *	Vesting benchmark	Maximum value of grant ^
Brenden Mitchell	2012	4 Nov 11	1,057,500	5 Nov 14	\$0.300	RoCE > WACC by 1%	\$359,550
	2011	5 Nov 10	650,433	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$221,147
	2010	4 Dec 09	705,556	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$239,889
Iona MacPherson	2012	4 Nov 11	349,397	5 Nov 14	\$0.292	RoCE > WACC by 1%	\$118,795
	2011	5 Nov 10	210,064	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$71,422
	2010	4 Dec 09	222,222	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$75,555
Rosanna Hammond	2012	4 Nov 11	151,405	5 Nov 14	\$0.292	RoCE > WACC by 1%	\$51,478
	2011	5 Nov 10	91,028	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$30,950
	2010	4 Dec 09	96,296	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$32,741
Paul Martinez	2012	4 Nov 11	336,575	5 Nov 14	\$0.292	RoCE > WACC by 1%	\$114,436
	2011	5 Nov 10	202,355	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$68,801
	2010	4 Dec 09	222,222	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$75,555
Tony Spassopoulos	2012	4 Nov 11	291,165	5 Nov 14	\$0.292	RoCE > WACC by 1%	\$98,996
	2011	5 Nov 10	175,054	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$59,518
	2010	4 Dec 09	185,186	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$62,963
Terese Withington	2012	4 Nov 11	232,931	5 Nov 14	\$0.292	RoCE > WACC by 1%	\$79,197
	2011	5 Nov 10	140,043	5 Nov 13	\$0.450	RoCE > WACC by 1%	\$47,615
	2010	4 Dec 09	148,148	4 Dec 12	\$0.390	RoCE > WACC by 1%	\$50,370

* The fair values per share were assessed as the 5 day volume weighted average market price at the grant dates.

^ The maximum value of grants has been estimated based on a 52 week high in FY2012 of \$0.34 per share. The minimum total value of each grant, if the applicable performance conditions are not met is nil.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration to the Directors

The auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 30 June 2012.

Non-audit Services

The following non-audit services were provided by KPMG, the Company's auditor. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

KPMG received or are due to receive the following amounts for the provision of non-audit services:

Tax services	\$92,100

Total remuneration for non-audit services	\$92,100
	=====

Proceedings on the Behalf of the Company

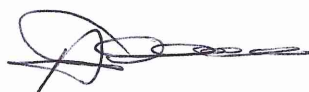
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Rounding

The amounts contained in this report and in the financial report are presented in Australian dollars and have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available under ASIC Class Order 98/100. The Group is of a kind to which the Class Order applies.

Signed in accordance with a resolution of the directors.



John Robinson
Chairman



Brenden Mitchell
Managing Director

Melbourne, 14 August 2012



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Boom Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michael Bray
Partner

Melbourne

14 August 2012

Boom Logistics Limited
A.B.N. 28 095 466 961

Consolidated Income Statement
Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Revenue	5	352,141	338,332
Salaries and employee benefits expense	5(c)	(157,119)	(150,484)
Equipment service and supplies expense		(92,986)	(92,211)
Cost of sales associated with cranes	5(c)	-	(1,037)
Operating lease expense		(10,221)	(12,543)
Other expenses		(24,805)	(25,843)
Restructuring expense	19	(1,173)	(2,761)
Depreciation and amortisation expense	5(c)	(28,640)	(32,204)
Impairment expense	5(c)	-	(48,400)
Profit/(loss) before financing expenses and income tax		37,197	(27,151)
Financing expenses	5(c)	(11,171)	(15,557)
Profit/(loss) before income tax		26,026	(42,708)
Income tax (expense)/benefit	6(a)	(6,321)	6,929
Profit/(loss) from continuing operations		19,705	(35,779)
Loss from discontinued operations (net of income tax)	36	-	(1,969)
Net profit/(loss) attributable to members of Boom Logistics Limited		19,705	(37,748)
Basic earnings/(loss) per share (cents per share)	7	4.2	(8.2)
Diluted earnings/(loss) per share (cents per share)	7	4.2	(8.2)
Franked dividends per share (cents per share)	8	-	-

The accompanying notes form an integral part of the Consolidated Income Statement.

Boom Logistics Limited
A.B.N. 28 095 466 961

Consolidated Statement of Comprehensive Income
Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Net profit/(loss) attributable to members of Boom Logistics Limited		19,705 =====	(37,748) =====
Other comprehensive loss			
Cash flow hedges recognised in equity, net of tax	24	(1,269) -----	(10) -----
Other comprehensive loss for the year, net of tax		(1,269) -----	(10) -----
Total comprehensive income/(loss) for the year attributable to members of Boom Logistics Limited		18,436 =====	(37,758) =====

The accompanying notes form an integral part of the Consolidated Statement of Comprehensive Income.

Boom Logistics Limited
A.B.N. 28 095 466 961

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	9(a)	10,102	9,073
Trade and other receivables	10	69,948	57,783
Inventories	11	313	1,419
Prepayments and other current assets	12	3,530	4,138
Assets classified as held for sale	13	4,603	5,031
Income tax receivable	6(c)	8,030	8,029
		-----	-----
TOTAL CURRENT ASSETS		96,526	85,473
		-----	-----
NON-CURRENT ASSETS			
Plant and equipment	14	342,290	322,619
Intangible assets	15(b)	74,215	72,158
		-----	-----
TOTAL NON-CURRENT ASSETS		416,505	394,777
		-----	-----
TOTAL ASSETS		513,031	480,250
		=====	=====
CURRENT LIABILITIES			
Trade and other payables	17	36,847	24,977
Interest bearing loans and borrowings	18	16,670	108,769
Provisions	19	13,092	14,934
Derivative financial instruments	20	870	-
Other liabilities	21	4,295	5,018
		-----	-----
TOTAL CURRENT LIABILITIES		71,774	153,698
		-----	-----
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	18	107,186	17,926
Provisions	19	947	929
Derivative financial instruments	20	1,513	-
Deferred tax liabilities	6(b)	15,872	10,266
		-----	-----
TOTAL NON-CURRENT LIABILITIES		125,518	29,121
		-----	-----
TOTAL LIABILITIES		197,292	182,819
		=====	=====
NET ASSETS		315,739	297,431
		=====	=====
EQUITY			
Contributed equity	22	318,065	318,065
Retained (losses)	23	(1,670)	(21,375)
Reserves	24	(656)	741
		-----	-----
TOTAL EQUITY		315,739	297,431
		=====	=====

The accompanying notes form an integral part of the Consolidated Statement of Financial Position.

Boom Logistics Limited
A.B.N. 28 095 466 961

Consolidated Statement of Cash Flows
Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		371,073	374,427
Payments to suppliers and employees		(324,468)	(324,186)
Interest paid		(10,610)	(12,692)
Interest received		449	485
Income tax (paid)/received		(2)	(3,930)
		-----	-----
Net cash provided by operating activities	9(b)	36,442	34,104
		-----	-----
Cash flows from investing activities			
Purchase of plant and equipment		(46,706)	(33,049)
Payment for intangible assets - software development costs		(2,387)	(631)
Proceeds from the sale of plant and equipment		15,282	5,763
		-----	-----
Net cash (used in) investing activities		(33,811)	(27,917)
		-----	-----
Cash flows from financing activities			
Proceeds from borrowings		52,333	28,957
Repayment of borrowings		(53,935)	(36,204)
Payment of dividends	8(a)	-	-
		-----	-----
Net cash (used in) financing activities		(1,602)	(7,247)
		-----	-----
Net increase/(decrease) in cash and cash equivalents		1,029	(1,061)
Cash and cash equivalents at the beginning of the period		9,073	10,134
		-----	-----
Cash and cash equivalents at the end of the period	9(a)	10,102	9,073
		=====	=====

The accompanying notes form an integral part of the Consolidated Statement of Cash Flows.

Boom Logistics Limited
A.B.N. 28 095 466 961

Consolidated Statement of Changes in Equity
Year Ended 30 June 2012

	Note	Issued Capital \$'000	Retained Earnings \$'000	Cash Flow Hedge Reserve \$'000	Employee Equity Benefits Reserve \$'000	Total Equity \$'000
At 1 July 2010		318,065	16,373	10	448	334,896
		=====	=====	=====	=====	=====
Loss for the year		-	(37,748)	-	-	(37,748)
Other comprehensive loss	24	-	-	(10)	-	(10)
		-----	-----	-----	-----	-----
Total comprehensive loss		-	(37,748)	(10)	-	(37,758)
Transactions with owners in their capacity as owners:						
Cost of share based payments	24	-	-	-	293	293
		-----	-----	-----	-----	-----
At 30 June 2011		318,065	(21,375)	-	741	297,431
		=====	=====	=====	=====	=====
Profit for the year		-	19,705	-	-	19,705
Other comprehensive loss	24	-	-	(1,269)	-	(1,269)
		-----	-----	-----	-----	-----
Total comprehensive income		-	19,705	(1,269)	-	18,436
Transactions with owners in their capacity as owners:						
Cost of share based payments	24	-	-	-	(128)	(128)
		-----	-----	-----	-----	-----
At 30 June 2012		318,065	(1,670)	(1,269)	613	315,739
		=====	=====	=====	=====	=====

The accompanying notes form an integral part of the Consolidated Statement of Changes in Equity.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

1. Corporate Information

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 14 August 2012.

Boom Logistics Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group is a for profit entity and the nature of its operations and principal activities are described in note 30.

2. Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Historical cost convention

The financial report has been prepared in accordance with the historical cost convention rounded to the nearest thousand dollars (\$'000) in accordance with ASIC Class Order 98/100 unless otherwise stated. The financial report is presented in Australian dollars which is the Company's functional currency.

(c) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Impairment testing of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions.

Impairment testing of plant and equipment

The Group tests annually whether plant and equipment has suffered any impairment, in accordance with the accounting policy stated in note 3(m). The recoverable amounts of plant and equipment have been determined based on its value in use. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions.

Useful lives and residual values of plant and equipment

The Group determines the estimated useful lives of assets and related depreciation charges for its plant and equipment based on the accounting policy stated in note 3(j). These estimates are based on projected capital equipment lifecycles for periods up to twenty years based on useful life assumptions.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

2. Basis of Preparation (continued)

(c) Critical accounting estimates (continued)

Useful lives and residual values of plant and equipment (continued)

Residual values are determined based on the value the Group would derive upon ultimate disposal of the individual piece of plant and equipment at the end of its useful life. The achievement of these residual values is dependent upon and could be impacted as a result of the industrial cycle.

Management will increase the depreciation charge where useful lives are less than previously estimated lives or there is evidence that residual values can not be achieved.

Tax balances

Judgement and estimation is required over the calculation and recognition of current and deferred tax balances. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets, liabilities and expense/benefit in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the losses continue to be available having regard to their nature and timing of origination. Utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped.

(d) Changes in accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out in note 3.

These policies are consistent with those of the previous financial year, with the exception of the reclassification of capitalised software development costs from plant and equipment to intangible assets in accordance with AASB 138 Intangible Assets. The development costs incurred during the period related to the Group's investment in its new payroll and general ledger systems. Both are scheduled for completion in FY2013 and will be amortised over the useful life of the systems. The carrying value of intangible assets have increased by \$3.405 million with plant and equipment decreasing by the same amount. Prior period comparatives have been adjusted accordingly, including the Statement of Cash Flows and note 5.

The Group has not elected to early adopt any accounting standards or amendments (refer to note 3(z)).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(d), which address changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation as if an operation discontinued during the current year had been discontinued from the start of the comparative year (refer to note 36).

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Boom Logistics Limited and its subsidiaries 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.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the parent company financial statements, investments in subsidiaries are carried at cost.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the hire of lifting/access equipment and services provided, and the repairs of cranes and other equipment is recognised where the right to be compensated for the services can be reliably measured.

Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (ie. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the income statement using the effective interest rate method.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(d) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(d) Leases (continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

(e) Cash and cash equivalents

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment (refer note 3(m)). Trade receivables are generally due for settlement within 30 – 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an allowance for impairment had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred 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.

Deferred tax assets are recognised for all deductible temporary differences 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 losses can be utilised except where the deferred tax asset relating to the deductible temporary differences 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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 taxation authority.

Tax consolidation legislation

Boom Logistics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Boom Logistics Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Boom Logistics Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where 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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement 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.

(j) Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When a major overhaul is performed, the cost is recognised in the carrying amount of plant and equipment only if the major overhaul extends the expected useful life of the asset or if the continuing operation of the asset is conditional upon incurring the expenditure. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of plant and equipment as a replacement only if it is eligible for capitalisation. The cost of the day-to-day servicing or the replacement of parts of plant and equipment is recognised in profit or loss as incurred.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful life of each part of an item of plant and equipment as follows:

Mobile Cranes > 20T	20 Years
Travel Towers	20 Years
Tower Cranes	20 Years
Tower Sections / Frames	20 Years
Stiffleg Derricks	20 Years
Mobile Cranes < 20T	10 Years
Access Equipment	10 Years
Ancillary Equipment	10 Years
Office Equipment	10 Years
Workshop Equipment	10 Years
Leasehold Improvements	Lesser of lease term or 10 Years
Vehicles	5 to 10 Years
Computer Equipment	3 to 5 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and at more regular intervals when there is an indicator of impairment or when deemed appropriate.

Gains or losses on sale of plant and equipment are included in the income statement in the year the asset is disposed of.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(j) Plant and equipment (continued)

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. No depreciation is recognised whilst an asset is held for sale. Interest and other expenses attributable to the assets held for sale continue to be recognised.

(k) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment at each reporting date either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets excluding goodwill is as follows:

	<i>Software Development Costs</i>
Useful lives	<i>Finite</i>
Method used	<i>Life of software</i>
Internally generated / Acquired	<i>Internally generated</i>
Impairment test / Recoverable amount testing	<i>Amortisation method reviewed at each financial year end; Reviewed annually for indicator of impairment.</i>

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(l) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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

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 the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(m) Impairment of assets

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit or a group of cash-generating units is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units or a group of cash-generating units that are expected to benefit from the synergies of the combination and at the lowest level monitored by management.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(m) Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of an asset, cash-generating unit or a group of cash-generating units exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(p) 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 probable. The expense relating to any provision is presented in the income statement 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 expense.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(q) Employee benefits

Wages, salaries, annual leave, sick leave and rostered days off

Liabilities for wages and salaries, including non monetary benefits, annual leave, accumulating sick leave and rostered days off represent present obligations from employees' services provided to the reporting date and are recognised in employee provisions up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service 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. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution plans are recognised as a personnel expense in the income statement in the period in which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(r) Share-based payments

The Group provides benefits to senior management of the Group in the form of share based payments, whereby senior management receives incentive based share allocations vesting upon achievement of preset performance targets over a rolling three year period.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Boom Logistics Limited (market conditions) if applicable.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(r) Share-based payments (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

If an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(t) Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(u) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- 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 the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(v) Financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Measurement of each of the non-derivative financial instruments is covered in the respective policy notes – trade and other receivables 3(f), cash and cash equivalents 3(e), interest bearing loans and borrowings 3(o), and trade and other payables 3(n). Refer to note 33 for detailed disclosures.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control and substantially all risks and rewards of the asset.

Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(w) Derivatives and hedging

The Group uses derivative financial instruments, such as forward foreign currency and interest rate swap contracts, to hedge its foreign currency risks and interest rate risks, respectively. Such derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 20. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

3. Summary of Significant Accounting Policies (continued)

(w) Derivatives and hedging (continued)

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is a non financial asset (for example, inventory or fixed assets), the amounts taken to equity are transferred to the initial carrying amount of the non financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments.

(y) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. The results of discontinued operations are presented separately in the consolidated income statement. Prior period comparatives have been adjusted where required.

(z) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are not yet effective and have not been adopted by the Group in preparing this financial report.

(i) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

(ii) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 (effective 1 January 2015)*

(iii) *AASB 2011-4 Amendments to Australia Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)*

(iv) *AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australia Accounting Standards arising from AASB 119 (effective 1 January 2013)*

(v) *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective 1 January 2013)*

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

4. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has empowered senior management for developing and monitoring risk management guidelines and policies. The Chief Financial Officer reports regularly to the Board of Directors on relevant activities.

Risk management guidelines have been further developed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management guidelines are regularly reviewed to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management guidelines, policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group's policy is to trade with recognised, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. Refer to note 33 for detailed disclosure.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations as they fall due under both normal and stressed conditions without incurring unacceptable losses or damage to the Group's reputation. In order to meet these requirements management estimates the cash flows of the Group on a weekly basis.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. At 30 June 2012, the Group's balance sheet gearing ratio was 36% (2011: 40%). This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest bearing loans and borrowings less cash and cash equivalents. Equity is as shown on the Balance Sheet. Refer to note 33 for detailed disclosure.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

4. Financial Risk Management (continued)

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. Refer to note 33 for detailed disclosure.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has transactional currency exposures arising from purchases of plant and equipment in currencies other than the functional currency. It is the Group's policy to hedge 100% of its estimated foreign currency purchases. The Group's policy is not to enter into forward currency contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The level of fixed and variable rate debt is disclosed in note 33.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to maintain healthy capital ratios, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the balance sheet gearing ratio. This ratio is calculated as net debt divided by equity. Information regarding compliance with debt facility requirements is disclosed in note 18.

	Note	2012 \$'000	2011 \$'000
Interest bearing loans and borrowings	18	123,856	126,695
Less: cash and cash equivalents	9(a)	(10,102)	(9,073)
Net debt		113,754	117,622
Total equity		315,739	297,431
Gearing ratio		36%	40%

Notes to the Consolidated Financial Statements

Year Ended 30 June 2011

	Note	2012 \$'000	2011 \$'000
5. Revenue and Expenses			
(a) Revenue from continuing operations			
Revenue from services		347,825	336,115
Revenue from sale of goods		-	1,345
Interest income from other persons/corporations		449	482
		<u>348,274</u>	<u>337,942</u>
(b) Other income			
Net profit / (loss) on disposal of plant and equipment	(i)	3,867	390
		<u>3,867</u>	<u>390</u>
Total revenue		<u><u>352,141</u></u>	<u><u>338,332</u></u>
(i) Net gains on disposal of plant and equipment included \$2.9m profit on sale of the Melbourne tower crane assets which were sold in October 2011. This asset sale occurred within the Lifting Solutions operating segment.			
(c) Expenses			
Salaries and employee benefits		147,655	141,933
Defined contribution plan expense		9,464	8,551
Total salaries and employee benefits expense		<u>157,119</u>	<u>150,484</u>
Depreciation of plant and equipment	14	28,310	31,874
Amortisation of intangible assets - software development costs	15(c)	330	330
Total depreciation and amortisation expense		<u>28,640</u>	<u>32,204</u>
Impairment of intangibles - goodwill	15(c)	-	19,623
Impairment of plant and equipment	14	-	26,163
Impairment of assets classified as held for sale	14	-	1,844
Impairment of inventories		-	770
Total impairment expense		<u>-</u>	<u>48,400</u>
Financing expenses		11,171	15,557
Cost of crane sales and servicing through the Crane Sales and Service segment		-	1,037

BALANCE SHEET		INCOME STATEMENT	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000

<i>Deferred tax assets</i>				
- Employee leave provisions	3,991	3,853	(138)	(193)
- Allowance for impairment on financial assets	386	649	263	(174)
- Liability accruals	395	689	294	(274)
- Restructuring provisions	-	450	450	(450)
- Tax losses	4,506	8,361	3,855	(648)
- Cash flow hedges (recognised in other comprehensive income)	715	-		
	-----	-----		
Gross deferred income tax assets	9,993	14,002		
	-----	-----		
<i>Deferred tax liabilities</i>				
- Accelerated depreciation for tax purposes	(25,865)	(24,268)	1,597	(6,167)
- Foreign currency balances	-	-	-	261
	-----	-----		
Gross deferred income tax liabilities	(25,865)	(24,268)		
	-----	-----		
Net tax assets / (liabilities)	(15,872)	(10,266)		
	=====	=====		
Deferred tax expense / (income)			6,321	(7,645)

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
6. Income Tax (continued)			
(c) Income tax payable			
Income tax (receivable) / payable	(ii)	(8,030)	(8,029)

(ii) Income tax receivable represents a franking deficit tax offset of \$3.687 million (2011: \$3.687 million) and the anticipated tax refund in respect of the FY2012 year of \$4.343 million (2011: \$4.342 million).

(d) Tax losses

The Group has unused tax losses of \$4.506 million (2011: \$8.361 million) which has been recognised as a deferred tax asset as it is probable that sufficient taxable profit will be available to allow all the tax losses to be utilised.

7. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit 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 calculation of basic and diluted earnings per share:

Net profit/(loss) after tax	19,705	(37,748)
	No. of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	467,072,523	461,280,299
<i>Effect of dilutive securities:</i>		
- employee share awards	-	-
	-----	-----
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	467,072,523	461,280,299
	=====	=====
Number of ordinary shares at financial year end	468,663,585	465,011,147
	=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
8. Dividends Paid and Proposed			
(a) Dividends paid during the year			
<i>Current year interim</i>			
Fully franked dividends (nil cents per share)		-	-
(2011: nil cents per share)			
<i>Previous year final</i>			
Fully franked dividends (nil cents per share)		-	-
(2011: nil cents per share)			
		-----	-----
		-	-
		=====	=====
(b) Dividends proposed and not recognised as a liability			
Fully franked dividends (nil cents per share)		-	-
(2011: nil cents per share)			
(c) Franking credit balance			
The amount of franking credits available for the subsequent financial year are:			
- Franking credits as at the end of the financial year at 30%			
(2011: 30%)		3	1
- Franking (deficits) / credits that will arise from the			
payment / (receipt) of income tax payable / (receivable)			
as at the end of the financial year	6(c)	(8,030)	(8,029)
- Franking debits that will arise from the payment of			
dividends as at the end of the financial year		-	-
		-----	-----
		(8,027)	(8,028)
The amount of franking credits available for future reporting periods:			
- Impact on the franking account of dividends proposed			
or declared before the financial report was authorised			
for issue but not recognised as a distribution to equity			
holders during the period		-	-
		-----	-----
		(8,027)	(8,028)
		=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
9. Cash and Cash Equivalents			
(a) Reconciliation of cash			
Cash at bank and on hand		10,102	9,073
Closing cash balance		10,102	9,073

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 33.

(b) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations

Net profit/(loss) after tax		19,705	(37,748)
<i>Non cash items</i>			
Depreciation and amortisation of non-current assets	5(c)	28,640	32,204
Impairment of assets	5(c)	-	48,400
Net (profit)/loss on disposal of plant and equipment	5(b)	(3,867)	(390)
Share based payments	24	(128)	293
Reversal of unused provisions	19	(168)	-
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in trade and other receivables		(12,165)	1,534
(Increase)/decrease in inventories		1,106	2,151
(Increase)/decrease in prepayments and other assets		608	2,385
(Decrease)/increase in trade and other payables		(183)	(1,858)
(Increase)/decrease in current tax receivables		(1)	(4,052)
(Decrease)/increase in deferred tax liabilities		5,606	(7,645)
(Decrease)/increase in provisions		(1,824)	3,595
(Decrease)/increase in other liabilities		(887)	(4,766)
Net cash flow from operating activities		36,442	34,104

10. Trade and Other Receivables

Trade receivables	(i)	66,763	57,723
Allowance for impairment	33(a)	(1,286)	(2,164)
		65,477	55,559
Other receivables		4,471	2,224
Total trade and other receivables		69,948	57,783

- (i) Trade receivables are non interest bearing and are generally on 30 - 60 day terms. An allowance for impairment is made when there is objective evidence that a trade receivable is impaired.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
11. Inventories		
Stock on hand at cost	90	393
Stock on hand at net realisable value	-	776
	-----	-----
	90	1,169
	-----	-----
Fuel at cost	223	250
	-----	-----
Total inventories	313	1,419
	=====	=====

The decrease from the prior year is predominately due to the exit of the GM Baden business which is part of the Crane Sales and Service operating segment.

Inventories recognised as expense during the year ended 30 June 2012 amounted to \$11,166,000 (2011: \$13,254,000) representing \$nil (2011: \$2,815,000) cost of sales associated with cranes and \$11,166,000 (2011: \$10,439,000) fuel and tyres.

During the year ended 30 June 2012 the write-down of inventories to net realisable value amounted to \$nil (2011: \$770,000) which is disclosed in the impairment expense line in the income statement. Refer to note 5(c).

12. Prepayments and Other Current Assets

Prepayments	2,891	3,686
Other current assets	639	452
	-----	-----
Total prepayments and other current assets	3,530	4,138
	=====	=====

13. Assets Classified as Held For Sale

Plant and equipment	4,603	5,031
	-----	-----
Total assets classified as held for sale	4,603	5,031
	=====	=====

Assets classified as held for sale at year end consists of cranes, travel towers and access equipment in the Lifting Solutions segment that are no longer in use and are available for immediate sale.

The carrying value of assets classified as held for sale held under finance leases, hire purchase contracts and secured bank loans at 30 June 2012 is \$1,321,351 (2011: \$847,000). Refer to note 18.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

14. Plant and Equipment

	Note	Rental Equipment \$'000	Motor Vehicles * \$'000	Machinery, Furniture, Fittings & Equipment \$'000	Total \$'000
<i>Opening balance at 1 July 2010</i>					
At cost		461,539	40,813	24,382	526,734
Accumulated depreciation		(128,062)	(17,199)	(15,478)	(160,739)
Net carrying amount		333,477	23,614	8,904	365,995
<i>Year ended 30 June 2011</i>					
Carrying amount at beginning net of accumulated depreciation and impairment		333,477	23,614	8,904	365,995
Additions		20,945	89	547	21,581
Disposals	(i)	(4,510)	(344)	(278)	(5,132)
Transfers		(3,063)	2,107	956	-
Impairment	5(c)	(27,336)	(671)	-	(28,007)
Transfer to / from assets held for sale		56	-	-	56
Depreciation charge for the year	5(c)	(27,373)	(2,357)	(2,144)	(31,874)
Carrying amount at end net of accumulated depreciation and impairment		292,196	22,438	7,985	322,619
<i>Closing balance at 30 June 2011</i>					
At cost		463,855	41,186	24,477	529,518
Accumulated depreciation		(171,659)	(18,748)	(16,492)	(206,899)
Net carrying amount		292,196	22,438	7,985	322,619
<i>Year ended 30 June 2012</i>					
Carrying amount at beginning net of accumulated depreciation and impairment		292,196	22,438	7,985	322,619
Additions		49,992	6,588	1,675	58,255
Disposals	(i)	(8,815)	(1,131)	(500)	(10,446)
Transfers		2,332	(2,237)	(95)	-
Transfer to / from assets held for sale		172	-	-	172
Depreciation charge for the year	5(c)	(24,134)	(1,959)	(2,217)	(28,310)
Carrying amount at end net of accumulated depreciation and impairment		311,743	23,699	6,848	342,290
<i>Closing balance at 30 June 2012</i>					
At cost		474,242	43,190	24,468	541,900
Accumulated depreciation		(162,499)	(19,491)	(17,620)	(199,610)
Net carrying amount		311,743	23,699	6,848	342,290

* Motor vehicles represent prime movers, trailers and forklifts.

(i) Disposals include assets classified as held for sale that were disposed during the year.

The carrying value of plant and equipment held under finance leases, hire purchase contracts and secured bank loans at 30 June 2012 is \$177,525,044 (2011: \$182,992,144), the majority of which is in the rental equipment category. Additions during the year include \$37,044,877 (2011: \$11,891,901) of plant and equipment held under secured bank loans.

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities (refer to note 18).

Plant and equipment with a carrying amount of \$342,290,000 (2011: \$322,619,000) are pledged as securities for current and non current interest bearing loans and borrowings as disclosed in note 18.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
15. Intangible Assets			
(a) Opening balance at 1 July			
Goodwill		70,810	90,433
Software development costs (net carrying amount)		1,348	1,047
		-----	-----
Total net carrying amounts		72,158	91,480
		=====	=====
(b) Closing balance at 30 June			
Goodwill	16	70,810	70,810
Software development costs (net carrying amount)		3,405	1,348
		-----	-----
Total net carrying amounts		74,215	72,158
		=====	=====
(c) Reconciliations			
<i>Goodwill</i>			
Carrying amount at beginning of year net of impairment		70,810	90,433
Impairment	5(c)	-	(19,623)
		-----	-----
Carrying amount at end of year net of impairment		70,810	70,810
		=====	=====
Represented by:			
Cost (gross carrying amount)		111,496	111,496
Accumulated impairment		(40,686)	(40,686)
		-----	-----
Net carrying amount		70,810	70,810
		=====	=====
<i>Software development costs</i>			
Carrying amount at beginning net of accumulated amortisation and impairment		1,348	1,047
Additions - internal development		2,387	631
Amortisation charge for the year	5(c)	(330)	(330)
		-----	-----
Carrying amount at end net of accumulated amortisation and impairment		3,405	1,348
		=====	=====
Represented by:			
Cost (gross carrying amount)		4,339	1,952
Accumulated amortisation and impairment		(934)	(604)
		-----	-----
Net carrying amount		3,405	1,348
		=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

16. Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated to cash generating units ("CGUs") for impairment testing. The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections premised on financial projections approved by the Board of Directors relating to the financial year ending 30 June 2013. Cash flows beyond this period are extrapolated using an average 4% growth rate over the period which is deemed a reasonable period for estimating cash flows beyond 2013 (up to a maximum of 10 years plus an appropriate terminal multiple) for the group of cash generating units being tested. The discount rate applied to the cash flow projections is 10.8% (2011: 12.3%) being the Group's pre-tax weighted average cost of capital. All variables impacting the WACC calculation have been updated to reflect current company and market conditions.

Allocation of Goodwill

The Group allocates goodwill acquired in a business combination to the groups of CGUs which are expected to benefit from the synergies of the combination.

	2012 \$'000	2011 \$'000
<i>Carrying amount of goodwill allocated to each CGU:</i>		
- Crane Hire (Lifting Solutions segment)	51,089	51,089
- Travel Towers (Lifting Solutions segment)	19,721	19,721
	<hr/>	<hr/>
	70,810	70,810
	<hr/>	<hr/>

Key assumptions used in value in use calculations

The key assumption on which management has based its cash flow projections when determining the value in use of the cash generating units is that projected margins are determined based on historical performances, adjusted for internal/external changes anticipated in the forecast for the 2013 financial year.

The Group has considered a range of reasonably possible changes in key assumptions and do not believe that these changes would result in any material impairment loss being recognised.

17. Trade and Other Payables

Current

Trade payables - creditors	19,430	18,893
Trade payables - letters of credit	12,053	-
Other payables	5,364	6,084
	<hr/>	<hr/>
Total current trade and other payables	36,847	24,977
	<hr/>	<hr/>

Trade payables are non-interest bearing and are normally subject to settlement on 30 day terms.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 33.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000		
18. Interest Bearing Loans and Borrowings					
<i>Current</i>					
Obligations under finance leases and hire purchase contracts		16,670	33,378		
Secured bank loans		-	75,391		
Total current interest bearing liabilities	25(b)	16,670	108,769		
<i>Non-current</i>					
Obligations under finance leases and hire purchase contracts		-	17,926		
Secured bank loans		107,186	-		
Total non-current interest bearing liabilities	25(b)	107,186	17,926		
Total interest bearing liabilities	33(d)	123,856	126,695		
<i>Terms and debt repayment schedule</i>					
	Currency	Nominal interest rate	Year of maturity	Carrying amount	
Finance leases and hire purchase contracts	AUD	8.5%	2012 - 2013	16,670	51,304
Secured bank loans	AUD	5.7%	2014	107,186	75,391
Total interest bearing liabilities				123,856	126,695
Refer to note 33(e) for disclosure of fair value versus carrying value.					
<i>Covenant Position</i>					
The Group is in compliance with all financial and non-financial banking covenants at 30 June 2012.					
<i>Financing facilities available</i>					
At reporting date, the following financing facilities had been negotiated and were available:					
Total facilities:					
- bank overdraft				1,500	1,500
- bank loans and borrowings				195,170	169,282
				196,670	170,782
Facilities used at reporting date:					
- bank overdraft				-	-
- bank loans and borrowings				123,856	126,695
				123,856	126,695
Facilities unused at reporting date:					
- bank overdraft				1,500	1,500
- bank loans and borrowings				71,314	42,587
				72,814	44,087

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
18. Interest Bearing Loans and Borrowings (continued)			
<i>Assets pledged as security</i>			
Fixed and floating charges are held over all of the assets of the Group including the following financial assets and plant and equipment:			
<i>Current</i>			
- Cash at bank and in hand	9	10,102	9,073
- Trade and other receivables	10	69,948	57,783
- Assets classified as held for sale	13	3,282	4,184
- Assets classified as held for sale under lease	13	1,321	847
Total current assets pledged as security		84,653	71,887
<i>Non current</i>			
- Plant and equipment		164,765	139,627
- Plant and equipment under lease		177,525	182,992
Total non-current assets pledged as security	14	342,290	322,619
Total value of assets pledged as security		426,943	394,506

19. Provisions

Employee related provisions	13,567	14,213
Property leases	222	100
Legal	250	250
Restructuring	-	1,300
Total provisions	14,039	15,863
Current	13,092	14,934
Non-current	947	929
	14,039	15,863

Movements in each class of provision during the financial year, other than employee leave entitlements, are set out below:

	Restructuring \$'000	Workcover matter \$'000	Property lease \$'000	Total \$'000
At 1 July	1,300	250	100	1,650
Arising during the year	1,341	-	122	1,463
Utilised	(2,473)	-	-	(2,473)
Unused amounts reversed	(168)	-	-	(168)
At 30 June	-	250	222	472

Employee related provisions

Employee related provisions include accrued annual leave, vesting sick leave, rostered days off, long service leave and bonus provisions.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

19. Provisions (continued)

Property leases

The provision for property leases includes make good provisions in respect of the Group's leased properties and a provision for surplus lease space for one of the recently exited Boom Sherrin leased property.

Legal

A provision has been recognised in relation to a legal matter which is currently underway. The provision was estimated based on legal advice and is expected to settle in FY2013.

Restructuring

During the financial year, the Group committed to the restructure of the Boom Sherrin business unit which is part of the Lifting Solutions segment. The restructuring was completed during the year with no restructuring provision remaining at year end.

	2012 \$'000	2011 \$'000
20. Derivative Financial Instruments		
<i>Current liabilities</i>		
Forward foreign exchange contracts - cash flow hedges	870	-
	-----	-----
<i>Non-current liabilities</i>		
Interest rate swap contracts - cash flow hedges	1,513	-
	-----	-----

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 4).

Forward foreign exchange contracts - cash flow hedges

The Group imports plant and equipment from various overseas countries. In order to protect against exchange rate movements, the Group enters into forward exchange contracts to purchase the foreign currencies. These contracts are hedging highly probable forecasted purchases and are timed to mature when payments are scheduled to be made.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

There was no hedge ineffectiveness in the current or prior year.

Interest rate swap contracts - cash flow hedges

Secured bank loans of the group are currently charged at variable interest rates. In order to protect from exposure to variability in interest rates, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 92% (2011: nil) of the variable loan principal outstanding. The fixed interest rates range between 3.9% and 4.0% (2011: nil) and the variable rates are between 3.6% and 4.7% (2011: nil). The contracts are settled on a net basis and coincide with the dates on which interest is payable on the underlying debt.

All swaps are matched directly against the hedged item and as such are considered highly effective. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

20. Derivative Financial Instruments (continued)

Risk exposures

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 4. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

	2012 \$'000	2011 \$'000
21. Other Liabilities		
<i>Current</i>		
PAYG tax withheld	582	292
Goods and services tax	720	2,224
Other accrued expenses	2,993	2,502
	-----	-----
Total other current liabilities	4,295	5,018
	=====	=====

22. Contributed Equity

(a) Issued and paid up capital

Ordinary shares fully paid	318,065	318,065
	=====	=====

Ordinary shares have no par value and the company does not have a limited amount of authorised capital. All issued shares are fully paid. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Note	2012 No. of shares	2012 \$'000	2011 No. of shares	2011 \$'000
(b) Movements in shares on issue					
Beginning of the financial year		465,011,147	318,065	460,795,156	318,065
Issued during the year:					
- employee share incentive schemes	(i)	3,652,438	-	4,215,991	-
		-----	-----	-----	-----
Total issued during the year		3,652,438	-	4,215,991	-
		-----	-----	-----	-----
End of the financial year		468,663,585	318,065	465,011,147	318,065
		=====	=====	=====	=====

(i) This amount represents the issue of 3,652,438 (2011: 4,215,991) ordinary shares to employees as part of the employee share incentive schemes for nil consideration during the financial year. Refer to note 26 for further details.

	Note	2012 \$'000	2011 \$'000
23. Retained Earnings			
Balance at the beginning of year		(21,375)	16,373
Net profit/(loss) for the year		19,705	(37,748)
		-----	-----
Total		(1,670)	(21,375)
Dividends paid	8(a)	-	-
		-----	-----
Balance at end of year		(1,670)	(21,375)
		=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
24. Reserves			
<i>Employee equity benefits reserve</i>			
Balance at the beginning of year		741	448
Share based payments	(i)	(128)	293
		-----	-----
Balance at end of year		613	741
		-----	-----
<i>Cash flow hedge reserve</i>			
Balance at the beginning of year		-	10
Revaluation	(ii)	(1,758)	(10)
Deferred tax		715	-
Transfer to profit and loss		(226)	-
		-----	-----
Balance at end of year		(1,269)	-
		-----	-----
Total reserves		(656)	741
		=====	=====

- (i) The employee equity benefits reserve is used to record the value of share based payments to employees, including key management personnel, as part of their remuneration. Refer to note 26 for further details of these plans.
- (ii) The cash flow hedge reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item.

25. Commitments

(a) Operating leases commitments

The Group has entered into commercial leases on certain plant and equipment, motor vehicles and property. These leases have terms ranging from 1 to 10 years.

Minimum lease payments		
- within one year	10,577	11,715
- after one year but not more than five years	14,904	18,350
- more than five years	2,362	1,762
	-----	-----
Aggregate operating lease expenditure contracted for at reporting date	27,843	31,827
	=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
25. Commitments (continued)			
(b) Interest bearing loans and borrowings commitments			
The Group has interest bearing loans and borrowings for various items of plant and equipment for periods of between 1 to 5 years.			
- within one year		23,318	112,391
- after one year but not more than five years		112,801	18,828
- more than five years		-	-
		-----	-----
Total minimum payments		136,119	131,219
- future finance charges		(12,263)	(4,524)
		-----	-----
Net liability		123,856	126,695
		=====	=====
- current liability	18	16,670	108,769
- non-current liability	18	107,186	17,926
		-----	-----
		123,856	126,695
		=====	=====

The Company has provided guarantees in respect of interest bearing loans and borrowings as disclosed in note 32.

(c) Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities are as follows:

Plant and equipment

- within one year	20,322	17,251
- after one year but not more than five years	-	-
- more than five years	-	-
	-----	-----
	20,322	17,251
	=====	=====

Intangible assets - software development costs

- within one year	1,838	-
- after one year but not more than five years	-	-
- more than five years	-	-
	-----	-----
	1,838	-
	=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
26. Employee Benefits			
(a) Employee benefits			
The aggregate employee benefit liability is comprised of:			
- accrued salaries, wages and on costs		2,886	2,856
- provisions (current)		12,620	13,284
- provisions (non-current)		947	929
		-----	-----
		16,453	17,069
		=====	=====

(b) Employee incentive schemes

Three employee incentive schemes were established by Boom Logistics Limited to assist in attracting, retaining and motivating key employees as follows:

- => Exempt Share Plan (ESP);
- => Employee Share Trust (EST); and
- => Executive Investment Trust (EIT).

The terms and conditions of the schemes are summarised as follow:

Exempt share plan (ESP)

Under this scheme, all permanent employees (excluding directors and executives) of Boom Logistics Limited with twelve months continuous service were offered 1,000 ordinary shares in October 2003 and \$1,000 worth of ordinary shares in October/November 2004 in Boom Logistics Limited for nil consideration. The ordinary shares issued were held in trust for the requisite three years restrictive period or released earlier in the event of cessation of employment. The ordinary shares issued rank equally with and have the same rights as other fully paid ordinary shares of Boom Logistics Limited. This scheme has subsequently been discontinued with only the ordinary shares issued in previous financial years remaining in the share plan.

Employee share trust (EST)

Under this scheme, certain employees (excluding non-executive directors) approved by the Board of Directors are offered ordinary shares in Boom Logistics Limited by way of Share Units issued by the Share Plan Trustee. The Share Units are funded by way of an interest free loan provided by the Share Plan Trustee. The ordinary shares issued rank equally with and have the same rights as other fully paid ordinary shares of Boom Logistics Limited.

In June 2011, the Board of Directors approved the establishment of a Key Employee Retention Program (KERP). Participation in the program will be at the discretion of the Board of Directors, on recommendation by the Managing Director. Directors and Executives are not eligible for this program. KERP will be administered under the Employee Share Trust with the offer of ordinary shares in Boom Logistics Limited having the same terms and conditions, except for the vesting conditions which is only limited to a three year continuous service period.

The fair value of shares issued under the employee share incentive schemes is determined based on the 5 day volume weighted average market price at grant date.

Executive investment trust (EIT)

Under this scheme, senior executives are invited to join the EIT and may contribute any part of their remuneration into the EIT for investment purposes. There are no performance conditions associated with this scheme.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

26. Employee Benefits (continued)

(b) Employee share incentive schemes (continued)

Information with respect to the number of ordinary shares issued and allocated under the employee share incentive schemes is as follows:

	2012 Number of shares	2011 Number of shares
Balance at beginning of year	6,676,643	2,262,811
- issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	4,985,322	4,436,862
- sold / transferred during the year	(110,319)	(5,144)
- forfeited during the year	(1,691,086)	(17,886)
	-----	-----
Balance at end of year	9,860,560	6,676,643
	=====	=====

(c) Expenses/(income) arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2012 \$'000	2011 \$'000
Shares issued under employee share schemes	(128)	293
	-----	-----
	(128)	293
	=====	=====

27. Events After the Balance Sheet Date

Dividend

On 14 August 2012, the directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2012.

2012 \$	2011 \$
------------	------------

28. Auditors' Remuneration

During the year the following fees were paid or payable for services provided by KPMG:

Audit services

- audit and review of financial statements	279,100	255,500
	-----	-----
Total audit services	279,100	255,500
	-----	-----

Taxation, due diligence and other services

- taxation services	92,100	95,750
- due diligence and other services	-	93,208
	-----	-----

Total taxation, due diligence and other services	92,100	188,958
	-----	-----

Total remuneration of KPMG	371,200	444,458
	=====	=====

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

29. Key Management Personnel

(a) Details of directors

(i) Non-executive directors

John Robinson	Chairman (Non-executive)
Terence Hebiton	Director (Non-executive)
Dr. Huw Davies	Director (Non-executive)
Terrence Francis	Director (Non-executive)
Fiona Bennett	Director (Non-executive)

(ii) Executive directors

Brenden Mitchell	Managing Director
------------------	-------------------

(b) Details of other key management personnel

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Iona MacPherson	Chief Financial Officer and Company Secretary
Rosanna Hammond	General Manager - Human Resources
Paul Martinez	Chief Information Officer and Director of Strategy
Tony Spassopoulos	Director of Sales and Marketing
Terese Withington	General Manager - Boom Sherrin
Peter O'Shannessy	Chief Operating Officer (ceased employment 7 September 2011)

2012	2011
\$	\$

(c) Summarised compensation of key management personnel

Summary of key management personnel compensation in the following categories is as follows:

Short-term employee benefits	2,962,714	3,059,753
Post employment benefits	246,976	267,087
Other long term benefits	35,934	44,605
Termination benefits	-	461,710
Share based payments	193,961	265,988
Total compensation	3,439,585	4,099,143
	=====	=====

Refer to the Remuneration Report in the Directors' Report for detailed compensation disclosure on key management personnel.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

29. Key Management Personnel (continued)

(d) Shareholdings of key management personnel

Ordinary shares held in Boom Logistics Limited (number) 30 June 2012	Balance 1 July 11	Granted and vested	Net change other (i)	Balance 30 June 12	Granted but not vested
<u>Non-Executive & Executive Directors</u>					
John Robinson	600,000	-	80,000	680,000	-
Terence Hebiton	547,995	-	-	547,995	-
Dr. Huw Davies	291,547	-	-	291,547	-
Terrence Francis (ii)	185,745	-	-	185,745	-
Fiona Bennett	96,385	-	55,500	151,885	-
Brenden Mitchell	1,659,235	-	600,000	2,259,235	2,413,489
<u>Executives</u>					
Iona MacPherson	325,434	-	12,437	337,871	781,683
Rosanna Hammond	39,196	-	-	39,196	338,729
Paul Martinez	90,452	-	100,000	190,452	761,152
Tony Spassopoulos	281,377	-	400,188	681,565	651,405
Terese Withington	20,000	-	-	20,000	521,122
Total	4,137,366	-	1,248,125	5,385,491	5,467,580
<hr/>					
Ordinary shares held in Boom Logistics Limited (number) 30 June 2011	Balance 1 July 10	Granted and vested	Net change other (i)	Balance 30 June 11	Granted but not vested
<u>Non-Executive & Executive Directors</u>					
John Robinson	600,000	-	-	600,000	-
Terence Hebiton	795,222	-	(247,227)	547,995	-
Dr. Huw Davies	291,547	-	-	291,547	-
Terrence Francis (ii)	185,745	-	-	185,745	-
Fiona Bennett	-	-	96,385	96,385	-
Brenden Mitchell	1,659,235	-	-	1,659,235	1,643,175
<u>Executives</u>					
Iona MacPherson	325,434	-	-	325,434	522,738
Peter O'Shannessy	307,157	-	-	307,157	615,724
Rosanna Hammond	39,196	-	-	39,196	226,520
Paul Martinez	90,452	-	-	90,452	515,029
Tony Spassopoulos	281,377	-	-	281,377	435,617
Teresa Withington	20,000	-	-	20,000	348,492
Total	4,595,365	-	(150,842)	4,444,523	4,307,295
<hr/>					

(i) These amounts represent ordinary shares purchased or sold directly or indirectly by the directors and executives during the financial year. These transactions have no connection with their roles and responsibilities as employees of the Group.

(ii) Includes 57,286 shares held under a nominee.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

29. Key Management Personnel (continued)

(d) Shareholdings of key management personnel (continued)

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(e) Loans to key management personnel

Details of loans made to key management personnel of the Group, including their personally related parties, are set out below.

Aggregates for key management personnel

	Balance 1 July \$	Balance 30 June \$	Interest charged \$	Interest not charged \$	Number in group 30 June
2012	-	-	-	-	-
2011	66,332	-	-	1,578	-

In 2012, there were no loans to individuals that exceeded \$100,000 at any time.

Loans to key management personnel are for a period of 1 year repayable in monthly instalments, at nil interest rate and unsecured.

The amounts shown for interest not charged in the table above represents the amount of interest that would have been charged on an arm's length basis.

No write-downs or allowance for doubtful receivables have been recognised in relation to any loans made to key management personnel.

(f) Other transactions and balances with key management personnel

No amounts were recognised at the reporting date in relation to other transactions with key management personnel.

30. Segment Reporting

(a) Description of operating segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resource allocation and to assess performance.

The business is considered from a product perspective and has two reportable segment: "Lifting Solutions", which consists of all lifting activities including the provision of cranes, travel towers, access equipment and all associated services, and "National Office and Shared Services".

In prior year, the Group had three reportable segments: "Lifting Solutions", "Crane Sales and Service", and "National Office and Shared Services".

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

30. Segment Reporting (continued)

(b) Segment information provided to the CODM

	Lifting Solutions \$'000	Crane Sales and Service \$'000	National Office and Shared Services \$'000	Consolidated \$'000
Year ended:	30 June 2012			
Segment revenue				
Total external revenue	347,825	-	-	347,825
Inter-segment revenue	-	-	-	-
Revenue from external customers	347,825	-	-	347,825
Segment result				
Profit before interest and tax	49,127	-	(12,379)	36,748
Depreciation and amortisation	(28,016)	-	(624)	(28,640)
Income tax expense				(6,321)
Segment assets and liabilities				
Segment assets	495,723	-	9,278	505,001
Total assets includes:				
Additions to non-current assets	57,748	-	2,894	60,642
Segment liabilities	50,961	-	4,220	55,181
Year ended:	30 June 2011			
Segment revenue				
Total external revenue	336,115	11,525	-	347,640
Inter-segment revenue	-	(8,116)	-	(8,116)
Revenue from external customers	336,115	3,409	-	339,523
Segment result				
Losses before interest and tax	(7,924)	(6,737)	(15,782)	(30,443)
Depreciation and amortisation	(31,471)	(116)	(670)	(32,257)
Plant and equipment impairment	(27,894)	(113)	-	(28,007)
Goodwill impairment	(18,269)	(1,354)	-	(19,623)
Income tax benefit				6,929
Segment assets and liabilities				
Segment assets	464,444	1,036	6,741	472,221
Total assets includes:				
Additions to non-current assets	21,191	13	1,008	22,212
Segment liabilities	39,439	866	5,553	45,858

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

30. Segment Reporting (continued)

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the CODM is measured in accordance with Australian Accounting Standards.

The revenues from external customers disclosed previously in note 5 are based on the financial information used to produce the Group's financial statements.

Segment revenue reconciles to total revenue from continuing operations as follows:

	2012 \$'000	2011 \$'000
Total segment revenue	347,825	339,523
Interest income	449	485
Other revenue	3,867	397
Less revenue from discontinued operations	-	(2,074)
	-----	-----
Total revenue from continuing operations	352,141	338,332
	=====	=====

Boom Logistics Limited is domiciled in Australia and all revenue is derived from external customers within Australia. The consolidated entity is not reliant on any one customer for over 10% of its revenue generation.

(ii) Segment results

The CODM assesses the performance of the operating segments based on earnings before interest and tax. Interest income and financing expenditure are not allocated to segments as this type of activity is driven by the National Office treasury function which manages the cash and debt position of the Group.

A reconciliation of earnings before interest and tax to operating profit / (loss) before income tax is provided as follows:

Profit / (loss) before interest and tax	36,748	(30,443)
Interest income	449	485
Financing expenses	(11,171)	(15,557)
Less earnings before interest and tax from discontinued operations	-	2,808
	-----	-----
Profit / (loss) before income tax from continuing operations	26,026	(42,708)
	=====	=====

(iii) Segment assets

The balances provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Tax and any derivative related assets are not considered to be segment assets.

All assets are located within Australia.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

30. Segment Reporting (continued)

(c) Other segment information (continued)

(iii) Segment assets (continued)

Reportable segment assets are reconciled as follows:

	2012 \$'000	2011 \$'000
Segment assets	505,001	472,221
Unallocated:		
- Income tax receivable	8,030	8,029
	-----	-----
Total assets per the statement of financial position	513,031	480,250
	=====	=====

(iv) Segment liabilities

The balances provided to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings, tax and any derivative financial instruments are not considered to be segment liabilities as they are managed by the National Office treasury function.

Reportable segment liabilities are reconciled as follows:

Segment liabilities	55,181	45,858
Unallocated:		
- Current derivative financial instruments	870	-
- Non-current derivative financial instruments	1,513	-
- Deferred tax liabilities	15,872	10,266
- Current interest bearing loans and borrowings	16,670	108,769
- Non-current interest bearing loans and borrowings	107,186	17,926
	-----	-----
Total liabilities per the statement of financial position	197,292	182,819
	=====	=====

(v) National Office and Shared Services

The balances provided to the CODM with respect to the National Office and Shared Services segment is measured in a manner consistent with that of the financial statements. Some of the expenses recognised in this category are incurred by other reportable segments, however, they are captured and reported internally within this segment.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

31. Related Party Disclosure

The consolidated financial statements include the financial statements of Boom Logistics Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest		Investment	
		2012 %	2011 %	2012 \$'000	2011 \$'000
James Equipment Pty Ltd	Australia	100	100	-	-
Sherrin Hire Pty Ltd	Australia	100	100	60,598	60,598
Boom Logistics (QLD) Pty Ltd	Australia	100	100	15,896	15,896
Boom Logistics (VIC) Pty Ltd	Australia	100	100	4,021	4,021
Total investment in subsidiaries				80,515	80,515
				=====	=====

Boom Logistics Limited is the ultimate parent company.

Details relating to key management personnel, including remuneration paid, are included in note 29.

Sales to and purchases from related parties are made at arm's length both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured.

Terms and conditions of the tax funding arrangement are set out in note 3(h).

Contributions to superannuation funds on behalf of employees are disclosed in note 5(c).

	2012 \$	2011 \$
The following transactions occurred with related parties:		
Parent entity		
<i>Sale of services</i>		
Hire of lifting equipment to subsidiaries	511,350	771,005
<i>Purchase of goods and services</i>		
Hire of lifting equipment from subsidiaries/other related parties	4,703,075	5,082,979
Purchase of cranes and spare parts from subsidiary/other related party	-	7,755,745
Sale commissions incurred from subsidiary for disposal of internal lifting equipment	-	139,063
<i>Tax consolidation legislation</i>		
Current tax payable assumed from wholly-owned tax consolidated entities	8,810,366	5,117,964
<i>Other revenue and expenses</i>		
Interest charged to/(from) subsidiaries	(147,960)	1,504,770
Dividend income from subsidiaries	-	-
<i>Loans to/from related parties</i>		
Subsidiaries - receivable / (payable)	1,129,144	2,513,748

No allowance for impairment of debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or impaired debts due from related parties.

Guarantees

The Company has provided guarantees in respect of:

Finance leases and hire purchase contracts	5,103,626	18,448,752
--	-----------	------------

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

32. Deed of Cross Guarantee

Pursuant to Class Order 98/1418 (as amended), the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' report.

It is a condition of the Class Order that Boom Logistics Limited and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that Boom Logistics Limited 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. The subsidiaries have also given similar guarantees in the event that Boom Logistics Limited is wound up.

The subsidiaries subject to the Deed are:

- Sherrin Hire Pty Ltd (party to the Deed on 6 December 2005);
 - James Equipment Pty Ltd (party to the Deed on 3 November 2006 by virtue of a Deed of Assumption);
 - Boom Logistics (QLD) Pty Ltd (party to the Deed on 23 November 2007 by virtue of a Deed of Assumption);
- and together with Boom Logistics Limited, represent a "Closed Group" for the purposes of the Class Order.

The consolidated income statement and balance sheet of the entities that are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	2012	2011
	\$'000	\$'000
<i>Consolidated Income Statement</i>		
Revenue	342,634	326,497
Salaries and employee benefits expense	(151,639)	(145,201)
Equipment service and supplies expense	(90,808)	(87,336)
Cost of sales associated with cranes	-	(2,582)
Operating lease expense	(10,159)	(12,774)
Other expenses	(30,019)	(25,828)
Restructuring expense	(1,173)	(4,808)
Depreciation and amortisation expense	(27,744)	(31,749)
Impairment expense	-	(48,400)
Financing expenses	(11,254)	(15,535)
	19,838	(47,716)
Profit/(loss) before income tax	(4,465)	8,429
Income tax (expense)/benefit		
	15,373	(39,287)
Net profit/(loss) for the year	(27,238)	12,049
Retained earnings at the beginning of the year		
	(11,865)	(27,238)
Retained losses at the end of the year		

Consolidated Statement of Comprehensive Income

Profit/(loss) for the year	15,373	(39,287)
<i>Other comprehensive income</i>		
Cash flow hedges recognised in equity	(1,269)	(10)
Other comprehensive loss for the year, net of tax	(1,269)	(10)
Total comprehensive income/(loss) for the year	14,104	(39,297)

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

32. Deed of Cross Guarantee (continued)

Consolidated Balance Sheet

Current assets

Cash and cash equivalents	9,991	9,000
Trade and other receivables	67,897	55,555
Inventories	276	1,402
Prepayments and other current assets	3,523	4,150
Assets classified as held for sale	4,603	5,031
Income tax receivable	11,111	9,262

Total current assets

CLOSED GROUP

2012
\$'000

2011
\$'000

97,401 84,400

Non-current assets

Receivables	-	1,676
Investments	4,021	4,021
Plant and equipment	330,559	313,318
Intangible assets	70,308	68,269

Total non-current assets

404,888 387,284

Total assets

502,289 471,684

Current liabilities

Trade and other payables	36,577	17,416
Interest bearing loans and borrowings	16,588	108,618
Derivative financial instruments	870	-
Provisions	12,481	12,991
Other liabilities	4,060	13,048

Total current liabilities

70,576 152,073

Non-current liabilities

Payables	1,644	-
Interest bearing loans and borrowings	107,186	17,844
Provisions	946	916
Derivative financial instruments	1,513	-
Deferred tax liabilities	14,880	9,283

Total non-current liabilities

126,169 28,043

Total liabilities

196,745 180,116

Net assets

305,544 291,568

Equity

Contributed equity	318,065	318,065
Retained losses	(11,865)	(27,238)
Reserves	(656)	741

Total equity

305,544 291,568

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
33. Financial Instruments			
(a) Credit risk			
<i>Exposure to credit risk</i>			
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:			
Cash and cash equivalents	9	10,102	9,073
Trade and other receivables	10	69,948	57,783
		-----	-----
		80,050	66,856
		=====	=====

The Group's trade receivables only relate to Australian customers.

There is no significant concentration of credit risk for trade receivables at 30 June 2012.

Impairment losses

Trade receivables are non-interest bearing and are generally on 30 - 60 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A net impairment decrease of \$877,000 (2011: \$582,000) has been recognised by the Group in the current year. These amounts have been included in other expenses in the Consolidated Income Statement.

Movements in the allowance for impairment losses were as follows:

Balance at 1 July		2,164	1,582
Impairment loss recognised		53	1,107
Amounts written-off and/or written back		(930)	(525)
		-----	-----
Balance at 30 June	10	1,286	2,164
		=====	=====

At 30 June, the aging analysis of trade receivables is as follows:

	Total \$'000	Current \$'000	31-60 days \$'000 PDNI* (i)	31-60 days \$'000 CI^	+61 days \$'000 PDNI* (i)	+61 days \$'000 CI^
2012	66,763	45,966	11,489	285	7,587	1,436
2011	57,723	45,310	6,467	25	3,636	2,285

* Past due not impaired ('PDNI')

^ Considered impaired ('CI')

(i) Based upon the credit history of these classes of trade receivables, it is expected that these amounts will be received.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. There are no receivables that would otherwise be past due or impaired whose terms have been renegotiated.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

33. Financial Instruments (continued)

(b) Liquidity risk

The tables below analyse the Group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 2012	Carrying amount \$'000	Contractual cash flows \$'000	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Non-derivative financial liabilities							
Trade and other payables*	36,847	(36,847)	(36,847)	-	-	-	-
Finance leases and hire purchase contracts	16,670	17,705	13,171	4,534	-	-	-
Secured bank loans	107,186	118,415	2,807	2,807	5,615	107,186	-
Derivative financial liabilities							
Forward exchange contracts used for hedging purchases	870	(870)	(870)	-	-	-	-
Interest rate swaps - net settled	1,513	(1,513)	-	-	(684)	(829)	-
	163,086	96,890	(21,739)	7,341	4,931	106,357	-
	=====	=====	=====	=====	=====	=====	=====
30 June 2011	Carrying amount \$'000	Contractual cash flows \$'000	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Non-derivative financial liabilities							
Trade and other payables*	24,977	(24,977)	(24,977)	-	-	-	-
Finance leases and hire purchase contracts	51,304	(54,924)	(22,925)	(13,171)	(18,828)	-	-
Secured bank loans	75,391	(76,295)	(76,295)	-	-	-	-
	151,672	(156,196)	(124,197)	(13,171)	(18,828)	-	-
	=====	=====	=====	=====	=====	=====	=====

* Excludes derivatives (shown separately).

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

33. Financial Instruments (continued)

(c) Market risk

Foreign exchange risk

The Group imports fixed assets from various overseas countries. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase the foreign currencies. These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made. The risk is monitored using sensitivity analysis and cash flow forecasting and the cash flows are expected to occur at various dates within 12 months from the balance date.

The forward foreign currency contracts are considered to be fully effective cash flow hedges as they are matched against fixed asset purchases and any gain or loss on the contracts is taken directly to equity. When the asset is delivered, the amount recognised in equity is transferred to the fixed asset account in the balance sheet. In calculating the effectiveness of the forward foreign currency contracts, the forward exchange rate is adjusted to exclude the interest rate differential implicit in the forward exchange rate.

The Group's exposure to foreign currency risk at reporting date, expressed in Australian dollars, was as follows:

	2012 €uro \$'000	2011 €uro \$'000
Trade payables	12,053	-
Forward exchange contracts		
- buy foreign currency (cash flow hedges)	870	-

Sensitivity analysis for currency risk

A 10 percent (2011: 10 percent) strengthening of the Australian dollar against the following currencies at 30 June would have increased /(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity \$'000	Profit or Loss \$'000
2012		
€uro	973	-
	973	-
2011		
€uro	-	-
	-	-

A 10 percent (2011: 10 percent) weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

33. Financial Instruments (continued)

(d) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments were:

	Note	Carrying amount	
		2012 \$'000	2011 \$'000
<i>Fixed rate instruments</i>			
Financial liabilities	(i)	(116,670)	(51,304)
		-----	-----
		(116,670)	(51,304)
		=====	=====
<i>Variable rate instruments</i>			
Financial assets - cash at bank and on hand	9	10,102	9,073
Financial liabilities	(i)	(7,186)	(75,391)
		-----	-----
		2,916	(66,318)
		=====	=====

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of \$123,856,000 (2011: \$126,695,000) per note 18.

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

The Group is exposed to interest rate risk when funds are borrowed at floating interest rates. This risk is managed by taking into consideration the current and expected future debt profile, expectations regarding future interest rate movements and the potential to hedge against negative outcomes by entering into interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Group's exposures to interest rates on financial liabilities are detailed in note 18.

Sensitivity analysis for interest rate risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit and loss in respect of fixed rate instruments.

In respect of variable rate instruments, a change of 100 basis points up or down in interest rates would have decreased or increased the Group's profit and loss by \$29,000 (2011: \$663,000).

(e) Fair values

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group holds no financial instruments for trading purposes.

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

33. Financial Instruments (continued)

(e) Fair values (continued)

The fair values of forward exchange contracts (designated as cash flow hedges) are determined using forward exchange market rates at the reporting date.

The fair values of interest rate swap contracts (designated as cash flow hedges) are determined using forward interest market rates at the reporting date.

Fair values versus carrying amounts

The fair value of all borrowings equals their carrying amount at 30 June 2012. The Group's fixed rate instruments attract interest at a rate that is consistent with current market rates.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2012				
<i>Financial liabilities</i>				
- Foreign exchange contracts	-	870	-	870
- Interest rate swap contracts	-	1,513	-	1,513
	-----	-----	-----	-----
	-	2,383	-	2,383
	=====	=====	=====	=====
30 June 2011				
<i>Financial liabilities</i>				
- Foreign exchange contracts	-	-	-	-
	-----	-----	-----	-----
	-	-	-	-
	=====	=====	=====	=====

34. Contingencies

There are no contingent assets and liabilities identified at 30 June 2012.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

	2012 \$'000	2011 \$'000
35. Parent Entity Financial Information		
(a) Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Statement of financial position		
Current assets	73,619	68,513
Total assets	470,182	440,483
Current liabilities	51,706	132,827
Total liabilities	171,423	153,142
<i>Equity</i>		
Contributed equity	318,066	318,065
Employee equity benefits reserve	613	741
Cash flow hedge reserve	(1,269)	-
Retained losses	(18,651)	(31,465)
	=====	=====
	298,759	287,341
Net profit/(loss) after tax for the year	12,813	(27,053)
	-----	-----
Total comprehensive income/(loss) for the year	11,544	(27,063)
	=====	=====
(b) Capital commitments for the acquisition of property, plant and equipment		
<i>Plant and equipment</i>		
- within one year	12,544	17,251
- after one year but not more than five years	-	-
- more than five years	-	-
	-----	-----
	12,544	17,251
	=====	=====

(c) Guarantees entered into by the parent entity

The parent entity has entered into a Deed of Cross Guarantee with the effect that the parent entity guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 32.

Guarantees provided by the parent entity in respect of loans of subsidiaries are disclosed in note 31.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

36. Discontinued Operations

(a) Details of discontinued operations

There were no discontinued operations for the year ended 30 June 2012.

Discontinued operations for the year ended 30 June 2011 is presented below.

On 29 October 2010, the Group announced the decision to discontinue the operations of James Equipment which is part of the Crane Sales and Service operating segment. James Equipment ceased trading in its own right in the second half of the 2011 financial year and the subsidiary will be wound up in due course.

(b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information of James Equipment for the year ended 30 June 2011 is presented below.

	Year ended 30 June 2011 \$'000
<i>Financial Performance</i>	
Revenue	2,074
Expenses	(4,882)

Loss before income tax	(2,808)
Income tax benefit	839

Loss after income tax of discontinued operation	(1,969)
	=====
Basic (loss) per share (cents per share)	-
Diluted (loss) per share (cents per share)	-
<i>Cash flow information</i>	
Net cash inflows/(outflows) from operating activities	(871)
Net cash inflows/(outflows) from investing activities	8
Net cash inflows/(outflows) from financing activities	862

Net increase/(decrease) in cash generated by discontinued operation	(1)
	=====

(c) Assets and Liabilities of discontinued operations

The carrying values of assets and liabilities of James Equipment at cessation date was:

	\$'000
<i>Assets</i>	
Cash and cash equivalents	53
Trade and other receivables	46
Inventories	474
Prepayments	-
Plant and equipment	4
Deferred tax assets	335

Total assets	912

Notes to the Consolidated Financial Statements

Year Ended 30 June 2012

36. Discontinued Operations (continued)

(c) Assets and Liabilities of discontinued operations (continued)

	\$'000
<i>Liabilities</i>	
Trade and other payables	82
Provisions	-
Other liabilities	1,125
Deferred tax liabilities	(187)

Total liabilities	1,020

Net assets/(liabilities)	(108)
	=====

Directors' Declaration

- 1 In the opinion of the directors of Boom Logistics Limited ("the Company"):
 - (a) the Consolidated Financial Statements and notes that are set out on pages 14 to 67, and the Remuneration report in the Directors' Report, set out on pages 5 to 11, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, (including the Australian Accounting Interpretations) and Corporations Regulations 2001;
 - (b) the directors draw attention to note 2(a) to the Consolidated Financial Statements which includes a statement of compliance with International Financial Reporting Standards; and
 - (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;
- 2 There are reasonable grounds to believe that the Company and the group entities identified in note 32 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 between the Company and those group entities pursuant to ASIC Class Order 98/1418.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the directors:



John Robinson
Chairman



Brenden Mitchell
Managing Director

Melbourne, 14 August 2012



Independent auditor's report to the members of Boom Logistics Limited

Report on the financial report

We have audited the accompanying financial report of Boom Logistics Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Boom Logistics Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 11 of the directors' report for the year ended 30 June 2012. 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 auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Boom Logistics Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.



KPMG



Michael Bray
Partner

Melbourne

14 August 2012

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2012.

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	1,203	535,372
1,001	-	5,000	2,245	6,367,610
5,001	-	10,000	1,196	9,320,613
10,001	-	100,000	2,718	94,718,431
100,001	and over		357	357,721,559
			-----	-----
			7,719	468,663,585
			=====	=====
The number of shareholders holding less than a marketable parcel of shares are:			1,764	1,349,370
			=====	=====

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	BT Investment Mgt	51,981,771	11.1
2	Schroder Investment Mgt	40,309,601	8.6
3	Invesco Australia	29,818,662	6.4
4	McAleese Investments	25,017,065	5.3
5	Ohio State Teachers Retirement System	15,870,000	3.4
6	Dimensional Fund Advisors	14,400,302	3.1
7	Tribeca Investment Partners	13,416,862	2.9
8	QIC Asset Mgt	12,289,649	2.6
9	Boom Logistics Employee Share Plans	11,104,105	2.4
10	Legg Mason Asset Mgt Australia	9,123,303	1.9
11	Sigma Funds Mgt	5,456,958	1.2
12	Mr & Mrs Mark E Shannon	4,600,000	1.0
13	Argo Investments	4,500,000	1.0
14	Mr & Mrs Hugh A Morris	4,170,466	0.9
15	Australian National University Investment Board	3,530,683	0.8
16	Mr Bernard F O'Neill	3,267,113	0.7
17	Mr & Mrs Allan D Christie	3,200,000	0.7
18	LSV Asset Mgt	2,341,200	0.5
19	Mr Leslie R Holt	2,175,370	0.5
20	Mrs Patricia G Holt	2,175,370	0.5
		-----	-----
Top twenty shareholders		258,748,480	55.2
Remainder		209,915,105	44.8
		-----	-----
Total		468,663,585	100.0
		=====	=====

(c) Substantial Holders

Substantial holders in the company are set out below:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
	BT Investment Mgt	51,981,771	11.1
	Schroder Investment Mgt	40,309,601	8.6
	Invesco Australia	29,818,662	6.4
	McAleese Investments	25,017,065	5.3

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.