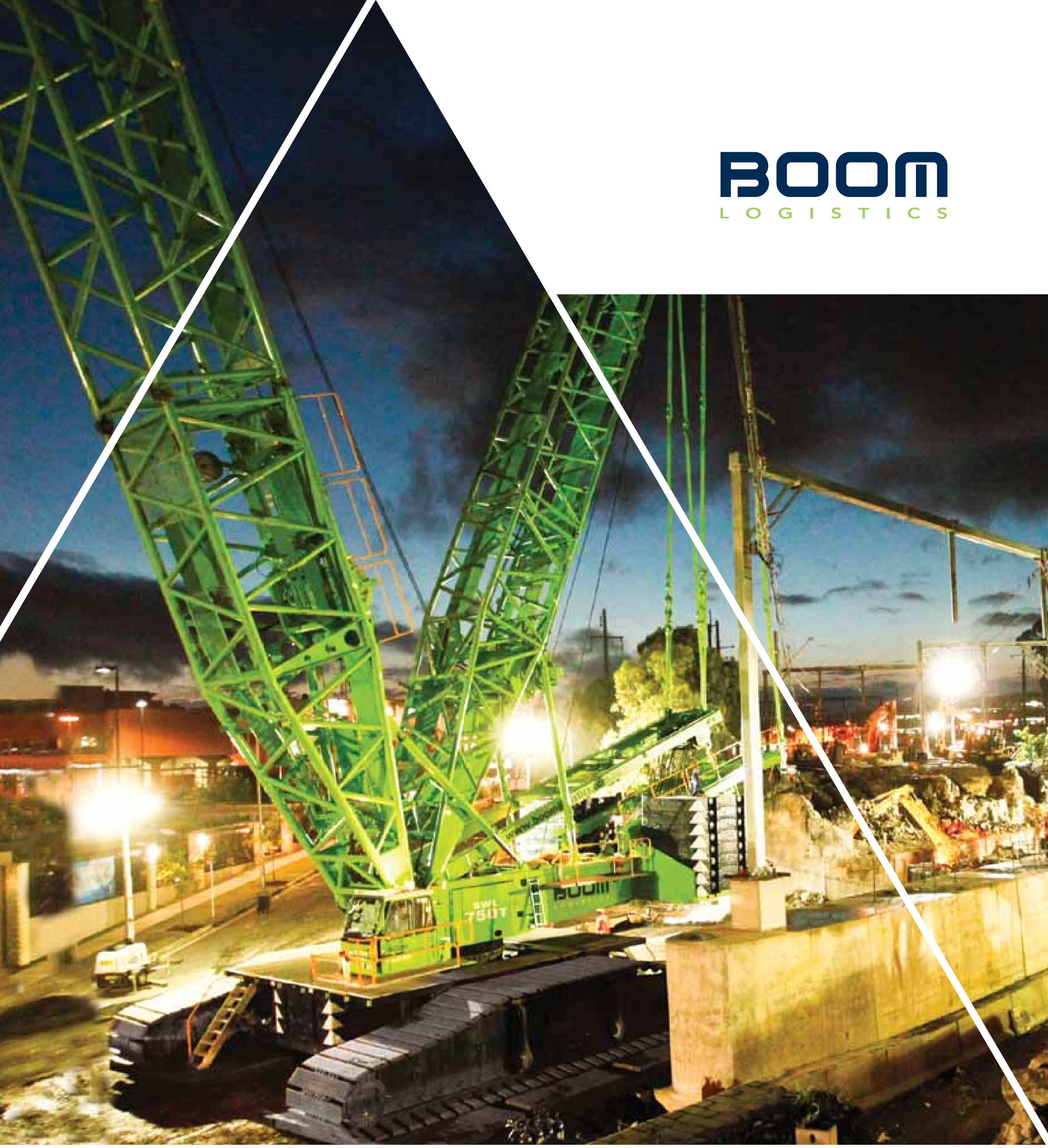

BOOM
LOGISTICS

ANNUAL REPORT 2014

OUR GOALS

- To be the safest and leading lifting solutions company in Australia and equal to the best in the world.
- To be recognised as a top performing company of high standing and integrity delivering superior value to our customers, people and shareholders.
- To be respected by the community.

OUR VALUES

- Safety Always – people, community, equipment, property, environment.
- Our Customers – driving for our customer's success.
- Our People – our diversity and different skills make us strong.
- Teamwork – contributing, listening, looking out for one another and being accountable as individuals and as a team.
- Achieving our best so that our business thrives.

OUR PROFILE

- Over 40 depots across Australia.
- Approximately 800 staff Australia wide.
- Over 350 cranes in all size ranges up to 750 tonne.
- Over 270 travel towers.

CORPORATE DIRECTORY

DIRECTORS
R John Robinson
Brenden C Mitchell
Fiona R V Bennett
Terrence C Francis
Terence A Hebiton

COMPANY SECRETARY
Iona MacPherson

REGISTERED OFFICE
Level 6, 55 Southbank Boulevard
Southbank Vic 3006
Telephone (03) 9207 2500
Fax (03) 9207 2400

INTERNET ADDRESS
www.boomlogistics.com.au

SHARE REGISTER
Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria, 3067
Investor Enquiries 1300 850 505

ANNUAL GENERAL MEETING
Wednesday, 22 October 2014
at 11:00am
Baker & McKenzie Lawyers
Level 19, 181 William Street
Melbourne Vic 3000

CONTENTS

OUR COMPANY

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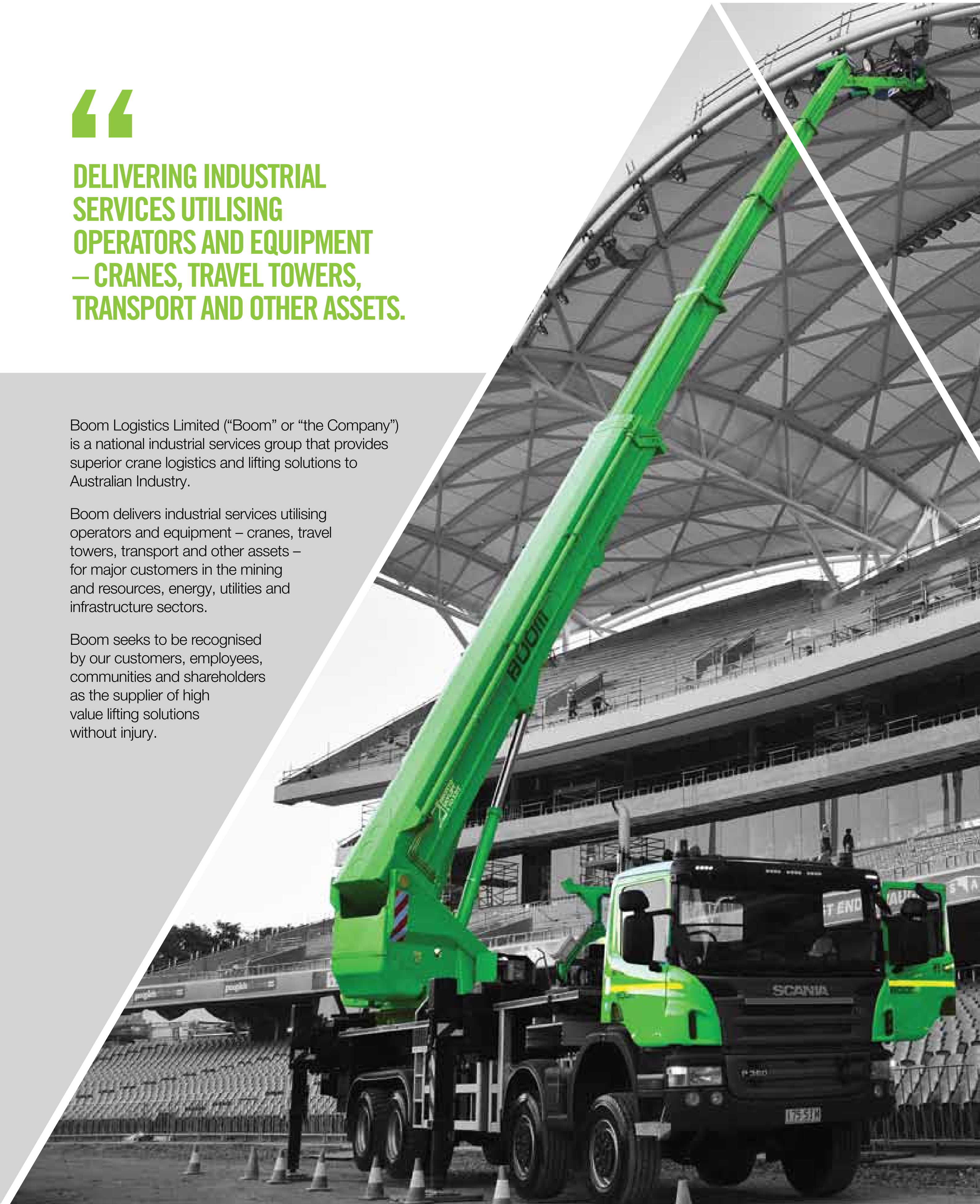
DELIVERING INDUSTRIAL SERVICES UTILISING OPERATORS AND EQUIPMENT – CRANES, TRAVEL TOWERS, TRANSPORT AND OTHER ASSETS.

Boom Logistics Limited (“Boom” or “the Company”) is a national industrial services group that provides superior crane logistics and lifting solutions to Australian Industry.

Boom delivers industrial services utilising operators and equipment – cranes, travel towers, transport and other assets – for major customers in the mining and resources, energy, utilities and infrastructure sectors.

Boom seeks to be recognised by our customers, employees, communities and shareholders as the supplier of high value lifting solutions without injury.



CHAIRMAN'S REPORT

“IN LOOKING AHEAD WE WILL CONTINUE TO FOCUS ON OPPORTUNITIES FOR FURTHER EFFICIENCY GAINS AND CONTINUING COST REDUCTION.

The business challenges experienced during the 2014 financial year continued the pattern evident for much of the preceding year. The mining services sector once again faced a combination of customer pricing pressure and reduced activity. This was most keenly felt across the coal industry with producers in Queensland's Bowen Basin and the New South Wales Hunter Valley adjusting to sustained price falls for both steaming coal and metallurgical coal. The conditions for service providers to the industry are further impacted by excess service capacity built up during the boom period, with consequent cutthroat competition for any new tender opportunities. These circumstances were apparent in retendering for the BHPB Mitsubishi Alliance (BMA) contract in the Bowen Basin where the combination of a 50% reduction in revenue earned from the contract over the past three years and high fixed costs incurred in servicing remote locations had translated into contract losses at the Earnings before Interest and Tax (EBIT) level over the last 6 months of the contract. Boom was unable to reach agreement on commercial terms sufficient to generate a return on the assets to be employed and has since supported BMA in transitioning to a new supplier at 30 June 2014.

The Company has continued to adjust its structure and underlying operations to meet the prevailing conditions. We are moving towards a “One Boom” structure by integrating our Boom Sherrin travel tower business with the Boom Crane business. This will generate cost savings through shared activity and will facilitate cross selling of services. Good progress is being made and we expect the integration to be substantially complete by March 2015. We are also close to completing the centralisation of various back office functions with resultant administrative cost savings and improved business visibility. Substantial progress has also been made in reducing direct costs with the cooperation of employees in renegotiating Enterprise Bargaining Agreements (EBAs) where uncompetitive arrangements are incompatible with the current challenging business environment. In some circumstances it has been necessary to implement redundancies and the Company's workforce has been reduced by a further 17% following a 12% reduction in FY13. These changes include both direct and indirect positions across the business.

Restructuring has also involved the sale of surplus assets, generally from older equipment across the crane fleet as well as redundant access equipment. These surplus equipment sales delivered $17.3 million of income and a net profit on sale during FY14. The average age of Boom's crane fleet at the year end was 9 years.

In turning to the FY14 financial results, as released to the market in mid August, the restructuring has resulted in a provision of $6.5 million and a further $9.3 million has been brought to account in asset impairments, resulting in a net tangible asset backing at 30 June of $0.49 per share, compared with $0.51 at the same time last year. The Company has also taken a deliberately conservative approach to goodwill by impairing the total carrying value of $70.8 million. This reflects both current market volatility and recent ASIC guidance with respect to variability between prior period actual cash flows compared to budget expectations, itself a consequence of market volatility. This removes all goodwill from the Company's balance sheet as at 30 June 2014.

After taking account of these impairments, which are non-cash accounting adjustments, the statutory net loss for the year ended 30 June 2014 was $79.5 million. Our trading result for FY14, excluding non-trading items was a net profit after tax of $3.9 million. This compares with the FY13 trading profit of $2.5 million. Directors have not declared a dividend for FY14.

Despite difficult business conditions, the Company continued to generate substantial free cash flows and these have been primarily directed to further reductions in debt, with net debt at 30 June reducing by $26.3 million from the same period last year to $89.5 million. The business also invested some $16 million in new capital during the year. The redeployment of current assets will allow new contracts and those in prospect to be serviced without significant new capital expenditure during FY15, while surplus asset sales are expected to be at a comparable level to FY14. Directors are of the view that in the current volatile operating environment capital management during FY15 should continue to prioritise debt reduction.

In looking ahead we will continue to focus on opportunities for further efficiency gains and continuing cost reduction. Current restructuring initiatives already mentioned are integral to this process. There are also good growth opportunities and we have previously announced new supplier agreements with Fortescue Metals Group to provide crane and associated labour services to their mining operations at Cloudbreak, Christmas Creek, Solomon and Anderson Point, Port Hedland. We also signed supplier agreements in late FY14 with Aurizon Operations Limited and Vestas Wind Farm Maintenance Services. We will continue to seek out opportunities to diversify our revenue base.

Turning to Board matters, Howard Critchley resigned as a non-executive director during the year to take up a role in a larger organisation. We have deferred filling the casual vacancy for the time being as part of the focus on reducing overheads across the business.

I would like to conclude this report to shareholders by again acknowledging the dedication of management during particularly challenging times. We have a good core business to work with but it requires fortitude and persistence under prevailing conditions to meet these challenges.

John Robinson
Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

"WE WILL MAINTAIN A FOCUS ON RESTRUCTURING THE BUSINESS TO BETTER SERVE OUR CUSTOMERS WHO ARE STILL UNDER SIGNIFICANT PRESSURE AND WE CONTINUE TO STRIVE TO ACHIEVE FLEXIBILITY IN THE BUSINESS SO WE CAN RESPOND TO THE CONTINUING VOLATILITY IN DEMAND.

Caring for the health and safety of our customers, people, environment and community is a core value that drives every one of our activities and decisions. Our safety focus has been uncompromisingly sustained during the 2014 financial year and I am very pleased to report that our Total Recordable Injury Frequency Rate (TRIFR) has continued its downward trend and has improved by 20% over the course of the year. This is the continuation of a downward trend over several years and during FY15 we will strive to achieve a TRIFR below 10.

Safe Act Observations by managers and supervisors have increased by 63% over the year and are at the highest level in 5 years. These activities are designed to address specific behaviours observed and to support a safety culture through increased dialogue and engagement. Maintaining this continued focus on safety is critical to us and our customers, despite operating in extremely challenging market conditions.

We've experienced another year with highly volatile market conditions and with major customers expecting significant cost reductions. We have had to make tough commercial decisions resulting in some loss of revenue where customer expectations and requirements meant that Boom would be unable to make any return on its assets.

For the financial year 2014 we made a net loss after tax of $79.5 million and earnings before interest and tax loss of $74.7 million. These results were impacted by Boom's decision to take a number of one-off adjustments amounting to $88.6 million (pre-tax), the majority of which were non-cash including $70.8 million relating to the write off of all the goodwill on Boom's balance sheet.

Removing these one-off adjustments, Boom's FY14 net trading profit after tax was $3.9 million, well down on the FY13 outcome of $10.7 million.

We have had to adapt and respond quickly to market conditions. Over the last 12 months we:

- restructured our operations to reduce costs in response to the loss of the BHPB Ports contract in Port Hedland in August 2013 and significant reductions in maintenance volumes in the Bowen Basin and Hunter Valley coal markets;
- further reduced overhead labour and costs through the centralisation of certain financial and administrative processes into a shared services function, the Business Support Centre;
- refined Boom's labour model, predominantly through addressing some uncompetitive Enterprise Bargaining Agreements through discussions with our employees;
- targeted and converted revenue opportunities in non-mining & resources markets such as our new contracts with Aurizon and Vestas; and
- made the decision to freeze the salaries of our senior employees, a freeze that has now been in place since 1 July 2012.

Pleasingly, we continue to generate good operating cash flows which were supplemented by the sale of surplus assets enabling us to reduce our net debt by $26.3 million over the last 12 months, moving from $115.8 million at 30 June 2013 to $89.5 million at 30 June 2014.

We have also continued to execute a number of initiatives in line with our strategy and will continue to execute our priorities which include:

- continuing to deliver a safe and efficient service to our customers;
- driving to convert the sales pipeline into new revenue including opportunities for growth from infrastructure projects;
- successfully executing the Queensland and East Coast restructure in the first quarter of FY15 following the conclusion of the BMA contract;
- further addressing uncompetitive EBAs which have resulted in our cost to serve not meeting customer expectations;
- successfully executing the One Boom project to merge the Boom Sherrin and Crane Logistics businesses to achieve revenue synergies, processing efficiencies and cost reductions;
- selling surplus assets to generate cash; and
- further deleveraging our balance sheet.

We will maintain a focus on restructuring the business to better serve our customers who are still under significant pressure and we continue to strive to achieve flexibility in the business so we can respond to the continuing volatility in demand. Our significant recent investment in systems and improving business processes will also support further operating efficiencies.

Having identified non-core and surplus assets to be sold during FY15, our fleet age has remained consistent and we are well equipped to service projected demand. The proceeds from the sale of these non-core and surplus assets will be used to further reduce debt and we will still be in a position to undertake some targeted capital expenditure in response to specific customer opportunities.

Whilst the market we are operating in today is very tough, we expect some improvement in the medium to long term, particularly due to the pipeline of infrastructure projects that we expect to start coming on line in the later stages of FY15.

We will work hard on our labour model in FY15. The right labour model for Boom is one that best delivers for our customers. That means working with our employees to clearly understand customer demand and responding to that demand in a way that is cost effective, secures employment for our people and gives them the opportunity to earn a good, viable income. Importantly, we also need to be able to recover our labour costs from our customers.

In closing, I would like to acknowledge and thank the Boom employees for their hard work, commitment, resilience and loyalty in what is a very challenging market for our company.

Brenden Mitchell
Managing Director

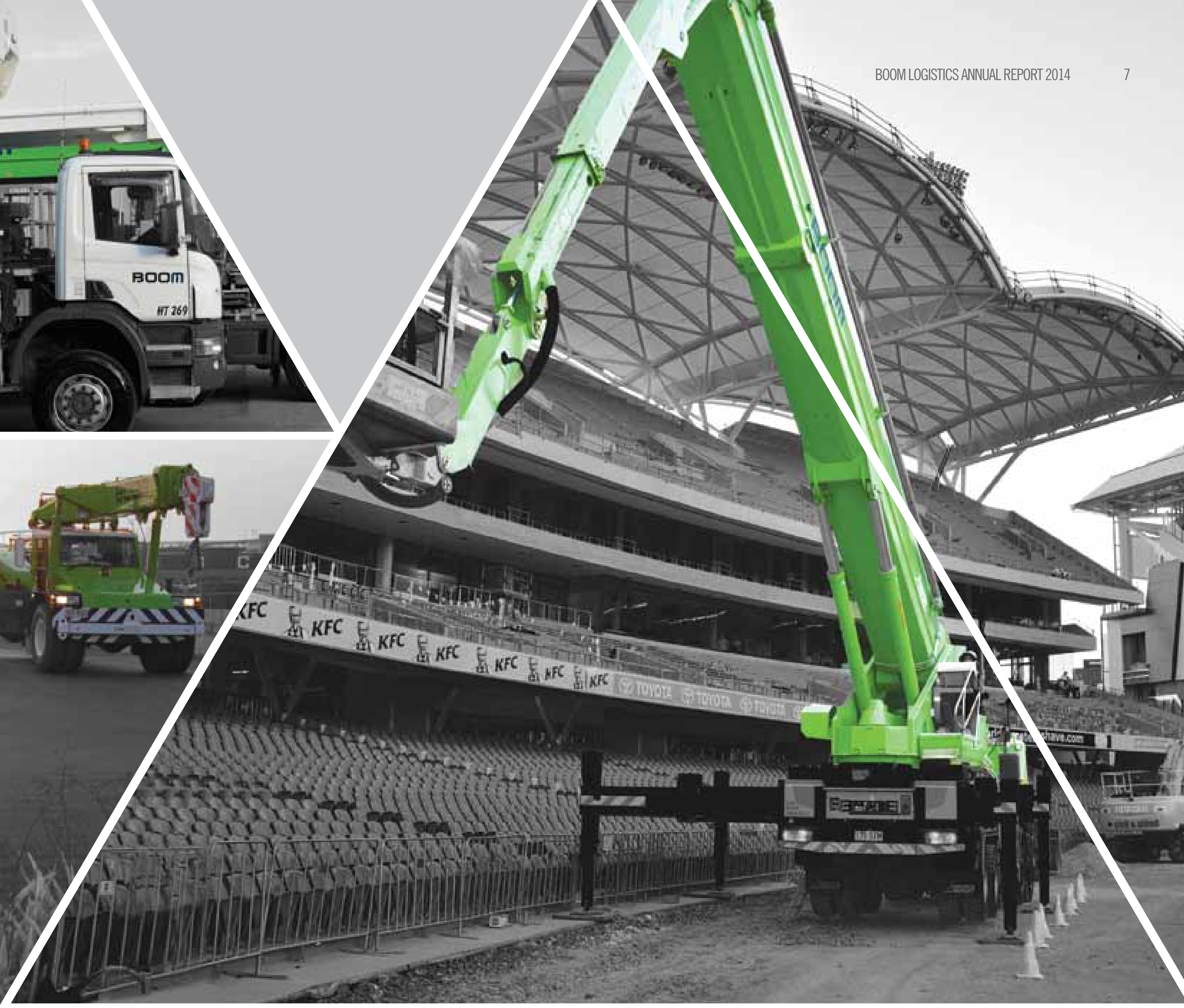
HIGHLIGHTS

HEALTH, SAFETY, QUALITY & ENVIRONMENT

- ✔ A reduction in Total Recordable Injury Frequency Rate (TRIFR) of 20% over the year and 87% over the past five years.
- ✔ A reduction in incident severity rate of 45% over the year.
- ✔ Management Interactions, in the form of Safe Act Observations, a key leading indicator, increased by 63% over the year to a 5-year high.
- ✔ Embedding of Life Saving Rules across the business.
- ✔ Continuing implementation of the three year HSEQ Strategic Plan with an emphasis on risk reduction.
- ✔ Maintenance of AS/NZS 4801: 2001 and AS/NZS ISO 9001: 2008 Certifications and compliance with all environmental management obligations.

FINANCIAL & OPERATIONS

- ✔ Operational restructuring resulting in a reduced cost base and fleet rationalisation that enabled asset sales of $17.3 million during FY14.
- ✔ Overheads reduced upon the centralisation of certain back office functions into the Business Support Centre.
- ✔ EBA improvements to achieve flexibility in challenging market conditions.
- ✔ Strong free cash flows underpinned by solid operating cashflow enabling further balance sheet deleveraging.
- ✔ As a result of significant targeted investment over recent years, limited capital expenditure has been required.
- ✔ Initiation of the “One Boom” project to integrate the Crane Logistics and Boom Sherrin businesses to maximise revenue synergies and further reduce costs.



MARKETS & GROWTH

- ✔ New contract with Fortescue Metals Group in WA.
- ✔ Expansion of services in wind farm construction with Senvion at Bald Hills in Victoria.
- ✔ New national service agreements with Aurizon and Vestas
- ✔ Successful completion of the Sydney Rail Project: the decommissioning and construction of a new bridge at Lidcombe.
- ✔ New business wins in high voltage transmission line projects with John Holland in Central Queensland.
- ✔ A solid sales pipeline for travel towers in the telecommunications and energy sectors.

PEOPLE & SYSTEMS

- ✔ Recent investment in operating systems and business process improvements facilitated the successful establishment of a national shared services function, the Business Support Centre.
- ✔ Continual up-skilling of operators and riggers including cross-skilling on new equipment and ongoing verification of competency.
- ✔ Retention and attraction of key managers whilst in a difficult business climate.

OUR CUSTOMERS, MARKETS & OPERATIONS

OUR CUSTOMERS

During FY14, Boom continued to execute its strategy to focus on long-term customer relationships in the mining and resources, energy, utilities and infrastructure sectors that are strongly aligned to Boom's value proposition.

Boom's core value proposition is to deliver high value industrial services to customers based on providing a total lifting solution involving cranes, travel towers and specialised equipment, qualified and skilled people, industry knowledge, engineering expertise and best-practice safety and quality systems.

OUR MARKET POSITION

Boom continues to drive for business improvement despite difficult market conditions.

All major mining companies are aggressively driving cost reductions which have led to reduced service rates and variability in activity across the mining sector. However, Boom is taking a targeted approach to industry sectors and geographic diversification in an effort to defray the significant impacts of the mining sector. Typically Boom's revenue is derived from major customer maintenance contracts and infrastructure construction projects.

During FY14, the Queensland business was impacted by the subdued and volatile demand in the coal mining market. The BHPB Mitsubishi Alliance ("BMA") had been a significant Boom customer in the Bowen Basin's coal sector in Queensland. The BMA contract expired on 30 June 2014 following a tender process where Boom was unable to reach agreement on commercial terms with BMA at a level sufficient to allow a return on assets employed.

Boom has supported BMA in transitioning to new suppliers and will also support Mount Arthur Coal as they transition to a new supplier in the Hunter Valley. Boom will maintain a greater than 50% market share in the Hunter Valley and is focusing on new revenue and growth in other NSW markets. Opportunities are being explored and tenders submitted on a number of maintenance contracts in Queensland to improve our Bowen Basin based businesses.

Contributing to the FY14 result, Boom was contracted by Redpath Mining to carry out the assembly of an imported tunnel boring machine at Anglo American's Grosvenor coal mine in Queensland's Bowen Basin.

New South Wales continued to service its mining contracts and was successful in completing a major Sydney Rail bridge replacement project in Lidcombe, west of Sydney. A team of 56 crew and 8 cranes were involved in the project, including Boom's 750 tonne heavy lift crawler crane which was used to lift the 232 tonne sections of bridge to a height of 30 metres. This was a long planned and carefully scheduled operation which was executed safely and efficiently.

In Victoria and South Australia, FY14 revenues were solid. In South Australia, the BHPB Olympic Dam contract continued to deliver a solid base of activity. Further improvements in

FY15 are expected through the Victorian business as the Senvion Bald Hills Windfarm project is in full production and expected to be completed in early 2015.

Western Australia continued to deliver solid results due to the ongoing LNG construction activity in the North West and strong activity at Karara Mining and Fortescue Metals Group (FMG) sites. During FY14, a new supplier agreement has been established with FMG for the provision of crane and labour services to Western Australian locations including Cloudbreak mine, Christmas Creek mine, Solomon mine and Anderson Point, Port Hedland. The initial term of the contract is for 24 months with provision for 2 one year extensions. This is an important step forward for Boom in the North West of WA and presents an opportunity to further progress Boom's relationship with a rapidly growing customer.

Boom's new business pipeline continues to be strong, particularly in the areas of LNG, wind farms, energy and telecommunications projects. Whilst the infrastructure sector is expected to provide significant growth opportunities for Boom on the East Coast, these projects will be more likely to provide a positive impact in FY16 given their long lead times and planned construction programs.

Conditions in the Queensland market are expected to remain subdued, particularly in the coal sector, with a period of transition to more profitable opportunities following the completion of the BMA contract. Queensland has provided our first significant "One Boom" combined project where travel towers and cranes are being jointly marketed. These opportunities will continue to grow, particularly in the energy and telecommunications sectors, as well as servicing the demands from the mining and LNG industries along the coast.

The pipeline of projects in the power and energy sectors continues to be strong and we are refining our Service Delivery model to reflect the specific needs of this industry. Whilst some projects have been delayed or re-prioritised, we expect that several major high voltage transmission line projects will be carried out during FY15.

Boom continues to service the wind farm maintenance sector and has regained a foothold with Vestas on its three sites in WA. A number of projects are in the pipeline and Boom is well positioned to win another wind farm project in FY15.

OUR VALUE PROPOSITION

With safety and operational discipline at its core, Boom's customer value proposition is based on total solutions involving:

Equipment

- Fleet aligned to industry requirements in mining & resources, energy, utilities and infrastructure projects.
- Well maintained fleet with maintenance records and Key Performance Indicator reporting for customers.

Operational Capability

- Experienced and trained workforce of supervisors, crane operators and riggers.
- Operational resources and infrastructure to support customers in our core markets.
- Planned and configured services involving operators, cranes, transport and other assets to meet complex customer requirements.

Engineering Expertise

- Pre-lift customer site survey and analysis.
- Detailed engineering lift studies to drive safety, efficiency and cost effectiveness.
- Project planning and project management.

Safety & Quality Systems

- Cultural alignment with our customer base with an uncompromising safety focus.
- AS/NZS ISO 9001: 2008 and AS/NZS 4801: 2001 Certifications.
- Investment to drive continuous improvement in our safety systems, processes and organisation.

Boom's value proposition reaches far beyond equipment hire. Boom's services include planning and project management, multi-party logistics coordination, lift design and engineering, on-site supervision and lift control, on-site safety leadership, site-inducted personnel, task optimisation and cost control, project data capture and reporting, task assessments and continuous improvement analysis.

Boom's distinct value proposition provides a solid platform for future growth.

FLEET & INFRASTRUCTURE INVESTMENT

Boom maintains a program of disciplined capital investment into the crane and travel tower fleet, reflecting the market opportunities and the needs of our key blue chip customers in the mining and resources, energy, utilities and infrastructure sectors.

Prior years' investment in Boom's fleet means the fleet is well balanced and sufficient to meet projected demand. The transition from BMA and the restructuring on the East Coast will enable Boom to service new customer contracts and pipeline projects without a requirement for significant new capital spend. Boom also expects to realise the $15.5 million from the sale of the surplus assets in the Assets Held for Sale account at 30 June 2014.

After liberating surplus assets for sale, as reflected in the Assets Held for Sale account, the average age of Boom's crane fleet is 9.0 years, consistent with prior year.

OUR HEALTH, SAFETY, ENVIRONMENT & QUALITY

OUR SAFETY GOALS

Boom's Health, Safety, Environment & Quality (HSEQ) goals underpinning our vision are to:

- exceed client and other stakeholders' HSEQ expectations through consistently providing benchmarked high quality and incident free services;
- establish a positive and proactive safety culture with well trained and competent people who demonstrate Boom's values and exceptional safety leadership; and
- continue to develop and use excellent HSEQ processes and systems.

SAFETY

Boom's safety performance continues to be a key operational focus with the emphasis on risk management. Our goal is to ensure our employees and customers are free of harm while we deliver high value crane logistics and travel tower lifting solutions in a complex and diverse operating environment.

Ensuring the safety and wellbeing of our people is an operational discipline that differentiates Boom from our competitors. It is a key component of our value proposition and strengthens our relationships with our customers and employees alike. Boom's ongoing emphasis on safety leadership, best practice safety systems and our "Safety Always" culture builds confidence with our customers and employees around predictable, reliable and consistent delivery of high value lifting solutions.

Boom has a three year HSEQ Strategic Plan with an emphasis on risk reduction. Boom has established frameworks around Fatal and Catastrophic Risk Protocols and Life Saving Rules that underpin the approach to core activities and core hazards. The effect on plant safety, safety of our people and safety of those with whom we interact will be significant. An important additional effect of the engagement with our personnel is the strengthening of the commitment to a "Safety Always" approach.

Certification to AS/NZS 4801:2001 has been maintained.

SAFETY LEADERSHIP

At Boom, we take a four-tiered leadership approach to safety.

Safety Leadership Structure

Health, Safety, Environment & Quality (HSEQ) Committee

The HSEQ Committee, a sub-committee of the Board, meets quarterly and considers all aspects of Boom's safety environment. A summary of this committee's responsibilities is set out in the Corporate Governance section of this report.

Safety Leadership Team (SLT)

A safety leadership team, chaired by the Chief Executive Officer and comprising the general managers of every business unit, prioritises and monitors our safety environment and safety improvement activities. The SLT is supported by a team of safety professionals that operate nationally or within business units.

Personal Commitment

All operational managers commit to a range of consultative and interactive activities that reinforce to the workforce their personal commitment and Boom's corporate commitment to an excellent Health and Safety outcome. All operational managers have their day-to-day safety responsibilities specified.

Training

Boom's operational training program contains a significant safety leadership element that helps embed good workplace safety as an operational discipline.

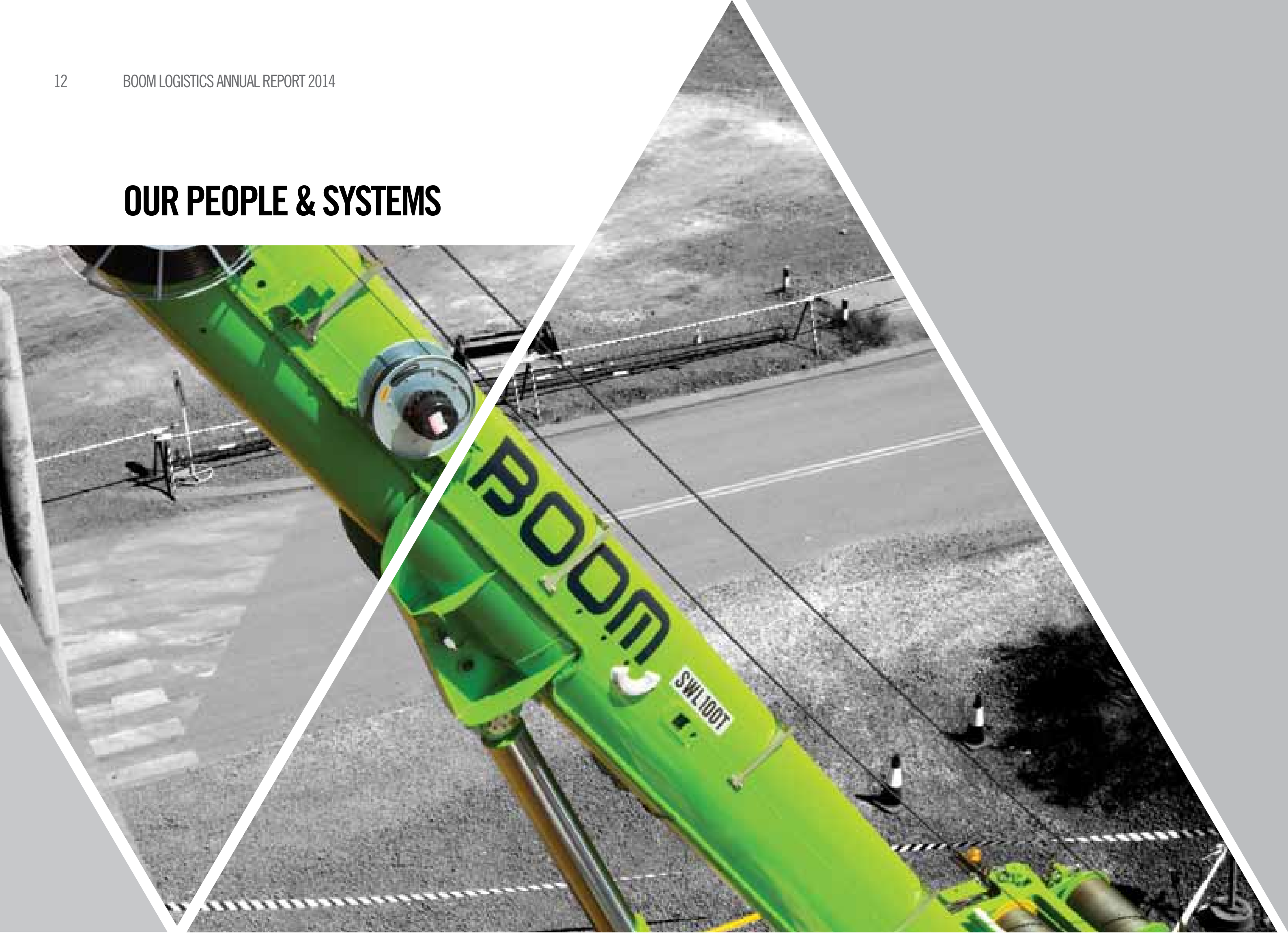
ENVIRONMENT

Boom continues to meet its community expectations and legal obligations in relation to environmental management. Boom complies with the National Greenhouse and Energy Reporting Act 2007 and we report our emissions and energy consumption each financial year.

QUALITY

The Company has maintained its certification to AS/NZS ISO 9001:2008.

OUR PEOPLE & SYSTEMS



OVERVIEW

As at 30 June 2014, Boom's workforce consisted of approximately 850 employees across a range of disciplines. 80% of the workforce directly interfaces or provides a service to customers, including operators, supervisors, safety professionals, engineers and sales employees. The remaining 20% include management, finance, human resources, information technology, procurement and support personnel.

Even during difficult market conditions, Boom has retained and attracted key managers to the business. Managers have demonstrated resilience and leadership during difficult market conditions.

Boom continues to place increased focus on improving its labour model and increasing flexibility. A successful EBA negotiation in the North West of Western Australia has enabled that business to improve margins and offer competitive rates to new customers.

Proactively right sizing the business in line with revenue, while retaining the capability required to deliver safe operations to our customers, will support Boom's future growth opportunities. Employee redundancies have been a necessary part of responding to changing market conditions. In FY14, 103 positions became redundant and this follows a headcount reduction of 130 in the previous year. A significant portion of the FY14 redundancies related to overhead positions following the transition of certain transactional activities to a shared services centre in Brisbane, the Business Support Centre.

The introduction of Boom's Business Support Centre has seen the centralisation of a number of financial and administrative tasks and a reduction in overhead labour and costs. In addition, the Business Support Centre is driving improved process disciplines and more stringent process controls.

A further 44 redundancies have been provided for at 30 June 2014, predominately associated with the Queensland restructure.

INDIGENOUS PROGRAM

Boom's commitment to its Indigenous Program supports its customers and communities in Central Queensland and Western Australia. Boom's National Indigenous Employment Framework provides a basis for localised strategies for generating work opportunities and developing sustainable relationships with indigenous communities.

TRAINING & DEVELOPMENT

Boom recognises the value in developing our people and considers this a key strategic priority for the business.

Boom continues to invest in training and development for its operational staff to ensure operating tickets are maintained, safety standards are upheld, customer site inductions are current and operators are vocationally competent to meet the needs of our customers. During FY14, there has been continual up-skilling of operators and riggers including cross-skilling on new equipment and ongoing verification of competency.

Boom's e-Learning Centre continues to be utilised to support the improvement of capability within the company. Boom's on-boarding process of the on-line induction, compliance training and the recent addition of Boom's Life Saving Rules provides a solid platform for new employees to succeed.

CORPORATE GOVERNANCE

APPROACH TO GOVERNANCE

Corporate governance is important at Boom and is a fundamental part of the culture and the business practices of the Company. Directors of Boom have specific duties and responsibilities to ensure that good corporate governance practices are adopted by the Company.

The Company has securities listed on the Australian Stock Exchange (ASX) and therefore must also comply with a range of listing and regulatory requirements.

The key aspects of the Company's corporate governance framework and primary corporate governance practices for the 2014 year are outlined below.

The Board follows the ASX Principles of Good Corporate Governance and Best Practice Recommendations 2010, and is working towards a transition to full compliance with the third edition of Corporate Governance Principles and Recommendations prior to 30 June 2015. Corporate governance practices applied by the Company are set out below.

BOARD AND COMMITTEE COMPOSITION

The Board currently has five Directors comprising four Non-Executive Directors and the Executive Managing Director. All of the Non-Executive Directors, including the Chairman, are Independent Directors in compliance with ASX Corporate Governance Best Practice guidelines.

Details of the respective Directors' qualifications, Directorships of other listed companies, including those held at any time in the three years immediately before the end of the financial year, experience and other responsibilities are provided in the Directors' Report on page 23 of the financial statements.

The Board may from time to time establish committees it considers necessary / appropriate to assist in carrying out its duties.

The Board has established the following committees and adopted charters setting out matters relevant to the composition, responsibilities and administration of these:

- Audit Committee (AC);
- Risk Committee (RC);
- Nomination and Remuneration Committee (N&RC); and
- Health, Safety, Environment and Quality Committee (HSE&Q).

The current membership of the Board and its committees are as follows:

Director	Board	AC	RC	N&RC	HSE&Q
John Robinson	√ *		√ *	√ *	√ *
Brenden Mitchell	√		√		√
Fiona Bennett	√	√ *	√	√	
Terrence Francis	√	√	√		√
Terence Hebiton	√	√	√		√

* Denotes Chairman

These Committees do not in anyway diminish the overall responsibility of the Board for these functions.

In compliance with the Company's Constitution, Terrence Charles Francis will retire from office by rotation at the Annual General Meeting and being eligible, will stand for re-election at the Annual General Meeting.

CORPORATE GOVERNANCE

The Board has responsibility for setting and maintaining corporate behaviour and accountability. In accordance with the ASX Corporate Governance guidelines and the Company's commitment to best practice Corporate Governance:

- The Board operates under a Code of Conduct which follows the Principles as set out by the Australian Institute of Company Directors;
- There is a Charter for the Board that defines its responsibilities. This Charter is available on the Company's corporate website;
- There is a regular assessment of the independence of each Director;
- Potential conflicts of interest by Directors will be reported to the Board and interested Directors will be excluded from discussion of the relevant matter and will not vote on that matter;
- Directors provide the Company with details of their shareholdings in the Company and any changes;
- Directors comply with the Company's policies for Continuous Disclosure, Share Trading and its Code of Conduct;
- Directors have access, where necessary and at the cost of the Company, to independent, external and professional advice;
- Directors have ready access to the Company's Senior Management for direct information on the Company's affairs;
- Directors have the benefit of Directors' and Officers' Insurance;
- Directors have the benefit of an indemnity from the Company to the extent permitted by the Corporations Act as well as access to the Company's Board papers on terms agreed between the Company and the Board;
- The Board sets the membership and terms of reference for each Board Committee; and
- Board Committees make recommendations to the Board. They are not delegated responsibility except as specifically authorised by the Board.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

There is no obligation under the Constitution for Directors to hold shares in the Company, although all Directors presently do. Details of Directors' shareholdings are shown in the Directors' Report on page 24 of the financial statements.

Directors and Senior Management of the Company are restricted to buying or selling shares in the Company to the six week period commencing on the second business day after the announcement of the annual and half-yearly results or the Annual General Meeting in accordance with the Company's Securities Trading Policy.

If a market announcement is made outside these periods which results in the market having the same price sensitive information as the Directors and Senior Management, then Directors and Senior Management may deal in Boom securities during the three week period commencing on the second business day after any such announcement.

Under the Securities Trading Policy, Directors are required to notify the Company Secretary or General Counsel within two days of each trade to enable the required disclosure to the ASX.

In accordance with the law, Directors and Senior Management are prohibited from buying or selling shares in the Company at any time when they are in possession of market sensitive information.

AUDIT COMMITTEE

The Audit Committee Charter is available on the Company's corporate website.

The primary objectives of the Audit Committee are to assist the Board of Directors to discharge their obligations with respect to oversight of the:

- Integrity and quality of interim and annual financial reporting and disclosures;
- Compliance with relevant laws, regulations, standards and codes;
- Adequacy of the internal control framework; and
- Integrity of the internal and external audit functions.

The Committee comprises at least three Non-Executive Directors. The external and internal audit partners, Managing Director, Chief Financial Officer and other management personnel attend these meetings by invitation.

The responsibilities of the Audit Committee set out within its Charter include:

- Monitoring the activities and effectiveness of the internal audit function;
- Overseeing and monitoring the integrity of financial systems, processes and reporting;
- Reviewing draft annual and half-yearly financial statements with management and external auditors and making recommendations to the full Board;
- Reviewing and monitoring the Company's compliance with law and ASX Listing Rules;
- Reviewing processes for promoting compliance with the Company's Code of Conduct and Speaking Up Policy;

- Reviewing processes to manage related party transactions and potential conflicts of interest in line with the Company's Related Party Transactions Policy;
- Reporting regularly to the Board on its activities and findings;
- Making recommendations for the appointment or removal of the external and the internal auditors;
- Monitoring the ongoing independence of the external auditor; and
- Other responsibilities as required by the Board or considered appropriate.

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. Applications for tender for external audit services may be requested from time to time as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

In accordance with a recommendation by the Audit Committee, the Board sought and received Shareholder approval to appoint KPMG as the Company's external auditor at the 2008 Annual General Meeting. As a result, a new audit engagement partner was introduced for the year ended 30 June 2009. The same engagement partner presided over the external audit of the Company for the five years ended 30 June 2013.

It is KPMG's policy to rotate audit engagement partners on listed companies every five years and in accordance with that policy, made arrangements for a new partner to commence on the Boom external audit in the year ended 30 June 2014.

KPMG has declared its independence to the Board through its representations to the Committee and provision of its Statement of Independence to the Board, stating that they have maintained their independence in accordance with the provisions of APES 110 – Code of Ethics for Professional Accountants and the applicable provisions of the Corporations Act 2001.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in note 33 to the financial statements.

The external auditor attends the Annual General Meeting and is available to answer Shareholder questions about auditor independence, accounting policies adopted by the Company, the conduct of the audit and the preparation and content of the audit report.

The internal audit function is carried out both internally and by PricewaterhouseCoopers who have the expertise to provide independent, objective assurance to the Audit Committee. The internal audit function is independent of the external auditor and is aimed at the promotion of efficiency, economy and effectiveness of management processes and systems of internal control.

The Audit Committee approves the scope of all internal audit activities to ensure it is appropriate in light of the key risks faced by Boom.

RISK COMMITTEE

The Risk Committee Charter is available on the Company's corporate website.

The Risk Committee comprises all members of the Board of Directors.

The primary objective of the Risk Committee is to monitor the processes for identification and management of material business, financial and regulatory risks.

The responsibilities of the Risk Committee set out within its Charter include:

- Overseeing the risk profile and risk management of the Company within the context of the Board determined risk appetite;
- Making recommendations to the Board in respect of the Company's risk appetite and particular risks or risk management practices;
- Reviewing Management's risk framework including the processes for the identification and assessment of material risks faced by the Company;
- Reviewing Management's plans for the mitigation of the material risks faced by the Company;
- Ensuring there are adequate policies in relation to material business and financial risk management, compliance and internal controls;
- Ensuring there is ongoing monitoring and assessment of the risk management, compliance and internal control systems; and
- Promoting awareness of a risk based culture and the achievement of a balance between risk and reward for risks accepted.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee Charter is available on the Company's corporate website.

The principle function of the Nomination & Remuneration Committee is to review and make recommendations to the Board of Directors on remuneration packages and policies applicable to Directors, Senior Executives and Company employees generally.

The Committee comprises two Non-Executive Directors. The responsibilities of the Nomination and Remuneration Committee set out within its charter include:

- Assessing the necessary competencies of Board members;
- Establishing and reviewing the Board succession plans;
- Evaluating the Board's performance;
- Considering and recommending to the full Board the appointment and removal of Directors;
- Reviewing and recommending the remuneration of Non-Executive Directors, the Chief Executive Officer and the Chief Executive's direct reports;
- Reviewing and recommending remuneration policies applicable to Directors, Senior Executives and Company Employees generally;
- The annual review and consideration of the Chief Executive Officer's remuneration structure; and

- Reviewing and recommending general remuneration principles, including incentive schemes, bonuses, and share plans that reward individual and team performance.

The Nomination & Remuneration Committee is responsible for the ongoing evaluation of the Board, its Committees and individual Directors and Executives.

The Executive Management team participates in the Company's performance management and development process. This is a performance review program which has been designed to provide a link between the Company business plan, vision, values, and Employee's performance. Executives are evaluated annually and their performance is compared against set standards and business objectives. The results of these reviews are considered when determining Executive remuneration.

Board effectiveness is monitored through the Chairman and by open discussion amongst members. External assistance is engaged to periodically provide structured evaluation of Board process and performance.

When a new Director is to be appointed, the Committee reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience.

Where necessary, advice is sought from independent search consultants. The full Board then appoints the most suitable candidate based on specified selection and appointment criteria. Newly appointed Directors must submit themselves to Shareholders for election at the first Annual General Meeting following their appointment.

New Directors are provided with a letter of appointment setting out the Company's expectations including involvement with committee work, their responsibilities, remuneration, including superannuation and expenses, requirement to disclose their interests and any matters which affect the Director's independence. New Directors are also provided with all relevant policies including the Company's share trading policy, the code of conduct policy, a copy of the Company's Constitution, organisational charts and details of indemnity and insurance arrangements.

A formal induction program which covers the operation of the Board and its Committees and financial, strategic, operations and risk management issues is also provided to ensure that Directors have significant knowledge about the Company and the industry within which it operates.

New Directors are advised of the time commitment required of them in order to appropriately discharge their responsibilities as a Director of the Company. Directors are required to confirm that they have sufficient time to meet this requirement.

HEALTH, SAFETY, ENVIRONMENT & QUALITY ("HSE&Q") COMMITTEE

The Health, Safety, Environment & Quality Charter is available on the Company's corporate website.

The primary objective of the HSE&Q Committee is to assist the Board of Directors to discharge their responsibilities in respect of health, safety, environment and quality matters.

The HSE&Q Committee comprises at least two Non-Executive Directors and the Chief Executive Officer. The General Manager Health, Safety, Environment & Quality attends these meetings by invitation.

The responsibilities of the HSE&Q Committee set out within its charter include:

- Reviewing the ongoing health and safety performance of Boom and monitoring its effective health and safety management;
- Receiving and considering information relating to HSEQ matters including incident reports and independent HSEQ audit reports;
- Considering information relating to HSEQ hazards and risks within Boom;
- Considering the systems, processes and resources through which HSEQ hazards and risks are eliminated or controlled; and
- Considering information and recommendations provided by Management regarding strategic or significant matters;

to enable the Committee to recommend the Board's endorsement of the HSE&Q Strategy and Plan.

INTEGRITY AND RISK MANAGEMENT PROCESSES

The CEO and CFO have provided written declarations to the Board that the Company's financial records have been properly maintained, and that the Company's financial statements and notes give a true and fair view and comply with accounting standards.

In addition, this declaration also confirms that the financial statements are founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.

The Company has implemented a risk management framework and policy based on AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines and the ASX Corporate Governance Principles and Recommendations. The framework is based around the following risk activities:

- Risk Identification: Identify all significant foreseeable risks associated with business activities in a timely and consistent manner;
- Risk Evaluation: Evaluate risks using an agreed risk assessment criteria;
- Risk Treatment/Mitigation: Develop mitigation plans for risk areas where the residual risk is greater than tolerable risk levels; and
- Risk Monitoring and Reporting: Report risk management activities and risk specific information to appropriate levels of management in a timely manner.

On a regular basis, the Board, through the Risk Committee, reviews the risk framework, the risk register and the systems to identify and manage risk and satisfies itself that Management has in place appropriate systems for managing risk and for maintaining appropriate internal controls.

The CEO and Senior Management team are responsible for identifying, evaluating and monitoring risk in accordance with the risk management framework. Senior Management is responsible for the accuracy and validity of risk information reported to the Board and also for ensuring clear communication of the Board and Senior Management's position on risk throughout the Company.

In particular, at the Executive Management and Business Unit Senior Management meetings held throughout the year, the CEO and members of their Management team review and identify key business and financial risks which could prevent the Company from achieving its objectives.

Additionally, a formal risk assessment process is part of each major capital acquisition with post acquisition reviews undertaken of major business acquisitions, major capital expenditures or significant business initiatives.

ENVIRONMENTAL REGULATION

The operations of the Company are subject to various environmental regulations under both Commonwealth and State legislation.

In making this report, the Directors note that the Company's operations involve the discharge and storage of potentially hazardous materials such as fuels, oils and paints. Some of these activities require a licence, consent or approval from Commonwealth or State regulatory bodies. This regulation of the Company's activities is typically of a general nature, applying to all persons carrying out such activities, and does not in the Directors' view comprise particular and significant environmental regulation.

Based upon enquiries within the Company, the Directors are not aware of any breaches of particular and significant environmental regulation affecting the Company's operations.

The Directors believe the environmental performance of the Company is sound and that the Company has appropriate systems in place for the management of its ongoing corporate environmental responsibilities.

CODE OF CONDUCT

The Code of Conduct is available on the Company's corporate website.

The Company has an established Code of Conduct, which provides Employees and Directors with a practical set of guiding principles to help them make decisions in their day to day work.

The Code embodies honesty, integrity, quality, trust and respect. Employees and Directors are required to demonstrate these behaviours and comply with the Code of Conduct whenever they are identified as representatives of Boom.

Under the Code of Conduct:

- The Company will act with fairness, integrity and good faith in its dealings with its Employees, Customers, Subcontractors, Shareholders and other Stakeholders;
- The Company will strive for best practice in its internal business controls, financial administration and accounting policies;
- Directors and Employees are bound by strict rules in the trading of Boom shares;
- The Company is committed to continuous improvement of workplace safety with the ultimate objective of no injuries to anyone at any time;
- The Company will continually develop its client relationships to provide outstanding service;
- The Company has, and will keep in place, employment practices and policies that accord with best practice including those in respect of health and safety, anti-discrimination and conflict of interest;
- The Company recognises its place in the community and has in place policies and practices to protect the environment and to support selected community activities and projects in the areas in which it operates;
- The Company will be transparent in its reporting, including in respect of Board and Executive remuneration;
- The Company recognises its obligations to individuals' rights to privacy in respect of confidential information;
- The Company is committed to compliance with the law in all its operations;
- The Company will enforce and monitor compliance with the Code of Conduct through employment contracts, internal communication, education and performance management; and
- Directors, Employees, consultants and contractors engaged by the Company must act to ensure they maintain confidentiality, protect Stakeholder rights and have an obligation to report and investigate unethical behaviour.

The Company manages communication and compliance in respect of the Code of Conduct through employment contracts and ongoing internal communication including internet, intranet, Employee education sessions, performance management, tool box meetings, orientation & induction programmes and the distribution of an Employee Handbook.

Adherence with the Code of Conduct is managed by Senior Management and Business Unit Managers across the business. Where non-compliance occurs, Employees are counselled and disciplined in accordance with the Code of Conduct policy and with reference to the nature and severity of the breach.

DIVERSITY AT BOOM LOGISTICS

Boom's Diversity Policy is available on the Company's corporate website.

Boom is committed to seeking out and retaining the best talent to ensure business growth and performance. We are committed to engaging the best people to do the best job possible. Boom's Code of Conduct confirms the Company's belief in treating all people with respect and recognises that diversity and different skills make the Company strong.

Boom is committed to ensuring that composition of its Board and Committees is appropriate. The Board Charter clearly states it should comprise Directors with the appropriate mix of business expertise and experience.

At Boom, diversity includes differences that relate to gender, age, ethnicity, disability and cultural background. Boom recognises that having a diverse and talented workforce is a key competitive advantage that differentiates our service in the marketplace and is a benefit to the Company as a whole. Diversity also benefits individuals and teams and enables the Company to reflect the diversity of our customers and the markets we operate in, all of which adds value to our operations and delivery of our strategy.

Gender diversity and inclusion is a key priority for Boom, and is reflective of the revised ASX Corporate Governance Principles and Recommendations issued in June 2010. Boom is committed to building strong female representation at all levels in the organisation, including Senior Management.

Boom has established a Diversity Policy and a series of objectives to work towards that have been reviewed and approved by the Board. The CEO is accountable for implementing these requirements in accordance with Boom's Diversity Policy.

In order to effect a structured approach to managing diversity, Boom:

- Has developed and implemented strategies, initiatives and programs to promote the Diversity Principles outlined above in its management structures;
- Has set measurable objectives, or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve Gender Diversity;
- Monitors, reviews and reports to the Board the Company's progress under the Diversity Policy; and
- Reports on the status of Gender Diversity KPIs in this annual report.

The Company's objectives are tabled below:

Area	Objective
Board gender diversity	At least 15% of the Board Members desirably should be female with the appropriate skills and attributes. Achieved at 30 June 2014 – 25%.
Senior Managers gender diversity	At least 20% of Senior Managers desirably should be female with the appropriate skills and attributes. Senior Management is defined by the Company as direct reports to the Managing Director. Achieved at 30 June 2014 – 25%.
Employee gender diversity	At least 10% of the Boom Logistics workforce desirably should be female with the appropriate skills and attributes. Achieved at 30 June 2014 – 13%.

The objectives which have been set are reviewed annually to ensure that these initiatives remain relevant and appropriate.

As at 30 June, Boom's performance with respect to meeting these requirements is as follows:

	Female 30 June 2014		Male 30 June 2014
	Actual	Objective	Actual
Grand Total	13%	10%	87%
Directors	25%	15%	75%
Senior Managers	25%	20%	75%
Employee Group	13%	10%	87%

	Female 30 June 2013		Male 30 June 2013
	Actual	Objective	Actual
Grand Total	19%	10%	81%
Directors	17%	15%	83%
Senior Managers	25%	20%	75%
Employee Group	19%	10%	81%

OUR BOARD OF DIRECTORS

Rodney John Robinson (70)
BSc, MG Sc
Non-Executive Chairman
APPOINTED 15 NOVEMBER 2002

Brenden Clive Mitchell (55)
B.Sc (Chem) B.Bus (Multidiscipline)
Managing Director
APPOINTED 1 MAY 2008

Fiona Rosalyn Vivienne Bennett (58)
BA (Hons), FCA, FAICD, FAIM
Non-Executive Director
APPOINTED 29 MARCH 2010

Terrence Charles Francis (68)
D Bus (hon. causa), B.E (Civil), MBA, FIE Aust, FAICD, F Fin
Non-Executive Director
APPOINTED 13 JANUARY 2005

Terence Alexander Hebiton (63)
Non-Executive Director
APPOINTED 22 DECEMBER 2000

In addition to the objectives set, the Company has developed a number of initiatives to encourage diversity in the workplace. These initiatives include ensuring Human Resources Policies and Procedures are aligned to the Diversity Policy, recruitment processes encourage diversity and education around diversity has been included in training programs rolled-out to Employees. Initiatives, including milestones, can be found on the Boom Logistics website.

Objectives, along with the implementation of the initiatives, are monitored by the Nomination & Remuneration Committee. The Chief Executive Officer and the General Manager Human Resources have primary responsibility for the successful execution of the Diversity Policy and the associated initiatives.

In support of our customers and the communities we work within, Boom has developed an Indigenous Employment Framework. This framework outlines the Company's strategy of generating work opportunities and employment outcomes for Indigenous people and is designed to ensure that Boom's approach is consistent, transparent and equitable.

The objectives set out in the Indigenous Employment Framework document represent broad, long-term outcomes for increasing the employment by Boom Logistics work units of local Indigenous people. Whilst achieving these objectives is a priority for the Company, it is important to recognise the challenges involved in developing employment opportunities for all Employees.

TIMELY AND BALANCED DISCLOSURE

Boom aims to be transparent with all Stakeholders, including its Shareholders. Easy access to Company information is an important objective of our communications strategy.

SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

Boom's Market Disclosure & Communications Policy is available on the Company's corporate website.

The Company aims to keep Shareholders informed of the Company's performance and all major developments in an ongoing manner and encourages and promotes effective participation of Shareholders at General Meetings. Information is communicated to Shareholders through:

- The Half Year Financial Report and the Full Year Financial Report, results presentations, operational updates where appropriate, notice of meetings and explanatory materials which are published on the Company's corporate website and distributed to Shareholders where nominated;
- The Annual General Meeting and any other formally convened Company meetings; and
- All other information released to the ASX is posted to the Company's corporate website. The Company maintains a website to complement the official release of information to the market which catalogues all communications dating back to the Company's listing in 2003.

OUR EXECUTIVE

Brenden Mitchell

Managing Director &
Chief Executive Officer

Iona MacPherson

Chief Financial Officer
& Company Secretary

Paul Martinez

Chief Information Officer
& Director of Strategy

Rosanna Hammond

General Manager –
Human Resources

Tony Spassopoulos

Director of Sales &
Marketing &

General Manager –
Boom Sherrin

The Company is committed to ensuring that all stakeholders are provided with relevant and accurate information regarding its activities in a timely manner.

Boom has adopted a disclosure policy and internal reporting procedures which are designed to ensure that:

- Any material price sensitive information is reported to the CEO and CFO in a timely manner;
- Information is disclosed in a timely manner and in compliance with legal and regulatory obligations; and
- All stakeholders have an equal opportunity to receive and obtain externally available information issued by Boom.

Boom will immediately notify the market of any information related to its business which a reasonable person would expect to have a material effect on the price/value of its securities.

It should be noted that disclosure is not required where each of the following conditions is satisfied:

- A reasonable person would not expect the information to be disclosed; and
- The information is confidential; and
- One or more of the following apply:
  - the information concerns an incomplete proposal or negotiation;
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - the information is generated for the internal management purposes of the Company;
  - the information is a trade secret; or
  - it would be a breach of a law to disclose the information.

The CEO and CFO have been nominated as the people responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, Shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's corporate website as soon as it is disclosed to the ASX. When analysts are briefed following half year and full year results announcements, the material used in the presentations is released to the ASX prior to the commencement of the briefing. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

BOOM LOGISTICS LIMITED
A.B.N. 28 095 466 961

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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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 2014.

DIRECTORS

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

Rodney John Robinson BSc, MGSc (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 was Chairman of Global Mining Investments Limited (resigned 20 May 2013). Mr. Robinson is Chairman of the Boom Logistics Risk Committee, Nomination & Remuneration Committee and the 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 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.

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 Chairman of the Victorian Legal Services Board, and a Director of Beach Energy Limited and Hills Holdings Limited. During the past three years, Ms. Bennett has held other ASX listed public company Directorships with Beach Energy Limited (appointed 23 November 2012) and Hills Holdings Limited (appointed 31 May 2010). Ms. Bennett is Chairman of the Boom Logistics Audit and Risk Committee.

Howard John Critchley B.Comm, MBA, FAICD (Non-executive Director) (appointed 7 March 2013) (resigned 7 March 2014)
Mr. Critchley has extensive experience in transport and logistics and was formerly Managing Director of TNT Logistics Australia, Asia and China, and later, Ceva Logistics South Pacific when TNT Logistics merged with Eagle Global Logistics to form Ceva Logistics. Mr. Critchley sat on the TVS Logistics Global Board, a privately owned Indian conglomerate. He also was a Non-executive Director of several not-for-profit organisations. During his tenure with Boom Logistics, Mr. Critchley did not hold any other ASX listed public company Directorships.

Terrence Charles Francis D Bus (hon. causa), B.E (Civil), MBA, FIE Aust, FAICD, F Fin (Non-executive Director) (appointed 13 January 2005)
Mr. Francis is currently a Non-executive Director of the ANZ Specialist Asset Management Limited (appointed 29 September 2006). He was formerly a Non-executive Director of NBN Co. 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.

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 (appointed 5 September 2005). 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.

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 20 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	830,000
B.C. Mitchell	3,057,235
F.R.V. Bennett	151,885
T.C. Francis	185,745
T.A. Hebiton	547,995

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 was as follows:

Name of director	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee		Health, Safety, Environment & Quality Committee		Risk Committee [2]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R.J. Robinson	13	13	-	-	1	1	4	4	1	1
B.C. Mitchell	13	13	-	-	-	-	4	4	1	1
F.R.V. Bennett	13	13	6	6	1	1	-	-	1	1
H.J. Critchley [1]	9	9	5	5	-	-	-	-	-	-
T.C. Francis	13	13	6	6	-	-	4	4	1	1
T.A. Hebiton	13	12	-	-	-	-	4	4	1	1

[1] Attendance prior to resignation
[2] The Risk Committee was established in June 2014.

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 to the financial statements.

DIRECTORS' REPORT (continued)

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.

OPERATING AND FINANCIAL REVIEW

Statutory result

Boom Logistics Limited ("Boom"), Australia's leading provider of crane logistics and lifting solutions, today announced a statutory net loss after tax for the year ended 30 June 2014 of $79.5 million (FY13: net loss of $2.5 million). Earnings before interest expense and tax were a negative $74.7 million in FY14 (FY13: a positive $7.1 million).

Trading result[1]

The net trading profit after tax was $3.9 million compared to $10.7 million in FY13. Trading earnings before interest expense and tax were $14.0 million compared to $26.0 million in FY13.

The trading result in FY14 excludes $80.1 million of non-cash goodwill and asset impairments, $8.3 million of restructuring costs and $0.3 million of other one-off costs (pre tax).

Boom has applied the free cash flows[2] of $25.0 million derived from this trading result to reduce debt, resulting in a net debt balance at 30 June 2014 of $89.5 million (30 June 2013: $115.8 million).

Financial adjustments

The following items were brought to account at 30 June 2014:
- a goodwill impairment of $70.8 million;
- a restructuring provision of $6.5 million;
- an impairment of assets held for sale of $4.5 million; and
- an impairment of fixed assets in WA of $4.8 million.

Boom also incurred $2.0 million of non-trading adjustments during the year. These related predominantly to restructuring, redundancies, the "One Boom" project to integrate the Boom Sherrin and Crane Logistics businesses and legal costs associated with advancing Boom's legal claim associated with 18m glove and barrier travel tower units.

Net tangible asset backing

After the impairments noted above, Boom's net tangible asset backing per share is $0.49 per share (30 June 2013 – $0.51).

1 Boom's FY14 Trading EBIT result is a non-IFRS measure that excludes $88.7m of one-off items, comprising goodwill impairment ($70.8m), asset impairment ($9.3m), restructuring costs ($8.3m) and legal fees associated with Boom Sherrin's 18m Glove and Barrier legal action ($0.3m). Boom's FY14 Trading NPAT is a non-IFRS measure that excludes the after-tax impact of these one-off items, being $83.4m.

2 Free cash flows = Operating cash flow less investing cash flow.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Capital management

Boom has continued to generate significant free cash flows which it has applied to further reduce its debt balance. At 30 June 2014, Boom's net debt was $89.5 million (30 June 2013: $115.8 million). Boom has also invested $15.9 million in new capital during the year.

Given the prevailing market conditions, the reduction of debt will continue to be a priority in FY15. Once market conditions have stabilised and Boom has some clear foresight of future activity, a share buy back will be considered.

Free cash flows are expected to be strong again in FY15 and will be applied to further debt reduction. The transition from BMA and the restructuring on the East Coast will enable Boom to service new customer contracts and pipeline projects without a requirement for significant new capital spend.

Boom also expects to realise the $15.5 million from the sale of the surplus assets in the Assets Held for Sale account at 30 June 2014. All assets held for sale are carried at their expected sales value. Boom has sold $17.3 million of surplus assets during FY14 and these transactions have provided not only a net profit on sale but also good market insight into prevailing market prices. In assessing the appropriate sales values, Boom has also taken account of the continuing strength of the Australian dollar and its impact on the off-shore market for used equipment sales.

Prior years' investment in Boom's fleet means the fleet is well balanced and sufficient to meet projected demand. After liberating surplus assets for sale as reflected in the Assets Held for Sale account, the average age of Boom's crane fleet is 9.0 years, consistent with prior year.

Operational Report

Key issues

- Boom continues to adapt in response to volatile market conditions with increased price pressure across the market, particularly in mining.
- Significant operational restructuring to continue, supported by recent investment in operating systems and business process improvements.
- Strong free cash flows are underpinned by solid operating cash flow, limited requirement for capital expenditure and surplus asset sales.
- Uncompetitive EBAs are being addressed but further focus on Boom's labour model is required to provide flexibility in responding to changed market conditions.
- Overheads have reduced following the centralisation of certain back office functions, and further cost reductions are expected from the One Boom restructuring.
- Consolidation of recently won contracts and conversion of those already in the tender pipeline.
- Targeting opportunities for income diversity with infrastructure projects expected to present growth options in late FY15 and beyond.

Business overview

Coal markets

The coal areas of both the Bowen Basin and the Hunter Valley remain under considerable pressure as mines continue to drive for reduced costs resulting in price reductions, volume reductions and general business volatility.

Boom has supported BMA in transitioning to new suppliers and will also support Mount Arthur Coal as they transition to a new supplier in the Hunter Valley. Boom will maintain a greater than 50% market share in the Hunter Valley and is focusing on new revenue and growth in other NSW markets. One such opportunity is the Sydney Entertainment Centre. This work will begin 2Q15 and will improve our exposure to the Sydney market as infrastructure projects come on line. Opportunities are being explored and tenders submitted on a number of maintenance contracts in Queensland to improve our Bowen Basin based businesses.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Business overview (continued)

New contracts

Boom is currently working on the construction of the Bald Hills Wind Farm in Victoria. This project has experienced some delays associated with weather and civil works, resulting in the contribution from this work being weighted more to Q215 rather than Q115 as wind tower completions increase.

New contracts include a supplier agreement with Fortescue Metals Group ("Fortescue") for the provision of crane and labour services to Western Australian locations including Cloudbreak mine, Christmas Creek mine, Solomon mine and Anderson Point, Port Hedland. The initial term of the contract is for 24 months with provision for 2 one year extensions. This is an important step forward for Boom Logistics in the North West of WA and presents an opportunity to further progress Boom's relationship with a rapidly growing customer.

Further opportunities in Resources and LNG are being pursued in WA with customers we currently serve on the Gorgon Project.

Boom has also recently signed supplier agreements with Aurizon Operations Limited and Vestas Wind Farm Maintenance Services. The Aurizon contract gives us an opportunity to prove our credentials further with this new customer and improve our revenue and EBIT performance.

Labour model

The increasingly competitive market in mining and industrial services has encouraged constructive discussions with a number of workgroups around Australia to improve Boom's labour model. It is important that Boom works to establish agreements that have a labour cost base that reflects the significant changes in market conditions. Success in this regard will mean more effective tendering on projects as Boom's business model responds to excess supply over demand and increasing price pressure.

In addition to discussions with direct labour employees, Boom has taken the decision to extend the period of the executive salary freeze, which commenced on 1 July 2012, for another twelve months. We have also asked our senior employees to forgo FY15 short term incentive opportunities to help contain costs.

Employee redundancies have also been a necessary part of responding to changing market conditions. In FY14, 103 positions became redundant and this follows a headcount reduction of 130 in the previous year. A significant portion of the FY14 redundancies related to overhead positions following the transition of certain transactional activities to a shared services centre in Brisbane.

A further 44 redundancies have been provided for at 30 June 2014, predominately associated with the Queensland restructure.

Restructuring

As noted in Boom's announcement to the market on 2 May 2014, the transition from the BHPB Mitsubishi Alliance ("BMA") contract that expired on 30 June 2014 involves a significant restructuring of Boom's Queensland business. This includes redundancies, physical relocation of assets and the closure of certain depots.

It also involves a review and assessment of Boom's ongoing fleet requirements. This review has identified a number of assets that are being redeployed across the country and a number of surplus assets that are being made available for sale.

Boom has also commenced a project to merge the Crane Logistics and Boom Sherrin businesses during FY15 with the objective of achieving the following outcomes:

- one interface with Boom's customers;
- revenue synergies with better pull-through of travel towers, cranes and access equipment across core customers;
- lower operational costs at the depot level and lower overheads throughout functional areas; and
- one culture and one brand focused on the best outcomes for the safe delivery of customer service, profitable revenue generation and growth.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Business overview (continued)

Restructuring (continued)

Some costs of the One Boom project have been recognised as trading adjustments during FY14 and a restructuring provision of $1.1 million has been raised relating to this project at 30 June 2014. The ongoing annualised cost savings and revenue growth opportunities following the completion of this integration will make a solid contribution to business efficiency and competitiveness. This integration is expected to be largely completed by the end of March 2015.

Outlook and FY15 priorities

Boom does not expect a significant change in prevailing market conditions until planned infrastructure projects begin to appear in late FY15, followed by an expected increase in activity through FY16 and FY17.

That said, following the transition away from BMA and the execution of the Queensland and East Coast restructuring that will occur in 1Q15, Boom expects performance improvements in WA and Queensland for the remainder of the financial year. A solid performance is expected from Victoria and South Australia and whilst Boom Sherrin has a strong pipeline, its financial outcomes will be determined by project start dates which are still uncertain. Overall, Boom expects to build to a stronger outcome throughout the year as revenues start to increase and cost reduction initiatives realise further benefits.

Boom will continue to drive business improvement in response to market changes. To this end, Boom has a number of key priorities and objectives for FY15:

- driving to convert the sales pipeline into new revenue including targeting opportunities for future growth from infrastructure projects;
- consolidation of Boom's revenue opportunities from new contracts;
- successful execution of the Queensland and East Coast restructure in 1Q15;
- improving Boom's labour model to establish a labour cost base that reflects the significant changes in market conditions;
- successful execution of the One Boom project to achieve revenue synergies and further cost reductions;
- the sale of surplus assets to generate cash; and
- further deleveraging of the balance sheet.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Restructure

During the financial year, several restructuring programs were undertaken throughout the Group. As at 30 June 2014, a headcount reduction of 103 had been completed at a cost of $1.017 million. The restructuring programs will continue into the first half of FY2015 with an estimated additional headcount reduction of 44 employees. The restructures were undertaken in response to the decline in overall operating conditions and have been managed to ensure that all revenue streams can be adequately and safely supported post restructure. The total restructuring costs incurred and provided for in the year were $8.153 million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Dividend

On 12 August 2014, the Directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2014.

DIRECTORS' REPORT (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors expect that the Group will improve its profitability as a result of the ongoing restructuring. Capital investment will be limited compared to prior years as the Group's fleet has now been reshaped.

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 2014 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 and Annual Reports.

REMUNERATION REPORT – AUDITED

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

Remuneration Overview

- **The fixed annual remuneration ("FAR") cost of Boom's key management personnel ("KMP") in FY14 has reduced year on year by $136,113.**
- **All KMP have been on a salary freeze since 1 July 2012 with one exception where a KMP received a pay increment upon assuming a dual role following the departure of another KMP.**
- **There have been no short term incentive payments made to KMP in relation to FY13 or FY14. Certain KMP met targets that entitled them to a portion of their short term incentive payments in FY13, but these KMP agreed to waive their entitlements.**
- **The short term incentive plan will be suspended for all KMP for FY15.**
- **At the CEO & Managing Director's own request, as of 1 July 2014, the fixed annual remuneration of the CEO & Managing Director has been reduced by 10%.**
- **All shares allocated to Boom's KMP under the Long Term Incentive Plan have been forfeited when they have reached their vesting date.**
- **Remuneration of Non-executive Directors has remained unchanged since 2007.**

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

First Strike

At the Company's Annual General Meeting on 22 October 2013, at least 25% of the votes cast were against the adoption of the Remuneration Report for the year ended 30 June 2013. This constituted a first strike under the Corporations Act 2001.

Based on feedback from investors, the core issue was that shareholders were concerned that short term incentive payments had been made to KMP in relation to the FY13 year and they did not believe this to be appropriate given FY13 targets in respect of financial results had not been met.

The Company would like to clarify that no short term incentive payments were made to KMP in relation to either FY13 or FY14. Certain KMP met targets that entitled them to a portion of their short term incentive payments in FY13, but those KMP agreed to waive their entitlements.

Cash bonuses paid during FY13 were in relation to the FY12 financial year, when the Company's short term incentive targets were exceeded. Short term incentive payments are applied following the completion and audit of each year's annual financial statements and following board approval. Therefore the FY12 short term incentive plan entitlements were paid out during FY13.

There have been several changes to the Company's remuneration policy:
- A salary freeze has been in place since 1 July 2012 and will continue for KMP throughout FY15; and
- The FY15 STIP has been suspended for all KMP.

The Board of Directors remain confident that the Group's remuneration policy of linking Company Performance to Reward is appropriate. The Board will also continue to monitor benchmark KMP remuneration using the Hay Group's market data as it has done in previous years.

Principles of Remuneration Practices

The Group's remuneration practices have been designed to maintain alignment with business strategy, shareholder interests and business performance whilst ensuring remuneration is appropriate.

KMP remuneration is reviewed annually by the Board of Directors with the assistance of the Nomination & Remuneration Committee.

In conducting the KMP remuneration review, the following principles are applied:
- Monitoring against external competitiveness, using appropriate independent market survey data comparing the Group's remuneration levels against industry peers in terms of comparable job size and responsibility;
- Internal equity, ensuring KMP remuneration across the Group is based upon a clear view of the scope of individual positions and the respective responsibilities;
- A meaningful "at risk" component with entitlement dependent on achieving Group and individual performance targets set by the Board of Directors and aligned to the Group's strategy; and
- Reward for performance represents a balance of annual and longer term targets.

Nomination and Remuneration Committee

The Group is committed to ensuring remuneration is informed by market data and linked to the Group's strategy and performance. In doing so, the Board of Directors rely on the advice provided by the Nomination and Remuneration Committee including:
- Reviewing and making recommendations with regard to remuneration policies applicable to the Directors, Executive KMP and employees generally;
- Reviewing and making recommendations in relation to the remuneration of Directors and Executive KMP;
- 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 and Executive KMP;
- Reviewing and making recommendations in relation to the Group's superannuation arrangements; and
- Reviewing and approving the annual Remuneration Report and making recommendations to the Board of Directors for the inclusion of the Remuneration Report in the Group's annual report.

The Nomination and Remuneration Committee comprises only independent Non-executive Directors and is chaired by the Chairman of the Board of Directors. The Nomination and Remuneration Committee also draws upon advice and market survey data from external consultants in discharging its responsibilities (refer page 42).

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Key Management Personnel

The tables below set out the KMP who are accountable for the strategy, direction, planning and control of the Group.

Key Management Personnel (Senior Executives)

Name	Title	Period as a KMP
Brenden Mitchell	Chief Executive Officer & Managing Director	All of FY2014
Iona MacPherson	Chief Financial Officer & Company Secretary	All of FY2014
Rosanna Hammond	General Manager – Human Resources	All of FY2014
Paul Martinez	Chief Information Officer and Director of Strategy	All of FY2014
Tony Spassopoulos *	Director of Sales & Marketing and General Manager – Boom Sherrin	All of FY2014
Terese Withington	General Manager – Boom Sherrin	Resigned 1 November 2013

* Tony Spassopoulos was appointed General Manager – Boom Sherrin and commenced that role after the resignation of Terese Withington on 1 November 2013. This is in addition to his ongoing role as Director of Sales & Marketing.

Key Management Personnel (Non-executive Directors)

		Committees		
Name	Position	Audit & Risk	Nomination & Remuneration	Health, Safety, Environment & Quality
John Robinson	Chairman		Chairman	Chairman
Fiona Bennett	Non-executive Director	Chairman	Member	
Howard Critchley **	Non-executive Director	Member	Member	
Terrence Francis	Non-executive Director	Member		Member
Terence Hebiton	Non-executive Director			Member

** Howard Critchley resigned on 7 March 2014

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Arrangements of Executive Key Management Personnel

As noted above, the short term incentive plan ("STIP") has been suspended for all KMP for FY15 and no payments have been, or will be, made in respect of FY13 or FY14.

However, in the normal course of business, remuneration comprises fixed remuneration (fixed annual reward) and variable or "at risk" remuneration incentives. Positions are evaluated using Hay Group (external independent remuneration specialist) job evaluation methodology. Fixed annual reward is benchmarked annually using the Hay Group remuneration data (refer page 42).

The Group targets fixed annual reward and total annual reward at the 50th percentile for all positions with business critical positions such as KMP targeting the 50th and 75th percentile. Whilst these are the targets, based on current performance and prevailing market conditions, some KMP are presently remunerated below the 50th percentile.

The Group's underlying remuneration structure for the Executive KMP comprises two main components:

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 informed by external survey data provided by Hay Group.

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 and is adjusted based on Company performance.

Executive KMP 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 Group objectives. The proportion of these "at risk" payments in the total remuneration structure is informed by market survey data provided by Hay Group. In this regard the Group targets typical reward structures as related to individual job scope and responsibility.

The Group has a number of variable remuneration arrangements as follows:

a) *Short term incentive plan ("STIP")*

   There have been no short term incentive payments made to KMP in relation to FY13 or FY14. Certain KMP met targets that entitled them to a portion of their short term incentive payments in FY13, but these KMP agreed to waive their entitlements.

   Where short term incentives are paid, the short term reward is determined by the Group's STIP. The objectives of this plan are to:

   - Focus Executive KMP 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 completion and audit of the annual financial report 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 and following Board approval. 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)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

(b) *Long term incentive plan ("LTIP")*
No LTIP has been paid since 2007 and LTIP will not be paid unless Return on Capital Employed ("ROCE") is greater than 13%. No LTIP will be paid in respect of FY14. Details of the LTIP and associated process are set out below.

The Group's LTIP was established to provide reward for consistent performance over a three year period.

The level of reward available under the LTIP is determined on the basis of market survey data provided by Hay Group. 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.

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.

Vesting requires continued full time employment with the Group over the three year performance period and achieving a ROCE target at the end of the three year performance period.

The LTIP structure also includes Good Leaver and Change of Control provisions, further details of which are set out on page 36.

The 2014 LTIP plan is based on the Group achieving a ROCE of at least 13% at the end of the three year performance period. There is no change proposed for the 2015 LTIP plan.

The ROCE target for the 2013 and prior LTIP plans was based on ROCE of at least 1% greater than the pre tax investment Weighted Average Cost of Capital ("WACC") at the end of the three year performance period.

ROCE is defined as Trading Earnings Before Interest Expense & Tax / Average Capital Employed less Goodwill. Trading Earnings Before Interest Expense & Tax is defined as "profit before financing expenses & income 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 Limited's industry sector.

The operation of the LTIP is conducted through an Employee Share Trust administered by an independent third party – Trinity Management Group Pty Ltd ("TMG"). TMG was paid $40,942 (2013: $93,700) for this service.

(c) *Other incentive plans*
Executive KMP 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. There have been no such incentives paid to any KMP in FY13 or FY14.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

The following table shows the potential annual remuneration packages for Executive KMP during the year ending 30 June 2014.

		Fixed	Variable	
Name	Title	FAR	STIP % of FAR ^	LTIP % of FAR
Brenden Mitchell	Chief Executive Officer & Managing Director	750,000	40%	45%
Iona MacPherson	Chief Financial Officer & Company Secretary	430,000	30%	25%
Rosanna Hammond	General Manager – Human Resources	245,562	20%	20%
Paul Martinez	Chief Information Officer and Director of Strategy	425,500	30%	25%
Tony Spassopoulos *	Director of Sales & Marketing and General Manager – Boom Sherrin	400,000	30%	30%
Terese Withington **	General Manager – Boom Sherrin	365,000	30%	20%

The following table shows the composition of Executive KMP aggregate potential remuneration.

		Fixed	Variable	
Name	Title	FAR	STIP ^	LTIP
Brenden Mitchell	Chief Executive Officer & Managing Director	54%	22%	24%
Iona MacPherson	Chief Financial Officer & Company Secretary	65%	19%	16%
Rosanna Hammond	General Manager – Human Resources	71%	14.5%	14.5%
Paul Martinez	Chief Information Officer and Director of Strategy	65%	19%	16%
Tony Spassopoulos *	Director of Sales & Marketing and General Manager – Boom Sherrin	63%	18.5%	18.5%
Terese Withington **	General Manager – Boom Sherrin	67%	20%	13%

* Tony Spassopoulos was appointed General Manager – Boom Sherrin and commenced that role after the resignation of Terese Withington on 1 November 2013. This is in addition to his ongoing role as Director of Sales & Marketing.

** Terese Withington resigned on 1 November 2013.

^ Scope exists to reward financial performance through a sliding scale award in the range from 90% to 200% of budgeted EBIT.

All KMP have been on a salary freeze since 1 July 2012 with the exception of Mr Tony Spassopoulos who received a pay increment when he assumed the dual role of Director of Sales & Marketing and General Manager Boom Sherrin in November 2013. This resulted in the overall cost saving to the business of $136,113.

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.

	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Net profit/(loss) attributable to members of Boom Logistics Limited	**$(79,455)**	$(2,476)	$19,705	$(37,748)	$6,541
Dividends paid	**$-**	$-	$-	$-	$-
Share price at financial year end	**$0.12**	$0.09	$0.22	$0.30	$0.39
Return on capital employed (as defined on the previous page under "Long Term Incentive Plan" section)	**3.8%**	6.7%	9.6%	5.6%	2.6%
Pre tax investment weighted average cost of capital (as defined on the previous page under "Long Term Incentive Plan" section)	**n/a**	13.6%	11.9%	12.3%	12.2%

These indices have been taken into account by the Nomination and Remuneration Committee in assessing fixed annual remuneration and these indices have also resulted in no vesting of any LTIP shares over the five year period.

Remuneration Review

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

KMP remuneration is reviewed by the Nomination and Remuneration Committee of the Board of Directors with input from the Chief Executive Officer ("CEO") in respect of KMP reporting directly to him. Market survey data provided by Hay Group is combined with individual performance appraisals to determine recommendations to go to the Board of Directors for approval. This process occurs in June of each year and remuneration adjustments take effect from the beginning of each financial year.

The Nomination and Remuneration 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 Executives and General Managers, with overview from the CEO.

CEO & 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 provides information that is used to determine the market position relating to the CEO & Managing Director role, comparing equivalent positions in comparative companies. The Company does not pay above market median for this position.

- At the CEO & Managing Director's own request, as of 1 July 2014, the fixed annual remuneration of the CEO & Managing Director has been reduced by 10% to $675,000.
- No STIP payment will be made to Mr Mitchell in respect of FY14.
- No shares allocated under the LTIP will vest at 30 June 2014.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

CEO & Managing Director Remuneration (continued)

Mr Mitchell's remuneration package as at 30 June 2014 comprised the following components:

- Fixed annual reward of $750,000 per annum, inclusive of superannuation contributions in line with the Superannuation Guarantee legislation. Mr Mitchell's FAR is reviewed annually effective 1 July each year taking into account the Group's performance, industry and economic conditions and personal performance;
- Short term incentive plan 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 would take place after the annual audit of the Group's accounts each year which typically occurs in the first half of the following financial year. No STIP payment is made should results fall short of targets; and
- Long term incentive plan equivalent to 45% of his FAR allocated in shares of the Company with a three year vesting condition and ROCE target of at least 13% at the end of the three year performance period, 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;
- In certain circumstances, Mr Mitchell is entitled to long term incentive grants that have not satisfied the three year performance conditions:
  - In the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, Share Units may vest at the discretion of the Board; and
  - The Share Units of any Participating Employee who ceases employment in special circumstances may vest at the discretion of the Board; 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 was to be summarily dismissed, he would 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.

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

Other Executive KMP (standard contracts)

All other Executive KMP have contracts with no fixed term. Either the Company or the Executive KMP may terminate the Executive KMP 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 KMP remuneration). On termination by notice of the Company or the Executive KMP, any LTIP shares that have vested or that will vest during the notice period will be awarded. In certain circumstances, KMP are entitled to long term incentive grants that have not satisfied the three year performance conditions:

- In the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, Share Units may vest at the discretion of the Board; and
- The Share Units of Participating Employees who cease employment in special circumstances may vest at the discretion of the Board.

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive KMP 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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Total Remuneration of KMP

Details of the cost to the Group relating to KMP remuneration for the year ended 30 June 2014 are set out below.

	Short Term				Post Employment		Share-based Payments	Long Term	Total Employee Benefits Expense	
	Cash salary	FY12 Cash bonus	Non monetary benefits	Other [a]	Super-annuation	Termination benefits	Shares [b]	Annual & long service leave [c]		Total performance related
Executives										
Brenden Mitchell (Chief Executive Officer & Managing Director)										
2014	**668,416**	**-**	**11,104**	**37,129**	**25,000**	**-**	**7,521**	**(3,291)**	**745,879**	**1.0%**
2013	676,832	245,904	11,054	37,129	25,000	-	18,126	(122)	1,013,923	26.0%
Iona MacPherson (Chief Financial Officer and Company Secretary)										
2014	**405,008**	**-**	**-**	**-**	**25,000**	**-**	**2,395**	**(10,112)**	**422,291**	**0.6%**
2013	405,008	106,758	-	-	25,000	-	5,806	31,636	574,208	19.6%
Rosanna Hammond (General Manager – Human Resources)										
2014	**199,203**	**-**	**-**	**25,571**	**20,792**	**-**	**1,094**	**7,280**	**253,940**	**0.4%**
2013	199,203	35,368	-	25,571	23,413	-	2,570	10,432	296,557	12.8%
Paul Martinez (Chief Information Officer and Director of Strategy)										
2014	**400,508**	**-**	**-**	**-**	**25,000**	**-**	**2,370**	**8,175**	**436,053**	**0.5%**
2013	400,508	102,840	-	-	25,000	-	5,656	6,413	540,417	20.1%
Tony Spassopoulos (Director of Sales & Marketing and General Manager – Boom Sherrin)										
2014	**361,841**	**-**	**-**	**-**	**25,091**	**-**	**2,674**	**9,538**	**399,144**	**0.7%**
2013	335,507	88,965	-	-	25,000	-	4,851	2,324	456,647	20.5%
Terese Withington (General Manager – Boom Sherrin) [d]										
2014	**196,611**	**-**	**-**	**16,336**	**13,988**	**-**	**-**	**(100,061)**	**126,874**	**-**
2013	300,636	114,777	-	25,000	52,850	-	3,901	28,579	525,743	22.6%
Total Remuneration: Executives										
2014	**2,231,587**	**-**	**11,104**	**79,036**	**134,871**	**-**	**16,054**	**(88,471)**	**2,384,181**	**-**
2013	2,317,694	694,612	11,054	87,700	176,263	-	40,910	79,262	3,407,495	-
Total Remuneration: Non-Executive Directors and Executives – Group										
2014	**2,572,777**	**-**	**11,104**	**79,036**	**166,431**	**-**	**16,054**	**(88,471)**	**2,756,931**	**-**
2013	2,636,742	694,612	11,054	87,700	204,977	-	40,910	79,262	3,755,257	-

There have been no short term incentive payments made to KMP in relation to FY13 or FY14. Certain KMP met targets that entitled them to a portion of their short term incentive payments in FY13, but these KMP's agreed to waive their entitlements.

Cash bonuses paid during FY13 were in relation to the FY12 financial year, where the Company's STIP targets were exceeded. Their determination was in accordance with the incentive plans outlined on pages 32 to 36 and 38. As noted above, STIP is applied following the completion and audit of each year's annual financial report. Therefore any payments made under the STIP will occur in the first half of the following financial year, hence the FY12 STIP entitlements being paid out during FY13.

Refer to note 30 for further details.

a Other represents motor vehicle allowance and novated lease payments.
b 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 $0.201 per share (2013: $0.305 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).
c Long term annual leave and long service leave amounts represent the net movement in balance sheet leave provisions recognised in the income statement during the financial year.
d Terese Withington resigned as General Manager – Boom Sherrin on 1 November 2013. Consequently, all share based payments issued to Ms Withington were forfeited as the 3 year vesting condition was not met.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Determining the STIP Outcomes of the Executive KMP

For the FY2013 STIP, the Nomination and Remuneration Committee conducted a review of the Executive KMP performance against their set targets. Whilst certain KMP met targets that entitled them to a portion of their short term incentive payments in FY13, these KMP agreed to waive their entitlements which resulted in no STIP being paid to the Executive KMP for FY13, which would normally be paid during FY14 once the financial results for FY13 are finalised.

There will be no STIP paid during FY15 in relation to FY14.

Name	Title	Maximum STIP $	Weighting [a] %	Total Paid $
Brenden Mitchell	Chief Executive Officer & Managing Director	300,000	0%	Nil
Iona MacPherson	Chief Financial Officer & Company Secretary	129,000	0%	Nil
Rosanna Hammond	General Manager – Human Resources	49,112	0%	Nil
Paul Martinez	Chief Information Officer and Director of Strategy	127,650	0%	Nil
Tony Spassopoulos	Director of Sales & Marketing and General Manager – Boom Sherrin	108,150	0%	Nil
Terese Withington *	General Manager – Boom Sherrin	109,500	0%	Nil

* Terese Withington resigned on 1 November 2013.

[a] Weighting represents the percentage of total STIP entitlement awarded to Executive KMP based on their financial, safety and individual performance targets.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Determining the LTIP Outcomes of the Executive KMP

As part of the Group's Long Term Incentive Plan, the Company allocated shares to the Executive KMP during the year as set out below:

It is important to note that the LTIP only vests on achievement of the ROCE benchmark. This benchmark is currently 13% and since introducing the ROCE benchmark in financial year 2010, no LTIP Shares have vested.

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date *	Vesting benchmark	Maximum value of grant ^
Brenden Mitchell	**2014**	**30 Oct 13**	**1,679,104**	**30 Oct 16**	**$0.201**	**RoCE of at least 13%**	**$335,821**
	2013	29 Oct 12	1,106,557	29 Oct 15	$0.305	RoCE > WACC by 1%	$221,311
	2012	4 Nov 11	1,057,500	5 Nov 14	$0.300	RoCE > WACC by 1%	$211,500
Iona MacPherson	**2014**	**30 Oct 13**	**534,826**	**30 Oct 16**	**$0.201**	**RoCE of at least 13%**	**$106,965**
	2013	29 Oct 12	352,459	29 Oct 15	$0.305	RoCE > WACC by 1%	$70,492
	2012	4 Nov 11	349,397	5 Nov 14	$0.292	RoCE > WACC by 1%	$69,879
Rosanna Hammond	**2014**	**30 Oct 13**	**244,340**	**30 Oct 16**	**$0.201**	**RoCE of at least 13%**	**$48,868**
	2013	29 Oct 12	160,656	29 Oct 15	$0.305	RoCE > WACC by 1%	$32,131
	2012	4 Nov 11	151,405	5 Nov 14	$0.292	RoCE > WACC by 1%	$30,281
Paul Martinez	**2014**	**30 Oct 13**	**529,229**	**30 Oct 16**	**$0.201**	**RoCE of at least 13%**	**$105,846**
	2013	29 Oct 12	348,770	29 Oct 15	$0.305	RoCE > WACC by 1%	$69,754
	2012	4 Nov 11	336,575	5 Nov 14	$0.292	RoCE > WACC by 1%	$67,315
Tony Spassopoulos	**2014**	**30 Oct 13**	**597,015**	**30 Oct 16**	**$0.201**	**RoCE of at least 13%**	**$119,403**
	2013	29 Oct 12	295,492	29 Oct 15	$0.305	RoCE > WACC by 1%	$59,098
	2012	4 Nov 11	291,165	5 Nov 14	$0.292	RoCE > WACC by 1%	$58,233

* 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 FY2014 of $0.20 per share. The minimum total value of each grant, if the applicable performance conditions are not met is nil.

During the year, the FY2011 shares allocated to the Executive KMP did not vest as the vesting conditions were not met. In accordance with the LTIP rules, the FY2011 shares were forfeited as follows:

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date	Vesting benchmark	Maximum value of grant in FY2013
Brenden Mitchell	2011	5 Nov 10	650,433	5 Nov 13	$0.450	RoCE > WACC by 1%	$247,165
Iona MacPherson	2011	5 Nov 10	210,064	5 Nov 13	$0.450	RoCE > WACC by 1%	$79,824
Rosanna Hammond	2011	5 Nov 10	91,028	5 Nov 13	$0.450	RoCE > WACC by 1%	$34,591
Paul Martinez	2011	5 Nov 10	202,355	5 Nov 13	$0.450	RoCE > WACC by 1%	$76,895
Tony Spassopoulos	2011	5 Nov 10	175,054	5 Nov 13	$0.450	RoCE > WACC by 1%	$66,521
Terese Withington	2011	5 Nov 10	140,043	5 Nov 13	$0.450	RoCE > WACC by 1%	$53,216

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. In addition, non-executive Directors have no entitlement to STIP, no equity incentives are offered and no retirement benefits are payable. The maximum aggregate sum for non-executive Director remuneration of $400,000 was approved by shareholders at the 2004 Annual General Meeting. There has been no increase to Director fees since 2007.

Details of non-executive Directors' remuneration for the year ended 30 June 2014 are as follows:

	Short Term				Post Employment	Share-based Payments	Long Term	Total	
	Salary & fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Shares	Annual & long service leave		Total performance related
Non-Executive Directors									
John Robinson									
2014	**120,000**	**-**	**-**	**-**	**11,100**	**-**	**-**	**131,100**	**-**
2013	120,000	-	-	-	10,800	-	-	130,800	-
Fiona Bennett									
2014	**60,000**	**-**	**-**	**-**	**5,550**	**-**	**-**	**65,550**	**-**
2013	60,000	-	-	-	5,400	-	-	65,400	-
Howard Critchley									
2014	**41,190**	**-**	**-**	**-**	**3,810**	**-**	**-**	**45,000**	**-**
2013	19,048	-	-	-	1,714	-	-	20,762	-
Terrence Francis									
2014	**60,000**	**-**	**-**	**-**	**5,550**	**-**	**-**	**65,550**	**-**
2013	60,000	-	-	-	5,400	-	-	65,400	-
Terence Hebiton									
2014	**60,000**	**-**	**-**	**-**	**5,550**	**-**	**-**	**65,550**	**-**
2013	60,000	-	-	-	5,400	-	-	65,400	-
Total Remuneration: Non-Executive Directors									
2014	**341,190**	**-**	**-**	**-**	**31,560**	**-**	**-**	**372,750**	**-**
2013	319,048	-	-	-	28,714	-	-	347,762	-

Insurance

Amounts disclosed for remuneration of Directors and KMP 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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Shareholdings of Directors and Executive KMP

Ordinary shares held in Boom Logistics Limited (number) 30 June 2014	Balance 1 July 13	Granted and vested	Net change other (i)	Balance 30 June 14	Granted but not vested
Non-Executive & Executive Directors					
John Robinson	830,000	-	-	**830,000**	-
Brenden Mitchell	3,057,235	-	-	**3,057,235**	3,843,161
Fiona Bennett (ii)	151,885	-	-	**151,885**	-
Howard Critchley	150,000	-	n/a	**n/a**	-
Terrence Francis (ii)	185,745	-	-	**185,745**	-
Terence Hebiton	547,995	-	-	**547,995**	-
Executives					
Iona MacPherson	410,071	-	-	**410,071**	1,236,682
Rosanna Hammond	39,196	-	-	**39,196**	556,401
Paul Martinez	190,452	-	-	**190,452**	1,214,574
Tony Spassopoulos	1,081,565	-	-	**1,081,565**	1,183,672
Terese Withington	20,000	-	-	**20,000**	-
Total	**6,664,144**	**-**	**-**	**6,514,144**	**8,034,490**

Ordinary shares held in Boom Logistics Limited (number) 30 June 2013	Balance 1 July 12	Granted and vested	Net change other (i)	Balance 30 June 13	Granted but not vested
Non-Executive & Executive Directors					
John Robinson	680,000	-	150,000	**830,000**	-
Brenden Mitchell	2,259,235	-	798,000	**3,057,235**	2,814,490
Fiona Bennett	151,885	-	-	**151,885**	-
Howard Critchley	-		150,000	**150,000**	-
Dr. Huw Davies	291,547	-	-	**291,547**	-
Terrence Francis (ii)	185,745	-	-	**185,745**	-
Terence Hebiton	547,995	-	-	**547,995**	-
Executives					
Iona MacPherson	337,871	-	72,200	**410,071**	911,920
Rosanna Hammond	39,196	-	-	**39,196**	403,089
Paul Martinez	190,452	-	-	**190,452**	887,700
Tony Spassopoulos	681,565	-	400,000	**1,081,565**	761,711
Teresa Withington	20,000	-	-	**20,000**	612,318
Total	**5,385,491**	**-**	**1,570,200**	**6,955,691**	**6,391,228**

(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 shares held under a nominee.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Shareholdings of Directors and Executive KMP (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.

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 the CEO & Managing Director. Hay group was paid $4,466 (2013: $8,294) for the evaluation and benchmarking of the CEO & Managing Director's remuneration for the current financial year. The Hay Group evaluations and benchmarking data is provided to the Nomination and Remuneration Committee and is free from undue influence by any member of the Group's KMP.

The following arrangements were made to ensure that the remuneration recommendation was 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; and
- The report containing Hay Group's evaluation was provided directly to the Chairman of the Nomination and Remuneration Committee.

As a consequence, the Board of Directors is satisfied that the recommendation made was free from undue influence from any members of the Group's KMP.

Remuneration for other members of the KMP is determined with reference to Hay Group data. Hay Group provided benchmarking data through their remuneration database on a subscription basis. Hay Group was paid a total of $14,520 (2013: $14,520) for providing this service.

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

The auditor's independence declaration is set out on page 44 and forms part of the directors' report for the financial year ended 30 June 2014.

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:

Taxation services	$21,950
Other services	$12,890
Total remuneration for non-audit services	$34,840

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, 12 August 2014

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 2014 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

Paul J McDonald

Paul J McDonald
Partner

Melbourne

12 August 2014

CONSOLIDATED INCOME STATEMENT

Year Ended 30 June 2014

	Note	2014	2013
		$'000	$'000
Revenue	6	**273,320**	338,387
Salaries and employee benefits expense	6(c)	**(129,064)**	(161,880)
Equipment service and supplies expense		**(73,293)**	(87,782)
Operating lease expense		**(11,525)**	(12,240)
Other expenses		**(17,644)**	(21,452)
Restructuring expense	20	**(8,153)**	(6,753)
Depreciation and amortisation expense	6(c)	**(28,219)**	(30,137)
Impairment expense	6(c)	**(80,121)**	(11,015)
(Loss)/profit before financing expenses and income tax		**(74,699)**	7,128
Financing expenses	6(c)	**(8,408)**	(10,557)
Loss before income tax		**(83,107)**	(3,429)
Income tax benefit	7(a)	**3,652**	953
Net loss attributable to members of Boom Logistics Limited		**(79,455)**	(2,476)
Basic losses per share (cents per share)	8	**(16.8)**	(0.5)
Diluted losses per share (cents per share)	8	**(16.8)**	(0.5)
Franked dividends per share (cents per share)	9	**-**	-

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 30 June 2014

	Note	2014	2013
		$'000	$'000
Net loss attributable to members of Boom Logistics Limited		(79,455)	(2,476)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges recognised in equity, net of tax		361	322
Other comprehensive income for the year, net of tax		361	322
Total comprehensive loss for the year attributable to members of Boom Logistics Limited		(79,094)	(2,154)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014	2013
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	10(a)	**8,557**	3,572
Trade and other receivables	11	**55,402**	55,440
Inventories	12	**300**	507
Prepayments and other current assets	13	**2,495**	2,843
Assets classified as held for sale	14	**15,472**	10,899
Income tax receivable	7(c)	**4,450**	4,450
TOTAL CURRENT ASSETS		**86,676**	77,711
NON-CURRENT ASSETS			
Plant and equipment	15	**300,018**	336,678
Intangible assets	16(b)	**2,682**	74,636
TOTAL NON-CURRENT ASSETS		**302,700**	411,314
TOTAL ASSETS		**389,376**	489,025
CURRENT LIABILITIES			
Trade and other payables	18	**23,073**	20,390
Interest bearing loans and borrowings	19	**4,166**	-
Provisions	20	**15,154**	15,404
Derivative financial instruments	21	**837**	332
Other liabilities	22	**5,633**	5,741
TOTAL CURRENT LIABILITIES		**48,863**	41,867
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	19	**93,917**	119,398
Provisions	20	**4,086**	1,778
Derivative financial instruments	21	**-**	1,019
Deferred tax liabilities	7(b)	**8,186**	11,649
TOTAL NON-CURRENT LIABILITIES		**106,189**	133,844
TOTAL LIABILITIES		**155,052**	175,711
NET ASSETS		**234,324**	313,314
EQUITY			
Contributed equity	23	**318,065**	318,065
Retained losses	24	**(83,601)**	(4,146)
Reserves	25	**(140)**	(605)
TOTAL EQUITY		**234,324**	313,314

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2014

	Note	2014	2013
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		294,947	384,887
Payments to suppliers and employees		(263,732)	(324,601)
Interest paid		(7,745)	(9,763)
Interest received		156	680
Income tax received		-	1
Net cash provided by operating activities	10(b)	23,626	51,204
Cash flows from investing activities			
Purchase of plant and equipment		(15,885)	(62,340)
Payment for intangible assets – software development costs		(34)	(1,469)
Proceeds from the sale of plant and equipment		17,283	11,233
Net cash provided by / (used in) investing activities		1,364	(52,576)
Cash flows from financing activities			
Proceeds from borrowings		118,802	52,420
Repayment of borrowings		(138,807)	(57,578)
Payment of dividends	9(a)	-	-
Net cash (used in) financing activities		(20,005)	(5,158)
Net increase/(decrease) in cash and cash equivalents		4,985	(6,530)
Cash and cash equivalents at the beginning of the period		3,572	10,102
Cash and cash equivalents at the end of the period	10(a)	8,557	3,572

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June 2014

	Note	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Total Equity
		$'000	$'000	$'000	$'000	$'000
At 1 July 2012		318,065	(1,670)	(1,269)	613	315,739
Loss for the year		-	(2,476)	-	-	(2,476)
Other comprehensive income		-	-	322	-	322
Total comprehensive loss		-	(2,476)	322	-	(2,154)
Transactions with owners in their capacity as owners:						
Cost of share based payments	25	-	-	-	(271)	(271)
At 30 June 2013		318,065	(4,146)	(947)	342	313,314
Loss for the year		-	(79,455)	-	-	(79,455)
Other comprehensive income		-	-	361	-	361
Total comprehensive loss		-	(79,455)	361	-	(79,094)
Transactions with owners in their capacity as owners:						
Cost of share based payments	25	-	-	-	104	104
At 30 June 2014		318,065	(83,601)	(586)	446	234,324

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 2014

1. CORPORATE INFORMATION

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 12 August 2014.

Boom Logistics Limited is a company domiciled in Australia and 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 5.

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, except for derivative financial instruments and assets classified as held for sale which are measured at fair value. 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 17 for details of these assumptions.

Impairment testing of plant and equipment including assets classified as held for sale

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 their fair value less costs to sell. Refer to note 15.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

2. BASIS OF PREPARATION (CONTINUED)

(c) Critical accounting estimates (continued)

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.

Going concern assumption

In preparing the financial report, the Directors made an assessment of the ability of the consolidated entity to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

Based on forecast trading results and cash flows, the Directors believe that the consolidated entity will continue to generate sufficient operating results and cash flows to meet its funding requirements and debt covenants. These forecasts are necessarily based on best-estimate assumptions that are subject to influences and events outside of the control of the consolidated entity. The forecasts, taking into account reasonably possible changes in trading performance, show that the consolidated entity will continue to operate within the level and terms of its debt facilities.

After making enquiries and considering the matters described above, the Directors have a reasonable expectation that the consolidated entity will have adequate resources to continue to meet its obligations as they fall due and remain within the limits of its debt facilities. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

(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 AASB 119 Employee Benefits has changed the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The adoption of this standard did not have a material impact on the Group during the financial year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

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. Certain comparative amounts in the consolidated financial statements have been reclassified to conform with current year's presentation.

(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.

Subsidiaries are entities (including structured entities) controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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 (refer to note 35), investments in subsidiaries are carried at cost less impairments.

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 other services provided 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 60 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income tax (continued)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Plant and equipment (continued)

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
Mobile Cranes < 20T	10 Years
Access Equipment	10 Years
Ancillary Equipment	10 Years
Office Equipment	3 to 10 Years
Workshop Equipment	3 to 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets (continued)

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

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

Gains or losses arising from de-recognition 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (continued)

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 post-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.

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 payable within 45 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions (continued)

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.

(q) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits, accumulating sick leave and rostered days off that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and 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.

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are 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 end of the reporting period. 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 end of the reporting period 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 superannuation plans

A defined contribution superannuation 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 salaries and employee benefits 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payments (continued)

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 the extent to which the vesting period has expired and 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.

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 (continued)

Year Ended 30 June 2014

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 26 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 21. Movements in the hedging reserve in shareholders' equity are shown in note 25. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) 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 9 Financial Instruments (effective 1 January 2017).

(ii) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014 for calendar year ends or 1 July 2014 for financial year ends).

(iii) AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements (effective 1 January 2014 for calendar year ends or 1 July 2014 for financial year ends).

(iv) AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014 for calendar year ends or 1 July 2014 for financial year ends).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

4. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the oversight of the Company's risk management framework including the identification and management of material business, financial and regulatory risks. Boom management report regularly to the Risk Committee and 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.

Until June 2014, the Audit and Risk Committee was responsible for overseeing 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. A Risk Committee was formed in June 2014 and it is now responsible for this oversight.

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.

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. Refer to note 26 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 and bank loans. At 30 June 2014, the Group's balance sheet gearing ratio was 38% (2013: 37%). 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 26 for detailed disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

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 26 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 floating interest rates. The level of variable rate debt is disclosed in note 26.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to maintain robust 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 19.

	Note	2014	2013
		$'000	$'000
Interest bearing loans and borrowings	19	**98,083**	119,398
Less: cash and cash equivalents	10(a)	**(8,557)**	(3,572)
Net debt		**89,526**	115,826
Total equity		**234,324**	313,314
Gearing ratio		**38%**	37%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

5. 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 one reportable segment: "Lifting Solutions", which consists of all lifting activities including the provision of cranes, travel towers, access equipment and all associated services.

The segment information provided to the CODM is measured in a manner consistent with that of the financial statements.

Transfer prices between operating segments are at cost.

Boom Logistics Limited is domiciled in Australia and all core revenue is derived from external customers within Australia. Revenues of approximately $34.366 million or 13% of total segment revenue (2013: $70.136 million or 21%) are derived from a single external customer. These revenues are attributable to the Lifting Solutions segment.

(b) Segment information provided to the CODM

	Lifting Solutions	Other *	Consolidated
	$'000	$'000	$'000
Year ended:		*30 June 2014*	
Segment revenue			
Total external revenue	267,292	900	268,192
Inter-segment revenue	-	-	-
Revenue from external customers	267,292	900	268,192
Other income	4,972	-	4,972
Total segment revenue	272,264	900	273,164
Interest income from other persons/corporations			156
Total revenue			273,320
Segment result			
Loss before net interest and tax	(62,567)	(12,288)	(74,855)
Net interest			(8,252)
Income tax benefit			3,652
Loss from continuing operations			(79,455)
Segment assets and liabilities			
Segment assets	377,014	12,362	389,376
Segment liabilities	142,220	12,832	155,052
Additions to non-current assets	15,633	1,223	16,856
Depreciation and amortisation	26,647	1,572	28,219
Restructuring expense	7,906	247	8,153
Impairment of plant and equipment	4,798	-	4,798
Impairment of assets classified as held for sale	4,513	-	4,513
Impairment of goodwill	70,810	-	70,810

** Other represents centralised costs including national office and shared services.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

5. SEGMENT REPORTING (CONTINUED)

(b) Segment information provided to the CODM (continued)

	Lifting Solutions	Other *	Consolidated
	$'000	$'000	$'000
Year ended:		*30 June 2013*	
Segment revenue			
Total external revenue	336,164	-	336,164
Inter-segment revenue	-	-	-
Revenue from external customers	336,164	-	336,164
Other income	1,441	102	1,543
Total segment revenue	337,605	102	337,707
Interest income from other persons/corporations			680
Total revenue			338,387
Segment result			
Profit before net interest and tax	19,922	(13,474)	6,448
Net interest			(9,877)
Income tax expense			953
Loss from continuing operations			(2,476)
Segment assets and liabilities			
Segment assets	479,407	9,618	489,025
Segment liabilities	158,722	16,989	175,711
Additions to non-current assets	50,450	1,811	52,261
Depreciation and amortisation	28,689	1,448	30,137
Impairment of plant and equipment	4,999	-	4,999
Impairment of assets classified as held for sale	6,016	-	6,016

* Other represents centralised costs including national office and shared services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

		Note	2014	2013
			$'000	$'000
6.	**REVENUE AND EXPENSES**			
(a)	**Revenue from continuing operations**			
	Revenue from services		268,192	336,164
	Interest income from other persons/corporations		156	680
			268,348	336,844
(b)	**Other income**			
	Net profit on disposal of plant and equipment		4,972	1,543
			4,972	1,543
	Total revenue		273,320	338,387
(c)	**Expenses**			
	Salaries and employee benefits		121,066	152,193
	Defined contribution plan expense		7,998	9,687
	Total salaries and employee benefits expense		129,064	161,880
	Depreciation of plant and equipment	15	27,041	29,089
	Amortisation of intangible assets – software development costs	16(c)	1,178	1,048
	Total depreciation and amortisation expense		28,219	30,137
	Impairment of plant and equipment	15	4,798	4,999
	Impairment of assets classified as held for sale	14	4,513	6,016
	Impairment of goodwill	16	70,810	-
	Total impairment expense		80,121	11,015
	Financing expenses		8,408	10,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	2014	2013
	$'000	$'000
7. INCOME TAX		
The major components of income tax (benefit) / expense are:		
(a) Income tax (benefit) / expense		
Current income tax		
Current income tax (benefit) / expense	(11)	3,580
Adjustments in respect of current income tax of previous years	(24)	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(3,617)	(4,533)
	(3,652)	(953)
A reconciliation between tax benefit and the accounting loss before income tax (multiplied by the Group's applicable income tax rate) is as follows:		
Accounting loss before tax from continuing operations	(83,107)	(3,429)
At the Group's statutory income tax rate of 30% (2013: 30%)	(24,932)	(1,029)
Expenditure not allowable for income tax purposes	61	76
Goodwill impairment not allowable for income tax purposes	21,243	-
Adjustments in respect of current income tax of previous years	(24)	-
Income tax benefit reported in the consolidated income statement	(3,652)	(953)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	BALANCE SHEET		INCOME STATEMENT	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
7. INCOME TAX (CONTINUED)				
(b) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax assets				
– Employee leave provisions	**3,678**	4,017	**339**	(26)
– Allowance for impairment on financial assets	**237**	206	**(31)**	180
– Liability accruals	**793**	127	**(666)**	268
– Restructuring provisions	**1,099**	1,118	**19**	(1,118)
– Tax losses	**8,981**	6,673	**(2,308)**	(2,167)
– Cash flow hedges (recognised in other comprehensive income)	**251**	405		
Gross deferred income tax assets	**15,039**	12,546		
Deferred tax liabilities				
– Plant and equipment	**(23,225)**	(24,195)	**(970)**	(1,670)
Gross deferred income tax liabilities	**(23,225)**	(24,195)		
Net deferred tax assets / (liabilities)	**(8,186)**	(11,649)		
Deferred tax expense / (income)			**(3,617)**	(4,533)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
7. INCOME TAX (CONTINUED)			
(c) Income tax (receivable) / payable			
Income tax receivable	(i)	**(4,450)**	(4,450)

(i) Income tax receivable represents the anticipated tax refund in respect of the FY2014 year of $4.450 million (2013: $4.450 million).

(d) Tax losses

The Group has unused tax losses of $8.981 million (2013: $6.673 million) which have 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.

8. 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:

	2014 $'000	2013 $'000
Net loss after tax	**(79,455)**	(2,476)

	No. of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	**473,441,468**	469,533,006
Effect of dilutive securities:		
– employee share awards	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**473,441,468**	469,533,006
Number of ordinary shares at financial year end	**474,868,764**	470,598,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
9. DIVIDENDS PAID AND PROPOSED			
(a) Dividends paid during the year			
Current year interim			
Fully franked dividends (nil cents per share) (2013: nil cents per share)		-	-
Previous year final			
Fully franked dividends (nil cents per share) (2013: nil cents per share)		-	-
		-	-
(b) Dividends proposed and not recognised as a liability			
Fully franked dividends (nil cents per share) (2013: 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% (2013: 30%)		3	2
– Franking (deficits) / credits that will arise from the payment / (receipt) of income tax payable / (receivable) as at the end of the financial year	7(c)	(4,450)	(4,450)
– Franking debits that will arise from the payment of dividends as at the end of the financial year		-	-
		(4,447)	(4,448)
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		-	-
		(4,447)	(4,448)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
10. CASH AND CASH EQUIVALENTS			
(a) Reconciliation of cash			
Cash at bank and on hand		**8,557**	3,572
Closing cash balance		**8,557**	3,572

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 26.

	Note	2014 $'000	2013 $'000
(b) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations			
Net loss after tax		**(79,455)**	(2,476)
Non cash items			
Depreciation and amortisation of non-current assets	6(c)	**28,219**	30,137
Impairment of assets	6(c)	**80,121**	11,015
Net profit on disposal of plant and equipment	6(b)	**(4,972)**	(1,543)
Share based payments	25	**104**	(271)
Reversal of unused provisions	20	**-**	(150)
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		**38**	14,508
(Increase)/decrease in inventories		**207**	(194)
(Increase)/decrease in prepayments and other assets		**348**	687
(Increase)/decrease in current tax receivables		**-**	3,580
(Decrease)/increase in trade and other payables		**2,683**	(4,404)
(Decrease)/increase in deferred tax liabilities		**(3,463)**	(4,223)
(Decrease)/increase in provisions		**2,058**	3,143
(Decrease)/increase in other liabilities		**(2,262)**	1,395
Net cash flow from operating activities		**23,626**	51,204
11. TRADE AND OTHER RECEIVABLES			
Trade receivables	(i)	**52,436**	53,706
Allowance for impairment	26(a)	**(789)**	(687)
		51,647	53,019
Other receivables		**3,755**	2,421
Total trade and other receivables		**55,402**	55,440

(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 (continued)

Year Ended 30 June 2014

	2014 $'000	2013 $'000
12. INVENTORIES		
Stock on hand at cost	**97**	280
Stock on hand at net realisable value	**-**	-
	97	280
Fuel at cost	**203**	227
Total inventories	**300**	507

Inventories recognised as an expense during the year ended 30 June 2014 amounted to $7.995 million (2013: $9.660 million) representing fuel and tyres.

	2014 $'000	2013 $'000
13. PREPAYMENTS AND OTHER CURRENT ASSETS		
Prepayments	**1,764**	2,264
Other current assets	**731**	579
Total prepayments and other current assets	**2,495**	2,843
14. ASSETS CLASSIFIED AS HELD FOR SALE		
Plant and equipment	**15,472**	10,899
Total assets classified as held for sale	**15,472**	10,899

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

All assets held for sale are measured at their fair value in accordance with AASB 5.To provide an indication about the reliability of the inputs when determining fair value, the Group has classified its assets held for sale into the three levels prescribed under the accounting standards. An explanation of each is provided in note 26(e). Assets held for sale are classified as Level 2.

At the end of each reporting period the Directors update their assessment of the fair value of assets held for sale by considering information from a variety of sources including any independent valuations obtained during the year and current prices in an active market for similar assets.

The balance in the Group's assets classified as held for sale account at 30 June 2014 is $15.472 million. All assets classified as assets held for sale have been reviewed to ensure they are being carried at their recoverable amount less any selling costs. An impairment charge of $4.513 million has been recorded in profit and loss in respect of these assets (2013: $6.016 million), which are targeted for sale in FY2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	Rental Equipment	Motor Vehicles*	Machinery, Furniture, Fittings & Equipment	Total
		$'000	$'000	$'000	$'000
15. PLANT AND EQUIPMENT					
Opening balance at 1 July 2012					
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
Year ended 30 June 2013					
Carrying amount at beginning net of accumulated depreciation and impairment		311,743	23,699	6,848	342,290
Additions		45,876	3,180	1,736	50,792
Disposals		(9,363)	(272)	(170)	(9,805)
Transfers		(187)	109	(121)	(199)
Transfer to / from assets held for sale		(9,299)	(2,866)	(147)	(12,312)
Impairment		(1,685)	(19)	(3,295)	(4,999)
Depreciation charge for the year	6(c)	(24,415)	(2,555)	(2,119)	(29,089)
Carrying amount at end net of accumulated depreciation and impairment		312,670	21,276	2,732	336,678
Closing balance at 30 June 2013					
At cost		468,601	36,385	18,648	523,634
Accumulated depreciation		(155,931)	(15,109)	(15,916)	(186,956)
Net carrying amount		312,670	21,276	2,732	336,678
Year ended 30 June 2014					
Carrying amount at beginning net of accumulated depreciation and impairment		**312,670**	**21,276**	**2,732**	**336,678**
Additions		**15,180**	**153**	**1,489**	**16,822**
Disposals	(i)	**(9,925)**	**(1,908)**	**(478)**	**(12,311)**
Transfers		**(3,576)**	**188**	**3,142**	**(246)**
Transfer to / from assets held for sale		**(10,544)**	**1,447**	**11**	**(9,086)**
Impairment	6(c)	**(4,798)**	**-**	**-**	**(4,798)**
Depreciation charge for the year	6(c)	**(22,051)**	**(2,987)**	**(2,003)**	**(27,041)**
Carrying amount at end net of accumulated depreciation and impairment		**276,956**	**18,169**	**4,893**	**300,018**
Closing balance at 30 June 2014					
At cost		**413,113**	**34,863**	**16,148**	**464,124**
Accumulated depreciation		**(136,157)**	**(16,694)**	**(11,255)**	**(164,106)**
Net carrying amount		**276,956**	**18,169**	**4,893**	**300,018**

** Motor vehicles represent prime movers, trailers and forklifts.*

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

Plant and equipment with a carrying amount of $300.018 million (2013: $336.678 million) is pledged as securities for current and non current interest bearing loans and borrowings as disclosed in note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

15. PLANT AND EQUIPMENT (CONTINUED)

Impairment

The carrying value of the Group's fixed assets was tested at 30 June 2014 by reference to management's assessment of their fair value less costs of disposal. Fair value was determined after considering information from a variety of sources including any independent valuations obtained during the year and current prices in an active market for similar assets.

A total fixed asset impairment loss of $9.3 million (2013: $11 million) was recognised across the Group's fixed asset base. This impairment included:

Western Australia Cash Generating Unit ("CGU")

The carrying value of Boom's fixed asset values was independently tested as part of the debt refinancing exercise in December 2013. The outcome of that assessment was that the market value of Boom's operating assets nationally was in excess of their carrying value. At 31 December 2013 the carrying value of plant and equipment was supported by a value in use model.

However, at 30 June 2014 under the requirements of AASB 136: Impairment Testing an impairment charge is required to be recognised when the carrying value of assets is greater than their recoverable value for any particular Cash Generating Unit. As a consequence, an impairment of $4.8 million will be recognised against the $99.9 million net book value of fixed assets in the WA business.

A large proportion of this impairment has been applied against five assets that were committed to prior to the Global Financial Crisis, at rates that reflected the scarcity of cranes in the market at that time. Their arrival into the WA business during the Global Financial Crisis, when the value of the Australian dollar had dropped significantly, compounded their high valuation.

Sale of Assets

The Group has sold $17.3 million of surplus assets during FY14 and these transactions provided a good insight into prevailing market prices. In assessing the appropriateness of sales values, the Group has also taken account of continuing strength of the Australian dollar and its impact on the off-shore market for used equipment sales.

The Group has historically realised a net profit on surplus asset sales in each of the past six years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

		Note	2014 $'000	2013 $'000
16.	**INTANGIBLE ASSETS**			
(a)	**Opening balance at 1 July**			
	Goodwill		**70,810**	70,810
	Software development costs (net carrying amount)		**3,826**	3,405
	Total net carrying amounts		**74,636**	74,215
(b)	**Closing balance at 30 June**			
	Goodwill	17	**-**	70,810
	Software development costs (net carrying amount)		**2,682**	3,826
	Total net carrying amounts		**2,682**	74,636
(c)	**Reconciliations**			
	Goodwill			
	Carrying amount at beginning of year net of impairment		**70,810**	70,810
	Impairment	6(c)	**(70,810)**	-
	Carrying amount at end of year net of impairment		**-**	70,810
	Represented by:			
	Cost (gross carrying amount)		**111,496**	111,496
	Accumulated impairment		**(111,496)**	(40,686)
	Net carrying amount		**-**	70,810
	Software development costs			
	Carrying amount at beginning net of accumulated amortisation and impairment		**3,826**	3,405
	Additions – internal development		**34**	1,469
	Amortisation charge for the year	6(c)	**(1,178)**	(1,048)
	Carrying amount at end net of accumulated amortisation and impairment		**2,682**	3,826
	Represented by:			
	Cost (gross carrying amount)		**5,843**	5,808
	Accumulated amortisation and impairment		**(3,161)**	(1,982)
	Net carrying amount		**2,682**	3,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

17. IMPAIRMENT TESTING OF GOODWILL

	2014 $'000	2013 $'000
Carrying amount of goodwill allocated to each CGU:		
– Crane Hire (Lifting Solutions segment)	-	51,089
– Travel Towers (Lifting Solutions segment)	-	19,721
	-	70,810

Impairment testing

Goodwill acquired through business combinations has been allocated to cash generating units ("CGUs") for impairment testing and the recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation.

The Group's post-tax discount rate applied to the cash flow projections was 11.6%. All variables impacting the discount rate calculation have been updated to reflect current company and market conditions.

Goodwill impairment

A Goodwill impairment expense of $70.8 million (included within the Lifting Solutions segment) has been recognised and results in the carrying value of goodwill on the Group's balance sheet at 30 June 2014 being reduced to nil.

Whilst some improvement in market conditions in the medium to long term is expected, particularly through the commencement of infrastructure projects, the Group has taken a conservative approach in determining the carrying value of goodwill at this time given the continuing market volatility which has led to the recognition of this impairment charge.

The Directors also considered recent guidance from ASIC when determining the carrying value of goodwill, particularly their focus on whether there has been variability between prior periods' actual cash flows compared to budgeted expectations. This goodwill impairment is a non-cash adjustment.

18. TRADE AND OTHER PAYABLES

	2014	2013
Current		
Trade payables – creditors	20,468	14,508
Other payables	2,605	5,882
Total current trade and other payables	23,073	20,390

Trade payables are non-interest bearing and are normally subject to settlement within 45 day terms.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

19. INTEREST BEARING LOANS AND BORROWINGS

	Note	2014 $'000	2013 $'000
Current			
Secured bank loans		**4,166**	-
Total current interest bearing liabilities	27(b)	**4,166**	-
Non-current			
Secured bank loans		**93,917**	119,398
Total non-current interest bearing liabilities	27(b)	**93,917**	119,398
Total interest bearing liabilities	26(d)	**98,083**	119,398

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity	Carrying amount	
Secured bank loan	**AUD**	**7.7%**	**2017**	**98,083**	119,398
Total interest bearing liabilities				**98,083**	119,398

Refer to note 26(e) for disclosure of fair value versus carrying value.

Covenant Position

The Group was in compliance with all financial and non-financial banking covenants throughout the financial year and as at 30 June 2014.

Syndicated debt facility refinancing

The Group's syndicated debt facility agreement is with National Australia Bank, GE Capital and ANZ Bank. The current facility limit is $105 million and the facility will amortise down to $75 million over its life. The facility has an expiry date of January 2017. In addition, the Group has an existing $10 million working capital facility arrangement with National Australia Bank which is predominately for letters of credits and bank guarantees.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2014	2013
Total facilities:		
– bank overdraft	**1,000**	1,500
– bank loans and borrowings	**114,000**	178,500
	115,000	180,000
Facilities used at reporting date:		
– bank overdraft	**-**	-
– bank loans and borrowings	**98,083**	119,398
	98,083	119,398
Facilities unused at reporting date:		
– bank overdraft	**1,000**	1,500
– bank loans and borrowings	**15,917**	59,102
	16,917	60,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
19. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)			
Assets pledged as security			
Fixed and floating charges are held over all of the assets of the Group including the following financial assets and plant and equipment:			
Current			
– Cash at bank and in hand	10	**8,557**	3,572
– Trade and other receivables	11	**55,402**	55,440
– Assets classified as held for sale	14	**15,472**	10,899
Total current assets pledged as security		**79,431**	69,911
Non current			
– Plant and equipment		**300,018**	336,678
Total non-current assets pledged as security	15	**300,018**	336,678
Total value of assets pledged as security		**379,449**	406,589

20. PROVISIONS

	2014 $'000	2013 $'000
Employee related provisions	**12,259**	13,390
Property leases	**3,317**	1,389
Restructuring	**3,664**	2,403
Total provisions	**19,240**	17,182
Current	**15,154**	15,404
Non-current	**4,086**	1,778
	19,240	17,182

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

	Restructuring $'000	Property lease $'000	Total $'000
At 1 July	2,403	1,389	**3,792**
Arising during the year	5,210	2,943	**8,153**
Utilised	(3,949)	(1,015)	**(4,964)**
Unused amounts reversed	-	-	**-**
At 30 June	**3,664**	**3,317**	**6,981**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

20. PROVISIONS (CONTINUED)

Employee related provisions

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

Property leases

The provision for property leases includes make good provisions and surplus leased spaces in respect of the Boom Sherrin and Queensland leased properties.

Restructuring

During the financial year, several restructuring programs were undertaken throughout the Group. Restructuring costs incurred during the year totalled $5.210 million, of which $3.664 million had yet to be utilised at year end. The restructuring costs relate to employee termination benefits based on employment contracts and other restructuring expenses. The remaining restructuring provision is expected to be fully utilised by the first half of FY2015.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2014	2013
	$'000	$'000
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	309	-
Interest rate swap contracts – cash flow hedges	528	332
Total current derivative financial instruments	837	332
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	-	1,019

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 100% (2013: 84%) of the variable loan principal outstanding. The fixed interest rates range between 3.2% and 4.0% (2013: between 3.9% and 4.0%) and the variable rates are between 2.6% and 2.9% (2013: between 2.8% and 3.6%). The contracts are settled on a net basis and coincide with the dates on which interest is payable on the underlying debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate swap contracts – cash flow hedges (continued)

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.

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.

	2014	2013
	$'000	$'000
22. OTHER LIABILITIES		
Current		
PAYG tax withheld	412	441
Goods and services tax	1,567	1,718
Other accrued expenses	3,654	3,582
Total other current liabilities	5,633	5,741

23. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2014	2013
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	2014		2013	
		No. of shares	$'000	No. of shares	$'000
(b) Movements in shares on issue					
Beginning of the financial year		470,598,576	318,065	468,663,585	318,065
Issued during the year:					
– employee share incentive schemes	(i)	4,270,188	-	1,934,991	-
Total issued during the year		4,270,188	-	1,934,991	-
End of the financial year		474,868,764	318,065	470,598,576	318,065

(i) This amount represents the issue of 4,270,188 (2013: 1,934,991) ordinary shares to employees as part of the employee share incentive schemes for nil consideration during the financial year. Refer to note 29 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
24. RETAINED EARNINGS			
Balance at the beginning of year		(4,146)	(1,670)
Net loss for the year		(79,455)	(2,476)
Total		(83,601)	(4,146)
Dividends paid	9(a)	-	-
Balance at end of year		(83,601)	(4,146)
25. RESERVES			
Employee equity benefits reserve			
Balance at the beginning of year		342	613
Share based payments	(i)	104	(271)
Balance at end of year		446	342
Cash flow hedge reserve			
Balance at the beginning of year		(947)	(1,269)
Revaluation	(ii)	(480)	(31)
Deferred tax		(154)	(310)
Transfer to profit and loss		995	663
Balance at end of year		(586)	(947)
Total reserves		(140)	(605)

(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 29 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000

26. FINANCIAL INSTRUMENTS

(a) Credit risk

Exposure to credit risk

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:

	Note	2014 $'000	2013 $'000
Cash and cash equivalents	10	**8,557**	3,572
Trade and other receivables	11	**55,402**	55,440
		63,959	59,012

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

The Group has no customers that owed more than $10 million of the total trade receivables as at 30 June 2014 (2013: one customer that owed more than $10 million or 19% of total trade receivables). The Group's credit risk is predominately concentrated in the mining, resources, energy, utilities and infrastructure sectors which have a geographical spread across Australia.

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 increase of $102,000 (2013: $599,000) 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:

	Note	2014 $'000	2013 $'000
Balance at 1 July		**687**	1,286
Impairment loss recognised		**1,249**	339
Amounts written-off and/or written back		**(1,147)**	(938)
Balance at 30 June	11	**789**	687

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^ (ii)	+61 days $'000 PDNI* (i)	+61 days $'000 CI^ (ii)
2014	**52,436**	**39,573**	**2,923**	**19**	**8,900**	**1,022**
2013	53,706	41,981	3,611	-	7,427	687

* 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

(ii) As at 30 June 2014, current trade receivables of the Group with a nominal value of $1,041,000 (2013: $687,000) were considered impaired. Of this amount, a provision of $789,000 (2013: $687,000) was recognised as it was assessed that a portion of the receivables is expected to be recovered.

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 (continued)

Year Ended 30 June 2014

26. 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 2014	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities							
Trade and other payables	23,073	(23,073)	(23,073)	-	-	-	-
Secured bank loans	98,083	(113,290)	(5,656)	(5,656)	(21,041)	(80,937)	-
Derivative financial liabilities							
Forward exchange contracts used for hedging purchases	309	(309)	(309)	-	-	-	-
Interest rate swaps – net settled	528	(528)	(220)	(308)	-	-	-
	121,993	(137,200)	(29,258)	(5,964)	(21,041)	(80,937)	-

30 June 2013	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities							
Trade and other payables	20,390	(20,390)	(20,390)	-	-	-	-
Secured bank loans	119,398	(126,294)	(3,047)	(3,047)	(120,200)	-	-
Derivative financial liabilities							
Interest rate swaps – net settled	1,351	(1,351)	(332)	-	(1,019)	-	-
	141,139	(148,035)	(23,769)	(3,047)	(121,219)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

26. 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:

	2014 €uro	2013 €uro
	$'000	$'000
Trade payables	-	-
Forward exchange contracts		
– buy foreign currency (cash flow hedges)	309	-

Sensitivity analysis for currency risk

A 10 percent (2013: 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	Profit or Loss
	$'000	$'000
2014		
€uro	429	-
2013		
€uro	-	-

A 10 percent (2013: 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 (continued)

Year Ended 30 June 2014

26. 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:

		Carrying amount	
	Note	2014	2013
		$'000	$'000
Fixed rate instruments			
Financial liabilities	(i)	(100,000)	(100,000)
		(100,000)	(100,000)
Variable rate instruments			
Financial assets – cash at bank and on hand	10	8,557	3,572
Financial liabilities	(i)	-	(19,398)
		8,557	(15,826)

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of $98,083,000 (2013: $119,398,000) per note 19.

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 19.

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 $86,000 (2013: $158,000).

(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 (continued)

Year Ended 30 June 2014

26. 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 2014. 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	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2014				
Financial liabilities				
– Foreign exchange contracts	-	309	-	309
– Interest rate swap contracts	-	528	-	528
	-	837	-	837
30 June 2013				
Financial liabilities				
– Interest rate swap contracts	-	1,351	-	1,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
27. 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		8,606	12,604
– after one year but not more than five years		9,698	15,769
– more than five years		60	2,386
Aggregate operating lease expenditure contracted for at reporting date		18,364	30,759
(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		11,312	6,094
– after one year but not more than five years		101,978	120,200
– more than five years		-	-
Total minimum payments		113,290	126,294
– future finance charges		(15,207)	(6,896)
Net liability		98,083	119,398
– current liability	19	4,166	-
– non-current liability	19	93,917	119,398
		98,083	119,398

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

	Note	2014 $'000	2013 $'000
(c) Capital commitments			
Capital expenditure contracted for at reporting date but not recognised as liabilities are as follows:			
Plant and equipment			
– within one year		7,350	3,050
– after one year but not more than five years		-	-
– more than five years		-	-
		7,350	3,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

28. CONTINGENCIES

There are no contingent assets and liabilities identified at 30 June 2014.

29. EMPLOYEE BENEFITS

(a) Employee benefits

	2014 $'000	2013 $'000
The aggregate employee benefit liability is comprised of:		
– accrued salaries, wages and on costs	2,952	2,906
– provisions (current)	12,046	14,534
– provisions (non-current)	1,559	1,094
	16,557	18,534

(b) Employee incentive schemes

Two employee incentive schemes are in place to assist in attracting, retaining and motivating key employees as follows:
- Exempt Share Plan (ESP); and
- Employee Share Trust (EST).

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 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

29. EMPLOYEE BENEFITS (CONTINUED)

(b) Employee incentive schemes (continued)

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

	2014 Number of shares	2013 Number of shares
Balance at beginning of year	**11,942,233**	9,860,560
– issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	**6,972,196**	4,491,109
– sold / transferred during the year	**(408,305)**	(1,184)
– forfeited during the year	**(4,030,637)**	(2,408,252)
Balance at end of year	**14,475,487**	11,942,233

(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:

	Note	2014 $'000	2013 $'000
Shares issued under employee share schemes	25	**104**	(271)
		104	(271)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

30. KEY MANAGEMENT PERSONNEL

(a) Details of directors

(i) Non-executive directors

John Robinson	Chairman (non-executive)
Fiona Bennett	Director (non-executive)
Howard Critchley	Director (non-executive) (resigned 14 March 2014)
Terrence Francis	Director (non-executive)
Terence Hebiton	Director (non-executive)

(ii) Executive directors

Brenden Mitchell	Managing Director and Chief Executive Officer

(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 and General Manager – Boom Sherrin
Terese Withington	General Manager – Boom Sherrin (resigned 1 November 2013)

(c) Summarised compensation of key management personnel

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

	2014 $	2013 $
Short-term employee benefits	2,662,917	3,430,108
Post employment benefits	166,431	204,977
Other long term benefits	(88,471)	79,262
Termination benefits	-	-
Share based payments	16,054	40,910
Total compensation	2,756,931	3,755,257

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

(d) Loans to key management personnel

In 2014, there were no loans to individual key management personnel at any time (2013: Nil).

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

(e) Other transactions and balances with key management personnel

There were no other transactions with key management personnel during the financial year (2013: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

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 2014	Equity interest 2013	Investment 2014	Investment 2013
		%	%	$'000	$'000
James Equipment Pty Ltd	Australia	100	100	-	-
Sherrin Hire Pty Ltd	Australia	100	100	32,664	60,598
Boom Logistics (QLD) Pty Ltd	Australia	100	100	13,315	15,896
Boom Logistics (VIC) Pty Ltd	Australia	100	100	374	4,021
Total investment in subsidiaries				46,353	80,515

Investments in subsidiaries have decreased by $34.162 million from the previous financial year as a result of the goodwill impairment disclosed in notes 16 and 17. Each investment has decreased by the amount of the goodwill recognised at the time of acquisition.

Boom Logistics Limited is the ultimate parent company.

Details relating to key management personnel, including remuneration paid, are included in the Remuneration Report on pages 29 to 42.

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.

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.

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

	2014	2013
The following transactions occurred with related parties:	$	$
Parent entity		
Sale of services		
Hire of lifting equipment to subsidiaries	3,617,794	537,876
Purchase of goods and services		
Hire of lifting equipment from subsidiaries/other related parties	1,694,248	2,077,295
Tax consolidation legislation		
Current tax payable assumed from wholly-owned tax consolidated entities	10,800,744	10,694,374
Other revenue and expenses		
Interest charged to/(from) subsidiaries	1,019,233	346,561
Dividend income from subsidiaries	-	-
Loans to/from related parties		
Subsidiaries – receivable / (payable)	14,329,073	12,964,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

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	
	2014	2013
	$'000	$'000
Consolidated Income Statement		
Revenue	263,483	330,096
Salaries and employee benefits expense	(125,207)	(156,302)
Equipment service and supplies expense	(72,584)	(86,524)
Operating lease expense	(14,294)	(12,108)
Other expenses	(10,615)	(21,033)
Restructuring expense	(8,013)	(6,753)
Depreciation and amortisation expense	(27,637)	(29,305)
Impairment expense	(79,596)	(9,584)
Financing expenses	(8,656)	(10,694)
Loss before income tax	(83,119)	(2,207)
Income tax expense	3,798	589
Net loss for the year	(79,321)	(1,618)
Retained losses at the beginning of the year	(13,483)	(11,865)
Retained losses at the end of the year	(92,804)	(13,483)
Consolidated Statement of Comprehensive Income		
Loss for the year	(79,321)	(1,618)
Other comprehensive income		
Cash flow hedges recognised in equity	361	322
Other comprehensive income for the year, net of tax	361	322
Total comprehensive loss for the year	(78,960)	(1,296)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

32. DEED OF CROSS GUARANTEE (CONTINUED)

Consolidated Balance Sheet

	CLOSED GROUP	
	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	8,513	3,395
Trade and other receivables	51,122	54,103
Inventories	254	480
Prepayments and other current assets	2,494	2,843
Assets classified as held for sale	15,362	10,349
Income tax receivable	8,032	7,700
Total current assets	85,777	78,870
Non-current assets		
Investments	599	4,021
Plant and equipment	291,386	328,405
Intangible assets	2,682	70,729
Total non-current assets	294,667	403,155
Total assets	380,444	482,025
Current liabilities		
Trade and other payables	22,116	20,247
Derivative financial instruments	837	332
Interest bearing loans and borrowings	4,166	-
Provisions	14,226	15,349
Other liabilities	5,338	5,424
Total current liabilities	46,683	41,352
Non-current liabilities		
Payables	2,737	4,002
Interest bearing loans and borrowings	93,917	119,398
Provisions	4,072	1,086
Derivative financial instruments	-	1,019
Deferred tax liabilities	7,914	11,190
Total non-current liabilities	108,640	136,695
Total liabilities	155,323	178,047
Net assets	225,121	303,978
Equity		
Contributed equity	318,065	318,065
Retained earnings	(92,804)	(13,483)
Reserves	(140)	(604)
Total equity	225,121	303,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

	2014	2013
	$	$
33. AUDITOR'S REMUNERATION		
During the year the following fees were paid or payable for services provided by KPMG:		
Audit services		
– audit and review of financial statements	250,000	283,538
Taxation, due diligence and other services		
– taxation services	21,950	33,270
– other services	12,890	18,161
Total taxation and other services	34,840	51,431
Total remuneration of KPMG	284,840	334,969

34. EVENTS AFTER THE BALANCE SHEET DATE

Dividend

On 12 August 2014, the Directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2014

35. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Statement of financial position		
Current assets	67,236	63,893
Total assets	340,731	448,815
Current liabilities	38,405	34,789
Total liabilities	125,457	152,185
Equity		
Contributed equity	318,065	318,065
Employee equity benefits reserve	446	342
Cash flow hedge reserve	(586)	(946)
Retained losses	(102,651)	(20,831)
	215,274	296,630
Net loss after tax for the year	(81,820)	(2,864)
Total comprehensive income/(loss) for the year	(81,459)	(2,542)

(b) Capital commitments for the acquisition of property, plant and equipment

	2014 $'000	2013 $'000
Plant and equipment		
– within one year	2,005	-
– after one year but not more than five years	-	-
– more than five years	-	-
	2,005	-

(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 2014 or 30 June 2013.

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 45 to 95, and the Remuneration Report in the Directors' Report, set out on pages 29 to 42, 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 2014 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; and

(b) 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 The Directors draw attention to note 2(a) to the Consolidated Financial Statements which includes a statement of compliance with International Financial Reporting Standards.

3 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.

4 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 2014.

Signed in accordance with a resolution of the Directors:

John Robinson	Brenden Mitchell
Chairman	**Managing Director**

Melbourne, 12 August 2014

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 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of 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(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group complies 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.

KPMG

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 2014 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 of the Group also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 42 of the Directors' report for the year ended 30 June 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG
KPMG

Paul J McDonald
Partner

Melbourne
12 August 2014

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 August 2014.

(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	1,065	451,610
1,001	-	5,000	1,775	5,039,402
5,001	-	10,000	920	7,196,421
10,001	-	100,000	2,130	77,894,783
100,001	and over		428	384,286,548
			6,318	**474,868,764**
The number of shareholders holding less than a marketable parcel of shares are:			2,229	2,860,103

(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	J P Morgan Nominees Australia Limited	62,698,266	13.2%
2	National Nominees Limited	58,853,573	12.4%
3	Citicorp Nominees Pty Limited	31,049,981	6.5%
4	BNP Paribas Noms Pty Ltd <DRP>	17,412,015	3.7%
5	HSBC Custody Nominees (Australia) Limited	16,549,620	3.5%
6	Boom Logistics Employee Share Plans Pty Ltd <Boom Logistics Exec Plan A/C>	15,619,414	3.3%
7	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	7,464,368	1.6%
8	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	7,098,413	1.5%
9	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,833,640	1.2%
10	Mestjo Pty Ltd	5,000,000	1.1%
11	Horrie Pty Ltd	4,500,000	0.9%
12	Portfolio Services Pty Ltd	3,776,294	0.8%
13	Mr Trevor Mullens & Mrs Laura Mullens <T & L Mullens S/F A/C>	3,350,000	0.7%
14	Smith Supertee Pty Ltd <Smith Super Fund No 1 A/C>	3,350,000	0.7%
15	Mr Bernard F O'Neill <Wynflo Superannuation A/C>	3,246,073	0.7%
16	Mr Bradley John Newcombe	3,000,000	0.6%
17	Tarni Investments Pty Ltd <HA & AR Morris Family A/C>	2,687,538	0.6%
18	Mr Leslie W Ramsay & Mrs Maureen E Ramsay <Les Ramsay S/F A/C>	2,600,000	0.5%
19	Professor Kerry Owen Cox	2,500,000	0.5%
20	BNP Paribas Noms (NZ) Ltd <DRP>	2,349,443	0.5%
Top twenty shareholders		258,938,638	54.5%
Remainder		215,930,126	45.5%
Total		**474,868,764**	**100.0%**

ASX ADDITIONAL INFORMATION (continued)

(c) Substantial Holders

Substantial holders in the company are set out below:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
J P Morgan Nominees Australia Limited	62,698,266	13.2%
National Nominees Limited	58,853,573	12.4%
Citicorp Nominees Pty Limited	31,049,981	6.5%

(d) Voting Rights

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

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