

Boom Logistics Limited Announcement

12 June 2009
ASX code BOL

Debt Reduction via \$14.7 Million Taxation Refund

Boom Logistics Limited (“Boom”) has today received the first of four taxation refund cheques expected from the Australian Taxation Office (“ATO”) in respect of amended taxation assessments submitted by Boom for the financial years ended 30 June 2005 to 30 June 2008.

The total taxation refund expected is \$14.7 million plus interest and all funds are expected to be received by the end of July. These funds will be applied against Boom’s debt balance.

Boom’s franking account balance after receipt of these refunds is expected to be \$773,575.

Background and review summary

In February and August 2008, Boom announced the outcomes of a comprehensive review of the balance sheet carrying values including acquisition accounting, asset useful lives and asset residual values. This review resulted in a number of non-cash accounting adjustments to intangible and fixed assets, which were fully reflected in the audited 2008 accounts.

With the accounting issues resolved, Boom Management commenced a review of Boom’s taxation returns. The objective of the review was to ensure that the appropriate taxation treatments had been applied in the returns submitted by Boom to the ATO.

As a consequence of this review, tax adjustments were identified that were available to be claimed by Boom for the financial years ended 30 June 2005 to 30 June 2008 inclusive, being the tax return periods still “open” to claims within the 4 year cut off period. Management met with representatives of the ATO to present the outcomes of the review.

The quantum of these taxation adjustments was calculated to be \$14.7 million. The key adjustments related to:

- inappropriate application of the effective life determinations for depreciating assets;
- repairs and maintenance expenditure incorrectly treated as capital in nature whereas the expenditure qualified for immediate deduction under section 8-1 of the Income Tax Assessment Act 1997 (“ITAA97”);
- adjustments to the accelerated diminishing value methodology to reflect the 200% uplifted rate for assets acquired after 10 May 2006; and
- adjustments to the taxation cost bases recognised for depreciating assets acquired as part of business acquisitions.

Additional tax adjustments for the financial years ended 30 June 2002 to 30 June 2004 have also been identified and quantified. Whilst these periods are considered “closed” to further claims, and any outcome is purely at the discretion of the Commissioner, Boom Management have made a formal request to the Commissioner asking that he exercise his discretion to allow a claim for this period to proceed. Should Boom’s request be granted, the estimated tax refund for this “closed” period is \$3.8m.

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