

Boom Logistics Limited Announcement

18 June 2008
ASX code BOL

Full Year Profit Guidance

In February 2008, the company provided guidance for FY2008 of a full year NPAT result in the range of \$29-30 million before non-cash accounting adjustments detailed in that announcement. The company now expects the NPAT result for FY2008 to be approximately \$22 million.

Major contributors to the underperformance in FY2008, which have been magnified in the second half of the year, have been personnel issues and systems integration issues.

These issues have been most evident in:

- Western Australia, where operations have underperformed despite favourable business conditions, with excessive equipment cross hire from third parties a particular concern; and
- systems integration and management turnover interfering with the effective merging of Moorland Hire into the Sherrin business. This resulted in the over accrual of revenue during the March quarter, which has since been identified and corrected.

The Bowen Basin flooding and its impact on equipment movement and general crane operations continued to impact into the June quarter, but has since recovered.

In pursuing a turnaround of the business the Board has appointed, during the past three months, a new Chief Executive and Chief Operating Officer.

In addition, a new General Manager of the Sherrin business was appointed in February, a new General Manager of Western Australian operations has been identified and a new Finance Manager for Western Australia has been appointed.

Chief Executive Officer Brenden Mitchell said:

"Boom Logistics operates in the growing and vibrant resource and infrastructure sector, has a strong asset base and its cash flows are robust. Our rapid growth however, has masked some underlying problems especially to do with access to real time information. We know what we have to do to fix the situation."

The new Senior Management team has implemented a business review including balance sheet carrying values. This review has to date highlighted that the carrying value of the crane fleet is fully supportable by valuation work and recent third party sales indicate continuing improvement in crane values. The review will, however, result in some non-cash adjustments related to assets that will predominantly impact prior periods. These adjustments will be reflected in the audited accounts.

The Company continues to be a strong cash generator with business cash flows more than sufficient to continue debt servicing and meet forward fleet plan requirements.

Outlook

The June quarter is expected to deliver a NPAT result higher than the previous two quarters despite the reduced full year forecast. In looking forward to the new financial year it is expected that this quarterly progress will continue, through a disciplined approach to market opportunities and a rigorous focus on costs.

To achieve greater transparency and demonstrate the progress of the business, the Company will report the first quarter results of FY2009 at the Annual General Meeting in October.

For further information

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