

# **BOOM LOGISTICS LIMITED**

**ABN 28 095 466 961**

**Interim Financial Report  
for the six months ended 31 December 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 half-year ended 31 December 2014.

### Directors

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Rodney John Robinson	Chairman (non-executive)
Mr Brenden Clive Mitchell	Managing Director (executive)
Ms Fiona Rosalyn Vivienne Bennett	Director (non-executive)
Mr Terrence Charles Francis	Director (non-executive)
Mr Terence Alexander Hebiton	Director (non-executive)

### Operating and Financial Review

Boom Logistics Limited ("Boom"), Australia's leading provider of crane logistics and lifting solutions, today announced a net loss after tax for the half year ended 31 December 2014 1HFY15 of \$3.4 million (1HFY14: \$4.9 million net profit). Earnings before interest expense and tax ("EBIT") in 1HFY15 were a \$1.4 million loss compared to an \$11.7 million profit in 1HFY14.

At the trading level, net profit after tax was a loss of \$1.3 million in 1HFY14 compared to a \$5.4 million profit in 1HFY14. Trading EBIT was a \$1.4 million profit compared to \$12.5 million in 1HFY14 and compared to \$1.5 million in 2HFY14.

The 1HFY15 trading EBIT result of \$1.4 million excludes:

- a non-cash asset impairment charge of \$1.6 million relating to surplus assets classified as Assets Held For Sale;
- \$0.9 million of costs associated with redundancy costs primarily in Queensland, New South Wales, Western Australia and Central Costs;
- \$0.1 million in site closure and transportation costs incurred in relocating fleet from Central Queensland;
- \$0.1 million in implementation costs relating to the "One Boom" project to integrate the Boom Sherrin and crane logistics businesses nationally; and
- \$0.1 million of one-off legal costs associated with Boom's 18m glove and barrier legal claim.

The 1HFY15 trading NPAT result of a \$1.3 million loss excludes the after tax impact of the items above (\$2.1 million).

### Operations

As noted in Boom's market update on 16 December 2014, challenging market conditions in the second half of FY14 continued in the first half of FY15.

With declining commodity prices, customers in the mining and resources sector continue to apply significant price pressures and demand patterns remain volatile.

## **DIRECTORS' REPORT (continued)**

### **Operating and Financial Review (continued)**

Revenue reductions in the first half were mainly due to:

- lower contract maintenance volumes in Western Australia, Central Queensland, and New South Wales;
- downward price pressure in highly competitive markets; and
- project delays in the telecommunications and energy sectors, affecting travel tower revenues.

Revenue declines in the first half were mitigated by several revenue generation activities, including:

- In Western Australia, significant shutdown support activity for key customers including Newmont's Boddington Gold Mine, FMG and Alcoa, and continued dry hire revenue for the Gorgon LNG project.
- In South Australia, continued maintenance activity at BHPB Olympic Dam with shutdown work in the early months of 1HFY15.
- In Victoria, successful execution of the Senvion Bald Hills Wind Farm project, with Boom providing an expanded service offering to include mechanical and electrical completion in addition to lifting services and ancillary equipment.
- In New South Wales, on-going activity with key customers in the Hunter Valley, Newcastle and Port Kembla, with the Heavy Lift division supporting the Senvion Bald Hills Wind Farm project. Work has also commenced on the Sydney Entertainment Centre project.
- In Queensland, following the winding up of the BMA maintenance contract, business development resources have been re-focused and are gaining traction with high-value short term projects supporting coal activity in the Bowen Basin as well as coal seam gas activity in the Surat Basin.
- In Boom Sherrin, base load work in the telecommunications and energy sectors has been steady, notwithstanding the project delays mentioned above, with ongoing high-voltage transmission line work and 4G / LTE upgrades.

Across all businesses, Boom continues to drive profit improvement initiatives, including:

- A heightened sales focus on dry hire opportunities to improve asset utilisation, at improved margins.
- The addition of dedicated business development resources in WA, Queensland and New South Wales to target short-term high value projects across several industry sectors.
- The reduction of 110 Full-Time Equivalent operational positions and the reduction of 10 overhead positions.
- The consolidation of the Mackay Haulage business with assets redeployed to Western Australia.
- A continued focus on constructively improving EBA terms and conditions.
- Rigorous labour planning and management to mitigate the impact of volatile demand.
- In line with the One Boom project to integrate the Boom Sherrin and Crane Logistics businesses, the consolidation of depots (Mackay, Port Kembla).

## **DIRECTORS' REPORT (continued)**

### **Operating and Financial Review (continued)**

With prevailing conditions of lower market demand, Boom continues to adjust its crane fleet with on-going reviews to assess unproductive assets against revenue opportunities and consequently to identify surplus assets for sale. In the half year, 43 assets were sold for proceeds of \$7 million in the cranes business. In keeping with our strategy to manage Boom Sherrin's access business for cash, more than 500 access equipment units were sold for proceeds of \$2 million. In total, Boom generated assets sales of \$9.3 million in the first half, against a full year target of \$15 million. The value of Boom's asset base has been re-affirmed by surplus asset sales in 1HFY15, with a net Profit On Sale of Assets being realised.

### **Capital and Cash Management**

Boom continues to limit capital expenditure and during the half year \$6.9 million was expended, of which \$5.6 million related to replacement capital expenditure for travel towers that was committed in FY14. Boom's existing crane fleet is well positioned to address current market demand and no further significant capital expenditure is expected in the remainder of this financial year.

Boom has focused on improving the company's accounts receivable processes and achieved an accounts receivable position of \$43.1 million at 31 December 2014, \$12.3 million lower than the \$55.4 million balance at 30 June 2014.

Boom generated operating cash flows of \$11.5 million in 1HFY15 and surplus asset sales contributed additional cash flows of \$9.3 million. After capital expenditure amounting to \$7.0 million, Boom generated \$13.8 million of free cash flows.

This free cash flow enabled a reduction in net debt to \$76.1 million, down from \$89.5 million at 30 June 2014. Gearing, (Net Debt divided by Equity) reduced from 38% at 30 June 2014 to 33% at 31 December 2014.

#### *Share Buy Back*

Boom has previously stated that the potential for a share buy back will be assessed against a clear priority to deleverage the balance sheet. With on-going market uncertainty and volatile trading conditions, Boom will continue to prioritise balance sheet management to adjust the company's debt levels in the near term, and will consider the potential to support a share buy back once the company has a more stable earnings outlook and currently volatility in pricing pressures and activity levels have settled.

#### *Debt Facilities*

In December 2013 Boom completed a refinancing of the company's syndicated bank debt facility, with an expiry date of January 2017. This facility continues to be in place with the original A\$120 million 3 year revolving debt facility scheduled to amortise down to \$90 million over its life.

## DIRECTORS' REPORT (continued)

### Operating and Financial Review (continued)

#### Outlook

Boom expects prevailing market conditions to continue with no indications that conditions will ease in the near term:

- subdued and volatile demand patterns in operations in the mining and resources sector;
- significantly lower capital project expenditure in mining and resources;
- very low government expenditure on major public infrastructure projects;
- underlying demand in the telecommunications and energy sectors expected to be solid but subject to project delays; and
- activity in the wind farm sector is expected to increase but only in the next financial year.

Boom will continue to improve its revenue base with both existing and new customers, pursue further cost reductions and proactively manage its balance sheet.

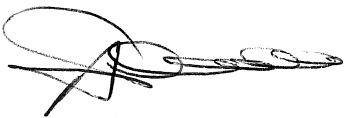
#### Auditor's Independence Declaration to the Directors

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

#### 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, 10 February 2015




*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 review for the half-year ended 31 December 2014 there have been:

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

KPMG  
KPMG

  
Paul McDonald  
*Partner*

Melbourne

10 February 2015

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

**Consolidated Interim Income Statement**  
**for the half-year ended**  
**31 December 2014**

	Note	2014 \$'000	2013 \$'000
<b>Revenue</b>	5	<b>115,611</b>	142,313
Salaries and employee benefits expense	5	<b>(56,441)</b>	(66,420)
Equipment service and supplies expense		<b>(32,623)</b>	(35,035)
Operating lease expense		<b>(5,315)</b>	(5,854)
Other expenses		<b>(7,457)</b>	(8,410)
Restructuring expense		<b>(1,192)</b>	(656)
Depreciation and amortisation expense	5	<b>(12,340)</b>	(14,205)
Impairment expense	5	<b>(1,623)</b>	-
		<hr/>	<hr/>
<b>(Loss) / profit before financing expense and income tax</b>		<b>(1,380)</b>	11,733
Financing expense		<b>(3,655)</b>	(4,695)
		<hr/>	<hr/>
<b>(Loss) / profit before income tax</b>		<b>(5,035)</b>	7,038
Income tax benefit / (expense)		<b>1,677</b>	(2,098)
		<hr/>	<hr/>
<b>Net (loss) / profit attributable to members of Boom Logistics Limited</b>		<b>(3,358)</b>	4,940
		<hr/> <hr/>	<hr/> <hr/>
Basic (losses) / earnings per share (cents per share)		<b>(0.7)</b>	1.0
Diluted (losses) / earnings per share (cents per share)		<b>(0.7)</b>	1.0
Franked dividends per share (cents per share)		<b>0.0</b>	0.0

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



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

**Consolidated Interim Statement of Comprehensive Income**  
**for the half-year ended**  
**31 December 2014**

	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
<b>Net (loss) / profit attributable to members of Boom Logistics Limited</b>	<b>(3,358)</b>	4,940
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges recognised in equity, net of tax	<b>465</b>	314
	-----	-----
<b>Other comprehensive income for the half-year, net of tax</b>	<b>465</b>	314
	-----	-----
<b>Total comprehensive (loss) / income for the half-year attributable to members of Boom Logistics Limited</b>	<b>(2,893)</b>	5,254
	=====	=====

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

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

**Consolidated Interim Statement of Financial Position**  
as at  
**31 December 2014**

	Note	31 December 2014 \$'000	30 June 2014 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,771	8,557
Trade and other receivables		43,127	55,402
Inventories		324	300
Prepayments and other current assets		3,981	2,495
Assets classified as held for sale	7	10,071	15,472
Income tax receivable		-	4,450
		<u>65,274</u>	<u>86,676</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		291,831	300,018
Intangible assets		2,189	2,682
		<u>294,020</u>	<u>302,700</u>
<b>TOTAL NON-CURRENT ASSETS</b>			
		<u>359,294</u>	<u>389,376</u>
<b>TOTAL ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		17,709	23,073
Interest bearing loans and borrowings	8	935	4,166
Provisions		11,733	15,154
Derivative financial instruments		173	837
Other liabilities		4,342	5,633
		<u>34,892</u>	<u>48,863</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	8	82,947	93,917
Provisions		3,143	4,086
Deferred tax liabilities		6,746	8,186
		<u>92,836</u>	<u>106,189</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>			
		<u>127,728</u>	<u>155,052</u>
<b>TOTAL LIABILITIES</b>			
		<u>231,566</u>	<u>234,324</u>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Contributed equity	9	318,065	318,065
Retained (losses)		(86,959)	(83,601)
Reserves		460	(140)
		<u>231,566</u>	<u>234,324</u>
<b>TOTAL EQUITY</b>			

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

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

**Consolidated Interim Statement of Cash Flows**  
**for the half-year ended**  
**31 December 2014**

	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	138,855	156,490
Payments to suppliers and employees	(128,613)	(141,034)
Interest paid	(3,263)	(4,186)
Interest received	85	81
Income tax received	4,450	-
	11,514	11,351
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(6,923)	(7,843)
Payment for intangible assets - software development costs	(69)	-
Proceeds from the sale of plant and equipment	9,257	9,919
	2,265	2,076
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	8 3,116	115,270
Repayment of borrowings	8 (17,681)	(126,419)
	(14,565)	(11,149)
Net (decrease) / increase in cash and cash equivalents	(786)	2,278
Cash and cash equivalents at the beginning of the period	8,557	3,572
	7,771	5,850

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

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

**Consolidated Interim Statement of Changes in Equity**  
for the half-year ended  
31 December 2014

	Issued Capital \$'000	Retained Earnings \$'000	Cash Flow Hedge Reserve \$'000	Employee Equity Benefits Reserve \$'000	Total Equity \$'000
<b>At 1 July 2013</b>	318,065	(4,146)	(947)	342	313,314
Profit for the half-year	-	4,940	-	-	4,940
Other comprehensive income	-	-	314	-	314
<b>Total comprehensive income</b>	-	4,940	314	-	5,254
<b>Transactions with owners in their capacity as owners:</b>					
Share based payments	-	-	-	153	153
<b>At 31 December 2013</b>	318,065	794	(633)	495	318,721
<b>At 1 July 2014</b>	318,065	(83,601)	(586)	446	234,324
Loss for the half-year	-	(3,358)	-	-	(3,358)
Other comprehensive income	-	-	465	-	465
<b>Total comprehensive loss</b>	-	(3,358)	465	-	(2,893)
<b>Transactions with owners in their capacity as owners:</b>					
Share based payments	-	-	-	135	135
<b>At 31 December 2014</b>	318,065	(86,959)	(121)	581	231,566

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

## **Notes to the Interim Consolidated Financial Statements**

Half-Year Ended 31 December 2014

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### **1. Corporate Information**

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 10 February 2015.

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 activity was the provision of lifting solutions.

### **2. Basis of Preparation and Accounting Policies**

This general purpose condensed financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual financial report as at and for the year ended 30 June 2014.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Boom Logistics Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period, with the exception of an amendment to the revenue recognition accounting policy to recognise the revenue treatment of wind farm contracts. The amendment is as follows:

*Revenue from the installation of wind towers is recognised by reference to the stage of completion. The stage of completion is measured by reference to the wind tower units completed to date as a percentage of the total wind tower units under the contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.*

## **Notes to the Interim Consolidated Financial Statements**

Half-Year Ended 31 December 2014

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### **3. Critical Accounting Estimates and Judgements**

The preparation of the half-year financial report ended 31 December 2014 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

In preparing these half-year financial statements, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2014.

#### *Going concern assumption*

In preparing the half-year 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 half-year financial report.

The Directors have assessed forecast trading results and cash flows for the consolidated entity. 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 current operating environment in some market sectors of the consolidated entity presents challenges in terms of price pressures and volatile demand patterns. Should trading conditions continue to deteriorate, the company has the ability to make further adjustments in the normal course of business to compensate. The forecast trading results and cash flows, 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. As such, 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.

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, the Directors continue to adopt the going concern basis in preparing the half-year financial report.

### **4. Segment Reporting**

#### **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.

Notes to the Interim Consolidated Financial Statements

Half-Year Ended 31 December 2014

4. Segment Reporting (continued)

Description of operating segments

Boom Logistics Limited is domiciled in Australia and all core revenue is derived from external customers within Australia. Revenues of approximately \$13.827 million or 12% of total segment revenue (31 December 2013: \$19.524 million or 14%) are derived from a single external customer. These revenues are attributable to the Lifting Solutions segment.

Segment information provided to the CODM

	Lifting Solutions \$'000	Other * \$'000	Consolidated \$'000
<i>Half-year ended: 31 December 2014</i>			
<b>Segment revenue</b>			
Total external revenue	113,741	-	113,741
Inter-segment revenue	-	-	-
	-----	-----	-----
Revenue from external customers	113,741	-	113,741
Other income	1,785	-	1,785
	-----	-----	-----
Total segment revenue	115,526	-	115,526
Interest income			85
			-----
Total revenue			115,611
			=====
<b>Segment result</b>			
Profit before net interest and tax	5,082	(6,547)	(1,465)
	-----	-----	-----
Interest income			85
Financing expense			(3,655)
Income tax benefit			1,677
			-----
Loss from continuing operations			(3,358)
			=====
<b>Segment assets and liabilities</b>			
Segment assets	351,652	7,642	359,294
Segment liabilities	116,381	11,347	127,728
	-----	-----	-----
Additions to non-current assets	6,751	241	6,992
Depreciation and amortisation for half-year ended 31 December 2014	11,514	826	12,340
Impairment of assets classified as held for sale	1,623	-	1,623

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

Notes to the Interim Consolidated Financial Statements

Half-Year Ended 31 December 2014

4. Segment Reporting (continued)

Segment information provided to the CODM (continued)

	Lifting Solutions \$'000	Other * \$'000	Consolidated \$'000
<i>Half-year ended: 31 December 2013</i>			
<b>Segment revenue</b>			
Total external revenue	139,776	-	139,776
Inter-segment revenue	-	-	-
	-----	-----	-----
Revenue from external customers	139,776	-	139,776
Other income	2,456	-	2,456
	-----	-----	-----
Total segment revenue	142,232	-	142,232
Interest income			81
			-----
Total revenue			142,313
			=====
<b>Segment result</b>			
Profit before net interest and tax	18,660	(7,008)	11,652
	-----	-----	-----
Interest income			81
Financing expense			(4,695)
Income tax expense			(2,098)
			-----
Profit from continuing operations			4,940
			=====
<i>Year ended: 30 June 2014</i>			
<b>Segment assets and liabilities</b>			
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 for half-year ended 31 December 2013	13,444	761	14,205

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



Notes to the Interim Consolidated Financial Statements

Half-Year Ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
<b>5. Revenue And Expenses</b>			
<b>(a) Revenue from continuing operations</b>			
Revenue from services		113,741	139,776
Interest income from other persons/corporations		85	81
		113,826	139,857
<b>(b) Other income</b>			
Net gains on disposal of plant and equipment		1,785	2,456
		1,785	2,456
<b>Total revenue</b>		<b>115,611</b>	<b>142,313</b>
<b>(c) Expenses</b>			
Salaries and employee benefits		52,800	62,191
Defined contribution superannuation expense		3,641	4,229
Total salaries and employee benefits expense		56,441	66,420
Depreciation of plant and equipment		11,779	13,588
Amortisation of intangible assets - software development costs		561	617
Total depreciation and amortisation expense		12,340	14,205
Impairment of assets classified as held for sale		1,623	-
Total impairment expense		1,623	-
<b>6. Dividends Paid And Proposed</b>			
<b>(a) Dividends paid during the half-year</b>			
Fully franked final dividends for 30 June 2014: nil (2013: nil)		-	-
<b>(b) Dividends proposed and not recognised as a liability</b>			
Fully franked interim dividends for financial year 30 June 2015: nil (2014: nil)		-	-

**Notes to the Interim Consolidated Financial Statements**

Half-Year Ended 31 December 2014

	<b>31 December 2014 \$'000</b>	30 June 2014 \$'000
<b>7. Assets Classified as Held for Sale</b>		
Plant and equipment	<b>10,071</b>	15,472
Total assets classified as held for sale	<b>10,071</b>	15,472

Assets classified as held for sale at half-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 the lower of their carrying value or fair value less cost to sell. 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 10. 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 period and current prices in an active market for similar assets.

The balance in the Group's assets classified as held for sale account at 31 December 2014 is \$10.503 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 \$1.623 million has been recorded in profit and loss in respect of these assets (31 December 2013: \$nil).

**Notes to the Interim Consolidated Financial Statements**

Half-Year Ended 31 December 2014

	<b>31 December 2014 \$'000</b>	30 June 2014 \$'000
<b>8. Interest Bearing Loans And Borrowings</b>		
<i>Current</i>		
Other interest bearing liabilities	<b>935</b>	-
Secured bank loans	-	4,166
	-----	-----
Total current interest bearing liabilities	<b>935</b>	4,166
	=====	=====
<i>Non current</i>		
Secured bank loans	<b>82,947</b>	93,917
	-----	-----
Total non-current interest bearing liabilities	<b>82,947</b>	93,917
	-----	-----
Total interest bearing liabilities	<b>83,882</b>	98,083
	=====	=====

The following changes in interest bearing liabilities occurred during the half-year ended 31 December 2014:

Balance at 1 July 2014	<b>98,083</b>
<i>Drawdown</i>	
Syndicated bank loan	-
Insurance premium funding	<b>3,116</b>
<i>Repayments</i>	
Repayment of borrowings	<b>(17,681)</b>
<i>Other movements</i>	
Net movement of finance costs	<b>364</b>
	-----
Balance as at 31 December 2014	<b>83,882</b>
	=====

Throughout the period and as at 31 December 2014, the Group was in compliance with all banking covenants.

*Gearing ratio*

The Group monitors debt levels on the basis of the balance sheet gearing ratio. This ratio is calculated as net debt divided by equity.

Interest bearing loans and borrowings	<b>83,882</b>	98,083
Less: cash and cash equivalents	<b>(7,771)</b>	(8,557)
	-----	-----
Net debt	<b>76,111</b>	89,526
Total equity	<b>231,566</b>	234,324
	=====	=====
Gearing ratio	<b>33%</b>	38%

## Notes to the Interim Consolidated Financial Statements

Half-Year Ended 31 December 2014

	<b>31 December 2014 \$'000</b>	30 June 2014 \$'000
<b>9. Contributed Equity</b>		
Issued and fully paid ordinary shares	<b>318,065</b>	318,065
	<b>31 December 2014</b>	
	<b>Note</b>	<b>No. of shares</b>
		<b>\$'000</b>
<i>Movements in ordinary shares on issue</i>		
At 1 July 2014	<b>474,868,764</b>	<b>318,065</b>
- Issued during the period	-	-
	<b>474,868,764</b>	<b>318,065</b>
At 31 December 2014	<b>474,868,764</b>	<b>318,065</b>

## 10. Fair Value Measurement of Financial Instruments

### *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.

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 31 December 2014. The Group's fixed rate instruments attract interest at a rate that is consistent with current market rates.

## Notes to the Interim Consolidated Financial Statements

Half-Year Ended 31 December 2014

### 10. Fair Value Measurement of Financial Instruments (continued)

#### *Fair value hierarchy*

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2014</b>				
<i>Financial liabilities</i>				
- Interest rate swap contracts	-	173	-	173
	-----	-----	-----	-----
<b>30 June 2014</b>				
<i>Financial liabilities</i>				
- Foreign exchange contracts	-	309	-	309
- Interest rate swap contracts	-	528	-	528
	-----	-----	-----	-----
	-	837	-	837
	=====	=====	=====	=====

### 11. Commitments and Contingencies

#### *Commitments*

At 31 December 2014, the Group has capital commitments of \$1.1 million for the purchase of property, plant and equipment (31 December 2013: \$3.2 million).

#### *Contingencies*

Since the last annual reporting date, there has been no material change to any contingent assets or contingent liabilities.

### 12. Events After The Balance Sheet Date

#### *Dividend*

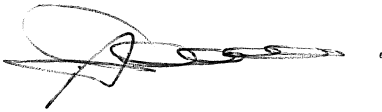
On 10 February 2015, the Directors of Boom Logistics Limited declared that no interim dividend would be paid for the half-year ended 31 December 2014.

## Directors' Declaration

1. In the opinion of the Directors of Boom Logistics Limited ("the Company"):

- (a) the consolidated interim financial statements and notes that are set out on pages 8 to 21 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 31 December 2014 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting 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.

Signed in accordance with a resolution of the Directors:



John Robinson  
Chairman



Brenden Mitchell  
Managing Director

Melbourne, 10 February 2015



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

### Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Boom Logistics Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

#### *Directors' responsibility for the half-year financial report*

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Boom Logistics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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




*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boom Logistics is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG  
KPMG

  
Paul McDonald  
*Partner*

Melbourne

10 February 2015