ANNUAL REPORT
2016

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

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OUR COMPANY

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 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.

OUR GOALS

- To be the safest and leading lifting solutions provider in Australia.
- To be recognised by our customers as a partner who is responsive and flexible and delivers quality services at the lowest overall cost.
- To deliver increasing value to our shareholders and employees operating to high standards and with integrity.
- To be a valued and respected contributor to the communities we operate in.

OUR VALUES

- Safety Always – people, community, equipment, property, environment.
- Our Customers – driving for our customers' 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

- 19 depots across Australia.
- Approximately 810 employees including casual personnel Australia wide.
- Over 300 cranes in all sizes from 12 tonne up to 750 tonne.
- Over 200 travel towers from 12 metres up to 70 metres.

CORPORATE DIRECTORY

Directors

R John Robinson
Maxwell J Findlay
Brenden C Mitchell
Terrence C Francis
Terence A Hebiton

Company Secretary

Malcolm Ross

Registered Office

Level 6, 55 Southbank Boulevard
Southbank, Victoria, 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

Thursday, 27 October 2016
at 11:00am
KPMG Theatrette
147 Collins Street
Melbourne, Victoria, 3000

CHAIRMAN'S REPORT

The past year has once again presented challenges for those companies servicing the mining and industrial sectors. Cost cutting by our customers has continued to exert pressure on the pricing of our services and general activity levels have remained subdued. These difficult operating conditions have persisted for several years now and in response we have continued to bear down on our internal costs whilst also strengthening our balance sheet and incorporating greater flexibility into our operations.

Ongoing business restructuring has resulted in further reductions in our workforce and closure of some depots where business activity has been muted or where synergies have been realised from the previous year's integration of the travel tower and access equipment into Boom's crane operations. We have also made further progress in renegotiating labour agreements to provide improved operating flexibility and pricing, both essential elements in managing an intensely competitive operating environment. In combination these restructuring initiatives have reduced business operating costs by 25% during the 2016 Financial Year (FY16) and in consequence our gross operating margin has improved from 26.1% in FY15 to 28.2% % in FY16. Further detail on the various aspects of restructuring are dealt with in the Managing Director's report.

Shareholders will be aware from our market announcements during the year that we have continued to reduce the extent of our borrowings with gross debt lowered by a further $27.4 million in FY16, to a year end net debt of $49.2 million. This has been primarily achieved by continuing to trim our equipment fleet of surplus assets, supplemented by operating cash flow. In the year to 30 June we have realised $15.7 million from asset sales, with a consequent $0.4 million loss relative to book value. Our equipment fleet is independently valued at each reporting period and at the conclusion of the financial year had a deemed market value of $197 million. Net assets as at 30 June 2016 were $168.1 million equivalent to a Net Tangible Asset per share of 35 cents. Total free cash flow generated in FY16 was $22.2 million; a 9% improvement from FY15.

We announced to the market in July that we had concluded a new long term $57.5 million finance package with improved flexibility as outlined further in the Managing Director's Report. This refinancing package provides improved scope for future capital management options and allows surplus asset realisation to occur at a pace consistent with market conditions.

In looking ahead, business restructuring will continue, with emphasis on further improving operating flexibility and cost competitiveness. In combination with efficiencies already achieved and a national footprint, the Company is positioned to build new revenue opportunities in both our traditional markets and in sectors of the economy where growth opportunities are evident, particularly in capital city infrastructure development. We are also now positioned to broaden our service offering, following new labour agreements that provide scope for a range of trade skills to be made available to our customer base, in addition to our lifting services. This is particularly relevant to our ongoing involvement in maintenance shutdown services.

CHAIRMAN'S REPORT (continued)

Turning to Board related matters, I indicated earlier in the year that I intended retiring ahead of the Annual General Meeting in October 2016 and that this would provide an opportunity for changes to the Board. We announced in July that Max Findlay had been appointed as a non-executive director and chairman elect. Max brings to the Board considerable experience in the industrial services sector having been Chief Executive of The Programmed Group from 1990 to 2008, where he built the business from annual revenue of $30 million to over $800 million. Max is now leading the search for another Board appointee with the intent of further broadening the non-executive experience available to management and shareholders.

In concluding my report to shareholders I would once again like to commend management and fellow directors on seeing the Company through challenging times. I believe that the substantial restructuring of our business over recent years has positioned Boom to grow in an ever competitive environment.

John Robinson
Chairman

MANAGING DIRECTOR'S REPORT

The last year has seen a continuation of the tough market conditions with all our major customers in the Mining and Resources sector dealing with the volatile commodity prices with a clear focus on cost reduction. In this context it is important to again emphasise that Health and Safety remains a key requirement of our customers and is a core value that drives every one of our activities and decisions.

Whilst our Lost Time Injury Frequency Rate continued to improve and sits below 1, for the first time our Total Recordable Injury Frequency Rate (TRIFR) plateaued in the last year which requires us to redouble our efforts to ensure we achieve a TRIFR below 10 in FY2017. This will be done by further focus on Leadership Training and Lead indicators such as Safe Act Observations to deliver further improvements in our safety journey.

The operating environment remained difficult during the year. Demand from customers was both subdued and volatile creating challenges for resource planning and associated cost management. The market remains over-supplied resulting in a highly competitive market with severe pressure on pricing. The pressure on revenue has intensified over the year with a number of factors impacting Boom's revenue during the year.

- In response to the prevailing market conditions Boom has closed two depots in the current financial year and three depots in the prior financial year. This has had a negative impact on revenue but has increased Boom's profitability and, importantly, contributed to the Group's key strategic objective; increasing the flexibility of the business to respond to future demand and supply challenges. The depot closures have lowered the fixed cost base and released operating fleet either for sale or for redeployment to more profitable depots in order to expand on revenue opportunities.

- The on-going market pressures are sharpest within the resources sector and in particular in the coal sector. The impact of these conditions is most keenly reflected by revenue recorded at three Boom depots operating with a concentration of resources customers. These depots have experienced the sharpest decline in revenue as a result of declining customer demand and pricing pressures.

- The level of major project activity undertaken by Boom has declined in FY16 compared with prior year levels. By its nature this major project activity is volatile. FY16 saw a run off of activity on two major projects that had an associated impact on revenue. The Barrow Island LNG project has completed its construction phase resulting in a wind down of Boom's activity on the project and a non-repeat of the work on the Bald Hills wind farm that was completed in FY15.

Boom has been proactive in making major change to the underlying business. The business is now more robust and flexible, allowing it to respond more effectively to volatile market conditions. These change initiatives are beginning to be reflected in the underlying results of the business.

- Revenue increased by combined $12 million across 15 of the 19 Boom depots, where a more moderate proportion of revenue is concentrated in resources customers or major projects.

MANAGING DIRECTOR'S REPORT (continued)

The combination of these factors meant we recorded a statutory net loss after tax for the financial year ended 30 June 2016 (FY16) of $30.2m (FY15: net loss of $36.9m). Statutory earnings before interest expense, tax, depreciation and amortisation (EBITDA) was a loss of $9.3m (FY15: loss of $9.0m) whilst statutory earnings before interest expense and tax (EBIT) was a loss of $28.9m (FY15: loss of $33.2m).

The FY16 Statutory EBITDA Result includes:

- A non-cash impairment charge of $6.8m applied to assets held for sale ($5.9m of the total was incurred in the first half of the year);
- A non-cash impairment charge of $11.6m applied to assets in the operating fleet (all incurred in the first half of the year);
- Restructuring costs of $1.5m, including a provision of $0.3m for restructuring initiatives to be completed in the first quarter of FY16;
- $0.3m of legal costs associated with Boom's 18 metre glove and barrier legal claim; and
- Loss on sale of assets of $0.4m representing less than 3% of the book value of the assets sold during the year.

Adjusting for these costs, Boom's Trading EBITDA for FY16 was a profit of $11.2m (FY15: $14.6m).

Importantly in these trading conditions Boom focused on improving our Balance sheet to ensure we have a solid platform for growth going forward. This resulted in positive free cash flow of $22.2m (FY15: $20.4m), after:

- Receiving $15.7m (FY15: $20.3m) in proceeds from the sale of surplus assets;
- Funding $1.8m of capital expenditure (FY15: $8.4m)
- Funding $4.1m of net interest expense (FY15: $5.8m)

This resulted in net debt reducing to $49.2m (30 June 2015: $71.0m) gearing reducing to 29% from 36% with Net Tangible assets per share being $0.35.

During the period we also negotiated a new Long Term Finance Package that delivers far greater flexibility and a platform to deliver growth and the requirements of our customers.

The new finance package includes three complimentary facilities with a combined limit of $57.5 million:

- A $25 million, 5 year asset finance facility with De Lage Landen Pty Limited. The principal amortisation under this facility is $3 million per annum with a $10 million balloon payment due at the end of the facility. This facility is secured by a tranche of Boom's high quality assets, realising a loan to asset ratio of approximately 66%.
- A $12.5 million, 3 year syndicated loan facility with NAB and ANZ. Boom has retained the support of its key syndicate members on a facility with improved terms and importantly no fixed amortisation for at least 18 months.
- A $20 million, 3 year securitised trade receivables lending facility with Assetsecure. This facility does not require any amortisation and will flex with Boom's cash requirements.

MANAGING DIRECTOR'S REPORT (continued)

The new facilities replace the syndicated bank facility with NAB, ANZ and GE. This facility had a facility limit of $52.5 million at 30 June 2016 with an amortisation requirement of $7.5 million per quarter to reduce the facility to $37.5 million upon expiry in January 2017.

The new finance package provides Boom with flexibility and a platform to support growth. Importantly the facility has significantly reduced the amortisation requirement that was a key constraint of the previous facility. Boom intends to reduce debt further over the coming financial year with debt reduction to be made out of operating cash or surplus asset sales where this will provide the best return to shareholders.

Market conditions have created considerable pressure on revenue throughout the year which confirmed the decisions of the past two years to close certain depots with unprofitable revenue. To adapt to the market circumstances Boom has made significant operational improvements to the underlying business.

- Substantial cost saving initiatives have resulted in operating costs declining by 25% in the year:
  - Operating model has been reshaped to improve cost management so that costs can be flexed more in line with the volatility in revenue. This has resulted in an increase to the gross margin recorded of 28.2% (FY15: 26.1%).
  - Fixed costs have been restructured with central costs decreasing by 28%. This has resulted in an improved EBITDA margin of 7.4% (FY15: 7.2%).
- New markets and customers have been established:
  - Boom has begun significant new work in the infrastructure markets which have not historically been core markets for Boom. Further growth is expected from these opportunities in FY17;
  - Whilst developing new revenue streams Boom has continued its commitment to established markets. Profitable new relationships have been established with strategically important customers in resources, in particular with FMG in Western Australia and with BMA in Queensland adding critical mass to our Wesfarmers contract service out of Blackwater that started in August 2015. Building scale in traditional markets to benefit from Boom's considerable operational leverage is a key part of the FY17 growth plan.
- New service offering to develop revenue opportunities:
  - Boom has established a capability in labour hire to allow an integrated labour solution to be offered to customers that goes beyond the traditional offering of crane and travel tower services.

By focusing on improving margins within the current revenue base, building critical mass around our depot infrastructure, capitalising on opportunities arising in the infrastructure and utilities sector and offering an expansion in services, Boom will grow revenue and improve margins. Together with the opportunity to leverage underutilised capacity in the business Boom will deliver improved shareholder value and give opportunities to our employees and the customers we serve.

In closing, I would like to acknowledge and thank the Boom employees for their focus on safety, commitment, resilience and loyalty critical for the turnaround in business performance.

Brenden Mitchell
Managing Director

HIGHLIGHTS

Health, Safety, Quality & Environment

- A reduction in Lost Time Injury Frequency Rate (LTIFR) to 0.8 against a target of 2.0. This represents a reduction of 60% over the year and 86% over the past five years.
- Days lost due to injuries reduced by 89% over the year.
- Implementing and improving the new One-Boom Safety Management System.
- Commencement of a new three year HSEQ Strategic Plan with an emphasis on assurance and risk reduction.
- Maintenance of AS/NZS 4801: 2001, AS/NZS ISO 9001: 2008 and OHSAS 18001: 2007 Certifications and compliance with all environmental management obligations.

Financial & Operations

- Gross syndicated debt reduced by $27.4 million during FY16 to $51 million.
- Gearing reduced to 29% (FY15: 36%).
- New long term $57.5 million finance package agreed with low annual amortisation requirement establishing a platform for growth. New facilities were drawn down subsequent to year end on 2 August 2016.
- Free cash flow (operating plus investing cash flows) of $22.2 million (FY15: $20.4 million) generated during FY16.
- $15.7 million realised from the sale of surplus assets in FY16 (FY15: $20.3 million).

Markets & Growth

- Markets remain volatile and over supplied which has resulted in continued pressure on pricing.
- Boom has responded to the prevailing market conditions by closing two unprofitable depots during the financial year and increasing its flexibility to expand its service offering and respond to future demand and supply challenges.
- Boom has commenced significant new work in the infrastructure markets and further growth is expected from these opportunities in FY17.
- While developing new revenue streams, Boom continues to strengthen relationships with strategically important customers in the mining and resources sector.

People & Systems

- Boom is investing in our business managers to assist them to manage effectively through the current challenging economic conditions. The LIFTT (Leadership is for Today and Tomorrow) training program was delivered to all managers in NSW throughout the financial year with positive results. Boom will continue to invest in leadership training across the country.
- 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 verification of competency is undertaken to meet the needs of our customers.
- Boom’s focus on improving labour models and increasing workplace flexibilities and efficiencies has seen improved labour recoverability in the business which is having a positive impact on profitability.

OUR CUSTOMERS, MARKETS & OPERATIONS

Our Customers

Boom continues to focus on long-term customer relationships in the mining and resources, energy, utilities and infrastructure sectors that are strongly aligned to our 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

FY16 was another difficult year of operations in a very challenging environment. Trading conditions remained difficult with oversupply in the market, volatility of demand from customers and continued pressure on prices. During FY16 Boom has been transforming the business to enable it to become more agile and innovative in its approach to bringing value to clients and supporting Boom's revenue and margins. Boom is expanding its service offering and responding to demand for alternative delivery models to meet the needs of our customers.

The transformation is to introduce more flexibility into the operating model allowing the business to respond more effectively to volatile patterns of demand. In doing this the business has reduced operating costs by 25% during FY16 with further savings expected in FY17. The FY16 cost savings have derived from the closure of a number of depots in both FY15 and FY16, a significant reduction in fixed central overhead and most importantly a move to a flexible work force operating under modern enterprise bargaining arrangements. These ongoing initiatives have now helped Boom to deliver improved operating margins with gross margin at 28.2% (FY15: 26.1%) and trading EBITDA margin at 7.4% (FY15: 7.2%).

Whilst the cost savings have had the effect of improving operating margins they were not sufficient to defray the overall decline in revenue that resulted from depot closures, decreases in volume and price from major customers (particularly in the mining sector) and decreased activity on major projects which impacted overall profitability.

Overall, the Group is in a more robust position than 12 months ago and is now positioned for growth. Whilst significant headwinds were experienced during the year revenue grew in aggregate across 15 of its 19 operating depots that have a more moderate exposure to resources or major projects. The majority of Boom's revenue is derived from customer maintenance contracts and increasingly from infrastructure construction projects which was a source of growth in the second half of FY16 and will become increasingly important in FY17.

In the mining sector Boom continues to grow key customer relationships resulting in significant work with FMG being secured in FY16, a successful first year of working with Wesfarmers Curragh coal mine in the Bowen Basin with additional new work in the region being secured with BMA Blackwater mine site that commenced in May 2016. These new relationships supplement the work we continue to do with major customers including BHP Billiton, Rio Tinto, Alcoa, Newmont Boddington Gold, Sydney Rail and contractors to the Gorgon LNG project.

Boom's travel towers continue to serve major customers in the utilities and telecommunications sector including Ausgrid, Water Corporation, Service Stream, Ericsson, Kordia and Nokia.

OUR CUSTOMERS, MARKETS & OPERATIONS (continued)

Operational Improvement Initiatives

To continue momentum in its business transformation initiatives Boom has a program of further business enhancements for FY17.

- Improve profitability and returns from current revenue streams through further progressive changes to the cost base in order to increase flexibility and reduce fixed costs. This will involve the reorganisation of labour in a number of businesses to assist with the recovery of a higher percentage of labour cost in line with productive time. This will allow the Group to work with our clients to develop new service delivery models and compete effectively in the market.
- Build critical mass in existing geographies and markets to capitalise on operational leverage. Building new revenue at existing depots utilising the current operating fleet will deliver significant profit improvement. Key customers have been targeted with a growing customer pipeline and early positive feedback on a number of opportunities.
- Build new revenue with new market opportunities, including work won in the major capital city infrastructure markets. Boom was active in the New South Wales infrastructure market in the second half of FY16 with work on the M4 and M5 projects around Sydney and on the Pacific Highway upgrade. Further growth in this work is expected in FY17.
- Enhance service offering to existing and new customers. Boom has a labour agreement that was approved by Fair Work Commission in June 2016 that allows it to employ labour engaged in a wide range of complementary trades such as electricians, boiler makers, mechanics etc. Revenue streams are to be developed offering a wider package of labour services to existing customers and opening up new opportunities with new customers with little or no capital requirements to derive the revenue.
- Targeting work on major projects and in particular on wind farms as a number of these new projects come on line in FY17.
- Targeting a larger share of travel tower work with our major telecommunication customers as network upgrades continue to be required throughout FY17, albeit with a negative impact associated with an embargo on work during the Olympic Games.

Customer service continues to be central to Boom’s operating model. Reducing operating overhead through the use of effective industrial instruments and efficiency gains will allow the Group to provide a better, more effective service to our customers without compromising on our core competencies of safety and service delivery.

Our Value Proposition

With safety and operational discipline at its core, Boom’s customer value proposition remains unchanged and 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.

OUR CUSTOMERS, MARKETS & OPERATIONS (continued)

Our Value Proposition (continued)

Operational Capability
- Experienced and trained workforce of supervisors, crane operators, riggers and travel tower operators.
- Operational resources and infrastructure to support customers in our core markets.
- Planned and configured services involving operators, cranes, transport, travel towers 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.

OUR HEALTH, SAFETY, QUALITY & ENVIRONMENT

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, leadership and assurance. 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.

OUR HEALTH, SAFETY, QUALITY & ENVIRONMENT (continued)

Safety (continued)

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.

Implementation of the Boom three year HSEQ Strategic Plan for 2015-2017 is progressing on schedule with an emphasis on risk reduction and assurance. The "One-Boom" HSEQ Management System is now implemented and the transition from the older system is well advanced.

Certification to AS/NZS 4801:2001 and OHSAS 18001: 2007 has been maintained.

Safety Leadership Structure

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

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.

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 and leadership responsibilities specified.

Training
Boom's operational training program contains a significant safety leadership element that helps embed good workplace safety as an operational discipline. Recently remodelled as the "LIFTT Program – Leadership is For Today and Tomorrow" the program provides practical guidance such as time management, having "difficult discussions" and task assignment, but concentrates on the importance of sustained and visible leadership through employee engagement and safety interactions.

OUR HEALTH, SAFETY, QUALITY & ENVIRONMENT (continued)

Safety Initiative and Enforceable Undertaking

In 2013 an incident occurred where a load being lifted by two Boom cranes at a client site fell to the ground. No serious injuries occurred. A contravention of the *Work Health and Safety Act 2011* was alleged by SafeWork NSW which was resolved upon Boom entering an Enforceable Undertaking with SafeWork NSW dated 9 August 2016 ("Enforceable Undertaking") that will see positive benefits for Boom personnel through enhanced Leadership training, positive benefits for industry through Boom developing and publishing a lifting gear selection training package that concentrates on complex arrangements and benefits for the Hunter Valley community by supporting the Reach Foundation in its Crew Development Program and work health and safety training programs.

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 2016, Boom's workforce consisted of over 450 permanent 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.

Market conditions have remained very difficult throughout FY16. Boom is assisting its managers to lead the business through these difficult conditions through engaging an external consultant to deliver leadership training in NSW. The LIFTT (Leadership is for Today and Tomorrow) program was delivered to all management and leadership staff in NSW throughout the financial year with positive results. Boom will continue to invest in leadership training across the country.

The depots in Sydney, Wollongong and Brisbane have demonstrated that a combined effort from Boom and Aitkin can deliver on customer expectations in the provision of wet and dry hire of cranes, travel towers and access equipment.

OUR PEOPLE & SYSTEMS (continued)

Overview (continued)

Continued focus on improving labour models and increasing workplace flexibilities and efficiencies has seen improved labour recoverability in the business. Our managers are working closely with our employees to educate them on the challenging market conditions while taking on board employee suggestions to implement efficiencies and gain customer feedback.

Due to the challenging market conditions, right sizing the business in line with revenue has resulted in redundancies across the business. In FY16 there has been a reduction of 94 permanent positions across the workforce. However, the number of casual employees engaged to meet flexible customer demands has increased significantly with 366 casual employees currently being utilised by the business. Notwithstanding these headcount reductions, around 60% of Boom's permanent workforce has greater than 4 years tenure, thereby ensuring the right mix of skills and capability is retained in the business to deliver Boom's value proposition to its customers and generate shareholder return.

In the coming financial year, the business will continue to invest in its people to educate them in achieving efficiencies, flexibilities and leadership across the business.

Indigenous Program

Boom continues to support communities and its customers in developing Indigenous Programs in remote locations of Australia. Boom’s National Indigenous Employment Framework provides a basis for localised strategies to generate work opportunities and support indigenous communities.

Training & Development

Along with implementing the LIFTT program, 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 verification of competency is undertaken to meet the needs of our customers.

The e-Learning Centre continues to be utilised to support the improvement of capability within the Company. Boom's on-line induction, Life Saving Rules and compliance training through the e-Learning Centre provides a solid platform for on-boarding. Accompanied by the New Employee Survey conducted within the first 3 months of employment, Boom ensures employees are given every opportunity to succeed.

CORPORATE GOVERNANCE

Approach to Governance

Corporate governance is important at Boom Logistics and is a fundamental part of the culture and the business practices of the Company.

The Board follows the ASX Corporate Governance Principles and Recommendations 2013 (3rd Edition) and has followed each of the recommendations as at 30 June 2016. The Corporate Governance Statement and Appendix 4G were published on 16 August 2016 and can be found at this URL on our website.

http://www.boomlogistics.com.au/about-us/corporate-governance

Our Board of Directors

Rodney John Robinson (72)
BSc, MGSc
Non-Executive Chairman
APPOINTED 15 NOVEMBER 2002

Brenden Clive Mitchell (57)
BSc (Chem) BBus (Multidiscipline)
Managing Director
APPOINTED 1 MAY 2008

Terence Alexander Hebiton (65)
Non-Executive Director
APPOINTED 22 DECEMBER 2000

Maxwell John Findlay (69)
BEcon, FAICD
Non-Executive Director and Chairman Elect
APPOINTED 18 JULY 2016

Terrence Charles Francis (70)
DBus (hon. causa), BE (Civil), MBA, FIE Aust, FAICD, FFin
Non-Executive Director
APPOINTED 13 JANUARY 2005

Our Executives

Brenden Mitchell
Managing Director & Chief Executive Officer

Tony Spassopoulos
Executive General Manager - East Coast

Malcolm Ross
General Counsel and Company Secretary

Tim Rogers
Chief Financial Officer

Gary Watson
Executive General Manager - West Coast

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 2016.

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 and Non-executive Chairman of Global Mining Investments Limited. During the past three years, Mr. Robinson has not held any other ASX listed public company Directorships. Mr. Robinson is Chairman of the Boom Logistics Risk Committee, Nomination & Remuneration Committee and the Health, Safety, Environment & Quality Committee.

Mr. Robinson has indicated his intention to retire prior to the 2016 AGM which is scheduled for 27 October 2016.

Maxwell John Findlay BEcon, FAICD (Non-executive Director and Chairman elect) (appointed 18 July 2016)
Mr. Findlay was Managing Director and Chief Executive of industrial services company Programmed Group from 1990 until his retirement from executive life in 2008. Since retiring as an executive, Mr. Findlay has engaged in various non-executive roles in industrial services, engineering and government. He is currently Chairman of the Snowy Mountains Engineering Corporation, Director of EVZ Limited and The Royal Children's Hospital.

During the past three years, Mr. Findlay has held ASX listed public company Directorships with EVZ Limited (appointed 14 May 2008) and Skilled Group Ltd (2010 to 2015).

Brenden Clive Mitchell BSc (Chem), BBus (Multidiscipline) (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.

Terrence Charles Francis DBus (hon. causa), BE (Civil), MBA, FIE Aust, FAICD, FFin (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 has over 15 years experience on government and private sector boards and he advises business and government on project development. Previously Mr. Francis was 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. Mr. Francis is Chairman of the Boom Logistics Audit Committee.

DIRECTORS' REPORT (continued)

Directors (continued)

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. 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.

Company Secretary

Malcolm Peter Ross BBus, LLB, LLM, GradDipACG, AGIA (appointed Company Secretary 22 September 2014)

Mr Ross joined the Company on 7 November 2011 as General Counsel and in addition to those responsibilities was appointed Company Secretary on 22 September 2014. Following admission as a solicitor in Victoria in 1997, he worked with Harwood Andrews and then Hall & Wilcox Lawyers. In 2002, he joined InterContinental Hotels Group Plc (FTSE-listed) based in Singapore where his final position was Vice-President and Associate General Counsel with responsibility for Asia Australasia.

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
M.J. Findlay	-
B.C. Mitchell	3,057,235
T.C. Francis	185,745
T.A. Hebiton	547,995

DIRECTORS' REPORT (continued)

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 Committee*		*Nomination and Remuneration Committee*		*Health, Safety, Environment & Quality Committee*		*Risk Committee*	
	Held	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*
R.J. Robinson [1]	13	13	7	7	1	1	4	4	2	2
B.C. Mitchell	13	13	-	-	1	1	4	4	2	2
T.C. Francis	13	13	7	7	1	1	4	4	2	2
T.A. Hebiton	13	13	7	7	1	1	4	4	2	2

[1] John Robinson was appointed to the Audit Committee on 10 July 2015.

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 29 to the financial statements.

Indemnification and Insurance

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

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

Nature of Operations and Principal Activities

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

Operating and Financial Review

Statutory result

Boom Logistics Limited (“Boom” or “the Group”) recorded a statutory net loss after tax for the financial year ended 30 June 2016 (FY16) of $30.2 million (FY15: net loss of $36.9). Statutory earnings before interest expense, tax, depreciation and amortisation (EBITDA) was a loss of $9.3m (FY15: loss of $9.0m) whilst statutory earnings before interest expense and tax (EBIT) was a loss of $28.9m (FY15: loss of $33.2m).

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Trading result

	30-Jun-16 $'m	30-Jun-15 $'m	Change %
Revenue from Services	152.3	203.3	-25%
Operating Costs	(141.1)	(188.7)	-25%
Trading EBITDA	**11.2**	**14.6**	-23%
Less: Non-Trading Expenses (a)	(1.8)	(6.1)	
Less: (Loss)/ Profit on Sale of Assets	(0.4)	3.2	
Interest Income	0.1	0.1	
Impairment of Operating Fleet	(11.6)	(14.5)	
Impairment of Assets Held for Sale	(6.8)	(6.3)	
Statutory EBITDA	**(9.3)**	**(9.0)**	-4%
Depreciation and Amortisation	(19.6)	(24.2)	
Statutory EBIT	**(28.9)**	**(33.2)**	13%

(a) includes restructuring expense of $1.5m (FY15: $5.9m) and $0.3m (FY15: $0.2m) of legal fees that are disclosed within other expenses on the face of the Income Statement

The FY16 Statutory EBITDA Result includes:

- A non-cash impairment charge of $6.8m applied to assets held for sale ($5.9m of the total was incurred in the first half of the year);
- A non-cash impairment charge of $11.6m applied to assets in the operating fleet (all incurred in the first half of the year);
- Restructuring costs of $1.5m, including a provision of $0.3m for restructuring initiatives to be completed in the first quarter of FY16;
- $0.3m of legal costs associated with Boom's 18 metre glove and barrier legal claim; and
- Loss on sale of assets of $0.4m representing less than 3% of the book value of the assets sold during the year.

Adjusting for these costs, Boom's Trading EBITDA for FY16 was a profit of $11.2m (FY15: $14.6m).

Boom's depreciation and amortisation expense for the year was $19.6m (FY15: $24.2m) with statutory EBIT at a loss of $28.9m (FY15: loss of $33.2m).

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

FY16 additional key points

- Positive free cash flow of $22.2m (FY15: $20.4m), after:
  - receiving $15.7m (FY15: $20.3m) in proceeds from the sale of surplus assets
  - funding $1.8m of capital expenditure (FY15: $8.4m)
  - funding $4.1m of net interest expense (FY15: $5.8m)
- Net debt reduced to $49.2m (30 June 2015: $71.0m)
- Gearing (Net Debt / Total Equity) reduced to 29% (30 June 2015: 36%)
- Net Tangible Assets per share of $0.35 (30 June 2015: $0.41)

Review of operations in FY16

Market conditions and impacts

The operating environment remained difficult during the year. Demand from customers was both subdued and volatile creating challenges for resource planning and associated cost management. The market remains over-supplied resulting in a highly competitive market with severe pressure on pricing. The pressure on revenue has intensified over the year with a number of factors impacting Boom's revenue during the year.

- In response to the prevailing market conditions Boom has closed a number of depots in the current and prior financial years. This has had a negative impact on revenue but has increased Boom's profitability and, importantly, contributed to the Group's key strategic objective; increasing the flexibility of the business to respond to future demand and supply challenges. The depot closures have lowered the fixed cost base and released operating fleet either for sale or for redeployment to more profitable depots in order to expand on revenue opportunities.

- The on-going market pressures are sharpest within the resources sector and in particular in the coal sector. The impact of these conditions is most keenly reflected by revenue recorded at three Boom depots operating with a concentration of resources customers. These depots have experienced the sharpest decline in revenue as a result of declining customer demand and pricing pressures.

- The level of major project activity undertaken by Boom has declined in FY16 compared with prior year levels. By its nature this major project activity is volatile. FY16 saw a run off of activity on two major projects that had an associated impact on revenue. The Barrow Island LNG project has completed its construction phase resulting in a wind down of Boom's activity on the project and a non-repeat of the work on the Bald Hills wind farm that was completed in FY15.

Boom has been proactive in making major change to the underlying business. The business is now more robust and flexible, allowing it to respond more effectively to volatile market conditions. These change initiatives are beginning to be reflected in the underlying results of the business.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

- Revenue increased by combined $12 million across 15 of the 19 Boom depots, where a more moderate proportion of revenue is concentrated in resources customers or major projects.

A summary of the revenue impact on FY16 is shown below:

	Impact on FY16 Revenue	
• Closure of unprofitable depots in the current and prior financial years	Decrease	$25 million
• Price and volume pressure from major resources customers. Impact at three resources focussed depots	Decrease	$19 million
• Winding down of major projects during the year	Decrease	$19 million
• Increased activity across 15 of the 19 Boom depots	Increase	$12 million
Revenue from Services	Decrease	$51 million

Overall, the business is being transformed to become far more robust and better able to maintain long term sustainable growth across the network of depots.

Operational improvements

Market conditions have created considerable pressure on revenue throughout the year. To adapt to these conditions Boom has made significant operational improvements to the underlying business.

- Substantial cost saving initiatives have resulted in operating costs declining by 25% in the year:
    - Operating model has been reshaped to improve cost management so that costs can be flexed more in line with the volatility in revenue. This has resulted in an increase to the gross margin recorded of 28.2% (FY15: 26.1%).
    - Fixed costs have been restructured with central costs decreasing by 28%. This has resulted in an improved EBITDA margin of 7.4% (FY15: 7.2%).
- New markets and customers have been established:
    - Boom has begun significant new work in the infrastructure markets which have not historically been core markets for Boom. Further growth is expected from these opportunities in FY17;
    - Whilst developing new revenue streams Boom has continued its commitment to established markets. Profitable new relationships have been established with strategically important customers in resources, in particular with FMG in Western Australia and with Wesfarmers and BMA in Queensland. Building scale in traditional markets to benefit from Boom’s considerable operational leverage is a key part of the FY17 growth plan.
- New service opportunities to develop revenue opportunities. Boom has established a capability in labour hire to allow an integrated labour solution to be offered to customers that goes beyond the traditional offering of crane and travel tower services.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

The impacts of these operational improvements in the business over the year are reflected in the improved margins reported.

	FY16 H1	*FY15 H1*	FY16 H2	*FY15 H2*	FY16	*FY15*
Gross Margin %	29.3%	*28.1%*	27.1%	*23.7%*	28.2%	*26.1%*
Trading EBITDA Margin %	8.4%	*10.6%*	6.2%	*2.9%*	7.4%	*7.2%*

Activity in the third quarter of the year is always subdued as customers reduce their service requirements in January and February. The seasonality of the business means that margins and operating results will typically be lower in the second half of the year compared with the first half of the year. The increased flexibility progressively being built into the business and its associated ability to flex with volatile revenue can be seen in the comparatively better performance in the second half of the current financial year.

During the second half of the year a number of the operational improvements that have been implemented were beginning to have an effect. This work continues into FY17 with further change and improvement to come.

<u>Proceeds from surplus asset sales</u>
The surplus asset sales program continued throughout the year with surplus assets being identified and sold with the proceeds being used to reduce debt. Cash proceeds from surplus asset sales for FY16 amounted to $15.7m (FY16: $20.3m), with $11.3m of this total being received in the first half of the year.

The second half of the year saw a further tightening of the second hand equipment market and an increase in demand for assets within the business as a number of projects were secured in the Sydney infrastructure market. In response to these opportunities Boom withdrew a number of assets from sale towards the end of FY16. These assets are now expected to be deployed on contracts in the first half of FY17. Boom will continue to actively review fleet requirements and sell surplus assets where appropriate.

The oversupply in the second hand equipment market together with the type of surplus assets made available for sale resulted in lower sale prices being achieved in the current year. The assets sold in the year included a number of transport assets that were made available for sale further to the closure of Boom’s specialist transport businesses in Wedgefield and the Hunter Valley. There was a significant national over supply of transport assets in the market and prices on these assets were particularly depressed. Overall, a loss of $0.4m against book value was recorded on sale of assets in FY16 (FY15: $3.2m profit on sale).

<u>Capital expenditure</u>
Boom limited its capital expenditure during the year to essential items such as 10-year inspections. Capital expenditure in FY16 was $1.8m (FY15: $8.3m). Boom operates a well-maintained fleet of operating assets that is considered appropriate to meet the expected market demand in FY17. Short term requirements for particular assets can also be met with cross hired assets where they are available at suitable rates. As such, no significant capital expenditure is forecast for FY17.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

<u>Working capital management</u>
In line with the challenging market conditions payment terms continue to be stretched across the supply chain. A number of major customers have either increased their payment terms during the year or signalled their intention to do so.

Despite this pressure Boom has delivered valuable operational improvements in its accounts receivables process which has resulted in improved debtor collections. At 30 June 2016, Debtor Days Outstanding (Trade Receivables / Operating Revenue x 365 days) was 60.2 days (FY15: 63.9 days), a significant improvement in the current environment.

<u>Fixed asset impairments</u>
Boom tests for asset impairments at each financial reporting date in keeping with the requirements of Australian Accounting Standards Board (AASB) standards *AASB 5: Non-current Assets Held for Sale and Discontinued Operations* and *AASB 136: Impairment of Assets*.

Assets held for sale

- Assets are classified as Assets Held For Sale (AHFS) when the carrying amounts of these assets are expected to be recovered principally through a sale transaction rather than through continuing use.
- AHFS are measured at the lower of carrying amount or fair value less costs to sell and are recognised as current assets.

Impairment of assets

- Boom refers to assets that are in continuing use as assets in the operating fleet or operating assets. These assets are deployed in Boom's State-based business units which are regarded as Cash Generating Units (CGUs) in the application of this accounting standard.
- Impairments are required when the total carrying amount of the assets within a CGU exceeds the fair value of assets in the CGU, as determined by an independent expert valuer.

Based on these assessments, Boom has recognised impairments of $18.4m in FY16 (FY15: $20.8m), comprising $6.8m applied to assets in AHFS (FY15: $6.3m) and $11.6m applied to assets in the operating fleet (FY15: $14.5m). The impairment to the operating fleet was all incurred at 31 December 2015 with no further impairment necessary in the second half of the year. $5.9m of the impairment to AHFS was incurred at 31 December 2015 with only a further $0.9m required in the second half of FY16.

The impairments are non-cash adjustments and have reduced Boom's net tangible asset backing per share by approximately $0.04 per share. Boom's net tangible assets per share as at 30 June 2016 were $0.35 per share (30 June 2015: $0.41).

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

<u>Interest Bearing Loans and Borrowings</u>
A combination of proceeds from surplus asset sales and cash from operating cash flow, supported by strong working capital management, has allowed Boom to reduce its gross debt by $27.4m during the year, down to $51.0m at 30 June 2016 (30 June 2015: $78.4m).

Over the same period net debt (gross borrowing less cash on hand) reduced by $22.2m to $49.2m at 30 June 2016 (30 June 2015: $71.4m). Gearing (net debt/ total equity) reduced to 29% at 30 June 2016 (30 June 2015: 36%).

The debt reduction has strengthened the balance sheet and allowed the Group to secure a new long term finance package to replace the syndicated loan facility that was due to expire in January 2017. At reporting date the new finance facility was fully credit approved by the financiers with completion of legal documentation and draw down on the facilities occurring on 2 August 2016, subsequent to reporting date. Accordingly the borrowings disclosed as at 30 June 2016 relate to the old syndicated bank facility and are therefore disclosed as current liabilities at 30 June 2016.

New Long Term Finance Package
The new finance package includes three complementary facilities with a combined limit of $57.5 million:

- A $25 million, 5 year asset finance facility with De Lage Landen Pty Limited. The principal amortisation under this facility is $3 million per annum with a $10 million balloon payment due at the end of the facility. This facility is secured by a tranche of Boom's high quality assets, realising a loan to asset ratio of approximately 66%.
- A $12.5 million, 3 year syndicated loan facility with NAB and ANZ. Boom has retained the support of its key syndicate members on a facility with improved terms and importantly no fixed amortisation for at least 18 months.
- A $20 million, 3 year securitised trade receivables lending facility with Assetsecure. This facility does not require any amortisation and will flex with Boom's cash requirements.

The new facilities replace the syndicated bank facility with NAB, ANZ and GE. This facility had a facility limit of $52.5 million at 30 June 2016 with an amortisation requirement of $7.5 million per quarter to reduce the facility to $37.5 million upon expiry in January 2017.

The new finance package provides Boom with flexibility and a platform to support growth. Importantly the facility has significantly reduced the amortisation requirement that was a key constraint of the previous facility. Boom intends to reduce debt further over the coming financial year with debt reduction to be made out of operating cash or surplus asset sales where this will provide the best return to shareholders.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

FY17 growth initiatives

Boom's has a program of growth initiatives to deliver in FY17. Priorities are:

Build New Revenue

- Leverage critical mass from current operating network:
  - Operating structure provides Boom with the opportunity to compete effectively for new work. Boom can utilise its existing depot network and operating fleet to build new revenue with few additional fixed cost requirements; and
  - High calibre business development resources have been recruited in key markets to drive revenue growth and the on-going fostering of high quality relationships with our clients.
- New market opportunities:
  - Expand revenues in the infrastructure markets in Sydney and develop a presence in the other capital city markets; and
  - Target work on new major projects and in particular maintenance contracts for wind farms as more of these projects come on line in FY17.
- Develop new services:
  - Towards the end of FY16 Boom had a new EBA labour agreement approved by the Fair Work Commission that allows it to employ labour engaged in a wide range of trades, such as electricians, boiler makers, mechanics etc. Boom intends to offer labour hire services to customers as a new stand alone service and as part of a comprehensive expanded package of services offered as part of existing shut down work to expand our service offering to our customers.

Improve Profitability of Current Revenue

- Continue initiatives to achieve more flexibility in the cost base;
- Continue to renegotiate labour contracts where required; and
- Retain key customers by developing and enhancing service models to deliver mutual gains.

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs

Restructuring

During the financial year, several restructuring programs were undertaken throughout the Group. The restructuring programs were undertaken in response to the decline in overall operating conditions and the requirement to ensure the business is more flexible and able to respond to future trading conditions and customer requirements. This has been managed to ensure that all revenue streams can be adequately and safely supported post restructuring. The total restructuring costs incurred in the year were $1.511 million.

Significant Events After the Balance Date

Finance Facilities

As disclosed in note 18, the Group had successfully secured credit approval for a new long term $57.5 million finance package as at reporting date. Subsequent to reporting date, legal agreements were completed and exchanged with funding under the new facilities becoming effective on 2 August 2016.

Dividend

On 16 August 2016, the Directors of Boom Logistics Limited declared that no final dividend would be paid for the financial year ended 30 June 2016.

Likely Developments and Expected Results

The Directors expect performance to improve as a result of further reducing operating costs, building new revenue in key geographies, expanding services in the infrastructure markets and expanding the range of labour hire services offered to customers.

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 2016 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/about-us/corporate-governance and Annual Reports.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited

The Directors of Boom Logistics Limited present the Remuneration Report for the Company and the Group for financial year ended 30 June 2016 ("FY16"). This report outlines the remuneration arrangements in place for non-executive directors ("NEDs") and the Managing Director and Senior Executives ("Executive KMP").

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

Remuneration Overview

- The total annual remuneration cost of the Company's Executive KMP in FY16 has reduced year on year by $947,207 due to a reduction of Executive KMP positions in the first quarter of FY16.
- Remuneration of Executive KMP did not change in FY16.
- Members of the Executive KMP who achieved specific targets were paid in aggregate $34,164. The Managing Director's STIP was suspended for FY16.
- Share units allocated to Executive KMP under the Long Term Incentive Plan on 29 October 2012 did not meet the vesting condition at the end of FY15 and lapsed.
- Remuneration of NED's has remained unchanged since 2004.
- Following a First Strike at the Annual General Meeting on 27 October 2015 and feedback received from a number of shareholders, a review of the executive remuneration framework has been undertaken to improve the setting of meaningful performance targets to improve alignment with shareholder value.

Revision of Executive Remuneration Framework for FY17

The Board has undertaken a comprehensive review of the Group's remuneration framework including short term and long term incentive plans based on considerations of market practice provided by Ernst & Young ("EY"). There will be no increase to the Managing Director's fixed remuneration for FY17. The Board has approved a revised short term incentive plan ("STIP") and long-term incentive plan ("LTIP") to be implemented for FY17, the Managing Director's grant under the LTIP is subject to shareholder approval at the Annual General Meeting. The Company will first utilise shares which are unallocated under the existing employee share plan and will purchase, on an arm's length basis through the plan trustee, additional shares as required on market to fulfil rights granted under the revised remuneration framework. The Company may issue new shares if options meet vesting conditions under the LTIP following FY19.

The three elements of the remuneration framework drive alignment with shareholder value through allocation of equity in part substitution for cash remuneration. In relation to STIP and LTIP, vesting is subject to performance hurdles being met. Key elements are as follows:

1) **Salary sacrifice Rights Plan:** Executive KMP will be permitted to elect to sacrifice a portion of their fixed annual reward ("FAR") for a grant of rights to acquire shares in the Company ("Rights") equal in value to the amount of FAR sacrificed. The Managing Director will sacrifice 1/3 of his monthly FAR for Rights for the remainder of FY17. Rights will be subject to an exercise restriction of no less than twelve months.

2) **Short Term Incentive Plan (STIP):** This program is focused on the Company's short term objectives. Executive KMP will be required to accept at least 50% of their STIP entitlement as Rights, subject to meeting the performance hurdle based on operating cash flows over the financial year as determined by the Board. The Board considers a cash flow hurdle provides a strong and appropriate short term incentive which is aligned with shareholder interests.

DIRECTORS' REPORT (continued)
Remuneration Report – Audited (continued)

Remuneration Overview (continued)

Revision of Executive Remuneration Framework for FY17 (continued)

3) **Long Term Incentive Plan (LTIP):** the award focuses on the Company's long term objectives (3 year period) and is intended to reward Executive KMP (subject to annual performance hurdles being met) through the grant of ordinary share options. The options are subject to annual progressive performance hurdles and some or all may vest at the end of the three year period if the hurdles are met. The hurdles are based on absolute earnings per share which the Board considers to support strong alignment with shareholders' longer term outlook and expectations of a return on their investment in the Company.

First Strike

At the Company's Annual General Meeting on 27 October 2015, at least 25% of the votes cast were against the adoption of the Remuneration Report for the year ended 30 June 2015 and a first strike was recorded.

Shareholders informed the Company of a number of concerns in the lead up to the AGM and following the meeting. In response to the feedback and general points made, the Board undertook the following measures:

- Revision of the Group's Executive Remuneration Framework as described above to improve alignment with shareholder expectations for a return on investment.
- Appointment of an additional independent non-executive director to the Board. Mr. Max Findlay was appointed on 18 July 2016 as Director and Chairman-elect upon the retirement of Mr. John Robinson prior to the Annual General Meeting.
- Execution of on-going business improvement plan to deliver growth and an adequate return to shareholders within a reasonable timeframe.

The Board is confident these measures will address the concerns of shareholders.

Principles of Remuneration Practices

The Group's remuneration practices are designed to maintain alignment with business strategy, shareholder interests and business performance whilst ensuring remuneration is appropriate. As noted above, in light of the first strike recorded at the last AGM, the senior executive remuneration framework has been reviewed for FY17.

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

In conducting the Executive KMP remuneration review, the following principles are applied:

- Monitoring against external competitiveness, as appropriate using independent market survey data comparing the Group's remuneration levels against industry peers in terms of comparable job size and responsibility;
- Internal equity, ensuring Executive KMP remuneration across the Group is based upon a clear view of the scope of individual positions and the respective responsibilities;

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Principles of Remuneration Practices (continued)

- 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. From time to time, the Nomination and Remuneration Committee also draws upon advice and market survey data from external consultants in discharging its responsibilities (refer page 42).

Details of Key Management Personnel

The tables below set out the KMP and their movements during FY16.

Key Management Personnel (Executive)

Name	Title	Period as a KMP
Brenden Mitchell	Chief Executive Officer & Managing Director	All of FY16
Tim Rogers [a]	Chief Financial Officer	From 31/8/2015
Malcolm Ross	General Counsel & Company Secretary	All of FY16
Tony Spassopoulos	Executive General Manager – East Coast	All of FY16
Gary Watson	Executive General Manager – West Coast	All of FY16
Rosanna Hammond [b]	General Manager – Human Resources	1/7/2015 to 30/9/2015
Paul Martinez [c]	Chief Financial Officer & Director of Strategy	1/7/2015 to 1/10/2015

[a] Tim Rogers joined the Company on 6 July 2015 and was appointed Chief Financial Officer on 31 August 2015.

[b] Rosanna Hammond ceased employment with the Company on 30 September 2015.

[c] Paul Martinez ceased acting as Chief Financial Officer on 31 August 2015 and ceased employment with the Company on 1 October 2015.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Details of Key Management Personnel (continued)

Key Management Personnel (Non-executive Directors)

Name	Position	Committees			
		Audit	Nomination & Remuneration	Health, Safety, Environment & Quality	Risk
John Robinson [d]	Chairman	Member	Chairman	Chairman	Chairman
Maxwell Findlay [e]	Non-executive Director & Chairman elect	Member	-	-	-
Terrence Francis	Non-executive Director	Chairman	Member	Member	Member
Terence Hebiton	Non-executive Director	Member	Member	Member	Member

[d] John Robinson has indicated his intention to retire prior to the 2016 AGM which is scheduled for 27 October 2016.

[e] Maxwell Findlay was appointed Non-executive Director and Chairman elect on 18 July 2016 and was appointed to the Audit Committee on 27 July 2016.

Remuneration Arrangements of Executive Key Management Personnel

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 was most recently formally benchmarked in FY15 using the Hay Group remuneration data. In view of general market conditions and published inflationary and wage related data and the Board’s determination that any increase to executive fixed remuneration would be limited to supporting executive retention and be a small percentage, the Company did not acquire Hay Group data for FY16.

For FY16, the Group’s underlying remuneration structure for the Executive KMP comprises two main components:

Fixed annual reward

For FY16, this element comprises base salary, any fringe benefits (e.g. motor vehicle allowance) and employer contributed superannuation.

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

For FY16, 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 and the Company’s prior practices. In this regard the Group has considered typical reward structures as related to individual job scope and responsibility.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

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

a) *Short term incentive plan*

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.

The Managing Director did not receive any reward under the short term incentive plan. Members of the Executive KMP who achieved specific targets were paid in aggregate $34,164.

b) *Long term incentive plan*

For FY16, 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 prior practice and where appropriate market survey data. 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 plan is based on the Group achieving a ROCE of at least 13% 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.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

b) *Long term incentive plan (continued)*
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 – Smartequity Pty Ltd (previously known as Trinity Management Group Pty Ltd). Smartequity Pty Ltd was paid $16,501 (2015: $31,363) for this service.

No LTIP have vested since 2007 and LTIP will not vest unless Return on Capital Employed ("ROCE") is greater than 13% and service conditions are met. The LTIP structure also includes Good Leaver and Change of Control provisions, further details of which are set out on page 36.

As noted above, the Company has engaged EY to review the Executive KMP remuneration framework including LTIP for FY17.

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 the last 3 financial years.

The following table shows the potential annual remuneration packages for Executive KMP during the year ending 30 June 2016.

Name	Title	Fixed	Variable	
		FAR	STIP % of FAR ^	LTIP % of FAR
Brenden Mitchell	Chief Executive Officer & Managing Director	675,000	40%	45%
Tim Rogers	Chief Financial Officer	284,700	20%	20%
Malcolm Ross	General Counsel & Company Secretary	251,850	20%	20%
Tony Spassopoulos	Executive General Manager – East Coast	425,000	30%	30%
Gary Watson	Executive General Manager – West Coast	350,000	30%	20%
Rosanna Hammond [a]	General Manager – Human Resources	246,123	Nil	Nil
Paul Martinez [b]	Chief Financial Officer & Director of Strategy	450,500	Nil	Nil

[a] Rosanna Hammond ceased employment with the Company on 30 September 2015.

[b] Paul Martinez ceased acting as Chief Financial Officer on 31 August 2015 and ceased employment with the Company on 1 October 2015.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

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

Name	Title	Fixed	Variable	
		FAR	STIP	LTIP
Brenden Mitchell	Chief Executive Officer & Managing Director	54%	22%	24%
Tim Rogers	Chief Financial Officer	71%	14.5%	14.5%
Malcolm Ross	General Counsel & Company Secretary	71%	14.5%	14.5%
Tony Spassopoulos	Executive General Manager – East Coast	62%	19%	19%
Gary Watson	Executive General Manager – West Coast	67%	20%	13%
Rosanna Hammond [a]	General Manager – Human Resources	100%	Nil	Nil
Paul Martinez [b]	Chief Financial Officer & Director of Strategy	100%	Nil	Nil

[a] Rosanna Hammond ceased employment with the Company on 30 September 2015.

[b] Paul Martinez ceased acting as Chief Financial Officer on 31 August 2015 and ceased employment with the Company on 1 October 2015.

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.

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Net profit/(loss) attributable to members of Boom Logistics Limited	**$(30,219)**	$(36,874)	$ (79,455)	$ (2,476)	$ 19,705
Dividends paid	**$ -**	$ -	$ -	$ -	$ -
Share price at financial year end	**$ 0.08**	$ 0.12	$ 0.12	$ 0.09	$ 0.22
Return on capital employed (as defined on previous pages under "Long Term Incentive Plan" section)	**(3.4%)**	(2.0%)	3.8%	6.7%	9.6%
Pre tax investment weighted average cost of capital (as defined on previous pages under "Long Term Incentive Plan" section)	**13.0%**	13.5%	14.5%	13.6%	11.9%

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.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

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 combined with individual performance appraisals to determine recommendations 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. As noted above, in view of general market conditions and published inflationary and wage related data, the Company did not acquire external survey data for FY16. As noted, the Company has engaged EY to review the executive remuneration framework for FY17.

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.

Mr. Mitchell's remuneration package as at 30 June 2016 comprised the following components:

- FAR of $675,000 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. Mr. Mitchell's FAR has remained unchanged for the last 2 years;
- In view of the market conditions, the CEO's STIP of 40% of his FAR was voluntarily suspended in FY16; and
- LTIP 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 subject to shareholder approval at the Company's Annual General Meeting.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

CEO & Managing Director Remuneration (continued)

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

- 12 months pay calculated in accordance with his FAR at the date of redundancy or diminution;
- Long term incentive grants that have vested;
- In certain circumstances, Mr. Mitchell is entitled to LTIP 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 three (3) months written notice or providing payment in lieu of the notice period (based upon the fixed component of the Executive KMP remuneration). If employment is terminated on the grounds of redundancy, in addition to the notice period, all other Executive KMP will be entitled to receive up to 12 months pay calculated in accordance with their FAR.

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, Executive 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 lapse.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Total Remuneration of Executive KMP

Details of the cost to the Group relating to Executive KMP remuneration for the year ended 30 June 2016 are set out below.

	Short Term				Post Employment		Share-based Payments	Long Term	Total Employee Benefits Expense	
	Cash salary	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)										
2016	**602,892**	**-**	**14,650**	**22,471**	**35,000**	**-**	**(22,603)**	**29,675**	**682,085**	**-**
2015	585,775	-	14,096	27,834	35,000	-	33,809	12,009	708,523	4.8%
Tim Rogers (Chief Financial Officer) [d]										
2016	**216,830**	**34,164**	**-**	**-**	**20,599**	**-**	**1,927**	**7,266**	**280,786**	**12.9%**
Malcolm Ross (General Counsel and Company Secretary)										
2016	**230,005**	**-**	**-**	**-**	**21,850**	**-**	**1,705**	**(5,474)**	**248,086**	**0.7%**
2015	225,535	-	-	-	21,426	-	-	2,343	249,304	-
Tony Spassopoulos (Executive General Manager - East Coast)										
2016	**390,008**	**-**	**-**	**-**	**35,000**	**-**	**(8,282)**	**(17,916)**	**398,810**	**-**
2015	383,758	-	-	-	35,000	-	13,469	35,582	467,809	2.9%
Gary Watson (Executive General Manager - Western Australia)										
2016	**318,776**	**-**	**-**	**-**	**30,000**	**-**	**(883)**	**397**	**348,290**	**-**
2015	320,006	-	-	-	30,000	-	5,199	8,744	363,949	1.4%
Rosanna Hammond (General Manager - Human Resources) [e]										
2016	**172,405**	**-**	**-**	**1,187**	**11,544**	**-**	**(6,387)**	**(64,340)**	**114,409**	**-**
2015	205,215	-	-	19,559	21,354	246,128	5,293	9,974	507,523	1.0%
Paul Martinez (Chief Financial Officer & Director of Strategy) [f]										
2016	**301,246**	**-**	**-**	**-**	**17,500**	**-**	**(14,281)**	**(90,388)**	**214,077**	**-**
2015	409,258	-	-	-	35,000	450,500	11,910	29,974	936,642	1.3%
Total Remuneration: Executives										
2016	**2,232,162**	**34,164**	**14,650**	**23,658**	**171,493**	**-**	**(48,804)**	**(140,780)**	**2,286,543**	**-**
2015	2,129,547	-	14,096	47,393	177,780	696,628	69,680	98,626	3,233,750	-

Refer to note 28 for further details.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Total Remuneration of Executive KMP (continued)

[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 $0.1057 per share (2015: $0.1500 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(q).

[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] Tim Rogers' remuneration is from the date he was appointed Chief Financial Officer on 31 August 2015.

[e] Rosanna Hammond ceased employment on 30 September 2015 and was paid $246,128 of termination benefits which were provided for and disclosed as part of the restructuring provision recognised at 30 June 2015. Ms. Hammond's remuneration for FY16 reflects her remuneration paid to the date of cessation excluding this termination benefit. In addition, all share based payments issued to Ms. Hammond lapsed as the 3 year vesting condition was not met.

[f] Paul Martinez ceased employment on 1 October 2015 and was paid $450,500 of termination benefits which were provided for and disclosed as part of the restructuring provision recognised at 30 June 2015. Mr. Martinez's remuneration for FY16 reflects his remuneration paid to the date of cessation excluding this termination benefit. In addition, all share based payments issued to Mr. Martinez lapsed as the 3 year vesting condition was not met.

Determining the STIP Outcomes of the Executive KMP

Tim Rogers (Chief Financial Officer) achieved specific targets in relation to the successful completion of the Group's debt refinancing and was awarded 60% of his STIP for FY16.

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.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Determining the LTIP Outcomes of the Executive KMP (continued)

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date *	Vesting benchmark	Maximum value of grant ^
Brenden Mitchell	**2016**	**5 Nov 15**	**2,182,435**	**5 Nov 18**	**$0.1057**	**RoCE of at least 13%**	**$220,403**
	2015	29 Oct 14	2,025,000	29 Oct 17	$0.1500	RoCE of at least 13%	$295,303
	2014	30 Oct 13	1,679,104	30 Oct 16	$0.2010	RoCE of at least 13%	$337,500
Tim Rogers	**2016**	**5 Nov 15**	**409,111**	**5 Nov 18**	**$0.1057**	**RoCE of at least 13%**	**$41,316**
Malcolm Ross	**2016**	**5 Nov 15**	**361,907**	**5 Nov 18**	**$0.1057**	**RoCE of at least 13%**	**$36,549**
Tony Spassopoulos	**2016**	**5 Nov 15**	**916,084**	**5 Nov 18**	**$0.1057**	**RoCE of at least 13%**	**$92,515**
	2015	29 Oct 14	850,000	29 Oct 17	$0.1500	RoCE of at least 13%	$123,954
	2014	30 Oct 13	597,015	30 Oct 16	$0.2010	RoCE of at least 13%	$120,000
Gary Watson	**2016**	**5 Nov 15**	**502,948**	**5 Nov 18**	**$0.1057**	**RoCE of at least 13%**	**$50,792**
	2015	29 Oct 14	466,667	29 Oct 17	$0.1500	RoCE of at least 13%	$68,053

* 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 yet to vest has been determined as the amount of the grant date fair value that is yet to be expensed assuming all vesting conditions are met. The minimum total value of each grant, if the applicable performance conditions are not met is nil.

During the year, the FY2013 shares allocated to the Executive KMP did not vest as the vesting conditions were not met. In accordance with the LTIP rules, the FY2013 shares had lapsed as follows:

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date	Vesting benchmark	Maximum value of grant in FY2015
Brenden Mitchell	2013	29 Oct 12	1,106,557	29 Oct 15	$0.305	RoCE > WACC by 1%	$193,647
Tony Spassopoulos	2013	29 Oct 12	295,492	29 Oct 15	$0.305	RoCE > WACC by 1%	$51,711

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 the NED fee pool since 2004.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Non-executive Director Fees (continued)

Details of non-executive Directors' remuneration for the year ended 30 June 2016 are as follows:

	Short Term				Post Employment		Share-based Payments	Long Term	Total	
	Salary & fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Termination benefits	Shares	Annual & long service leave		Total performance related
Non-Executive Directors										
John Robinson										
2016	**120,000**	**-**	**-**	**-**	**11,400**	**-**	**-**	**-**	**131,400**	**-**
2015	120,000	-	-	-	11,400	-	-	-	131,400	-
Maxwell Findlay [a]										
2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Terrence Francis										
2016	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**-**	**65,700**	**-**
2015	60,000	-	-	-	5,700	-	-	-	65,700	-
Terence Hebiton										
2016	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**-**	**65,700**	**-**
2015	60,000	-	-	-	5,700	-	-	-	65,700	-
Total Remuneration: Non-Executive Directors										
2016	**240,000**	**-**	**-**	**-**	**22,800**	**-**	**-**	**-**	**262,800**	**-**
2015	240,000	-	-	-	22,800	-	-	-	262,800	-
Total Remuneration: Non-Executive Directors and Executives - Group										
2016	**2,472,162**	**34,164**	**14,650**	**23,658**	**194,293**	**-**	**(48,804)**	**(140,780)**	**2,549,343**	**-**
2015	2,369,547	-	14,096	47,393	200,580	696,628	69,680	98,626	3,496,550	-

[a] Maxwell Findlay was appointed Non-executive Director and Chairman elect on 18 July 2016.

Insurance

Amounts disclosed for remuneration of Directors and Executive 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 2016	Balance 1 July 15	Granted and vested	Net change other (i)	Balance 30 June 16	Granted but not vested
Non-executive & Executive Directors					
John Robinson	830,000	-	-	**830,000**	-
Maxwell Findlay [a]	-	-	-	**-**	-
Brenden Mitchell (ii)	3,057,235	-	-	**3,057,235**	5,886,539
Terrence Francis (ii)	185,745	-	-	**185,745**	-
Terence Hebiton	547,995	-	-	**547,995**	-
Executives					
Tim Rogers [b]	-	-	-	**-**	409,111
Malcolm Ross	-	-	-	**-**	361,907
Tony Spassopoulos	1,081,565	-	-	**1,081,565**	2,363,099
Gary Watson	-	-	-	**-**	969,615
Rosanna Hammond [c]	39,196	-	n/a	**n/a**	n/a
Paul Martinez [d]	190,452	-	n/a	**n/a**	n/a
Total	**5,932,188**	**-**	**-**	**5,702,540**	**9,990,271**

Ordinary shares held in Boom Logistics Limited (number) 30 June 2015	Balance 1 July 14	Granted and vested	Net change other (i)	Balance 30 June 15	Granted but not vested
Non-executive & Executive Directors					
John Robinson	830,000	-	-	**830,000**	-
Brenden Mitchell (ii)	3,057,235	-	-	**3,057,235**	4,810,661
Fiona Bennett [e]	151,885	-	n/a	**n/a**	-
Terrence Francis (ii)	185,745	-	-	**185,745**	-
Terence Hebiton	547,995	-	-	**547,995**	-
Executives					
Iona MacPherson [f]	410,071	-	n/a	**n/a**	n/a
Malcolm Ross	-	-	-	**-**	-
Rosanna Hammond [c]	39,196	-	-	**39,196**	733,161
Paul Martinez [d]	190,452	-	-	**190,452**	1,628,832
Tony Spassopoulos	1,081,565	-	-	**1,081,565**	1,742,507
Gary Watson	-	-	-	**-**	466,667
Total	**6,494,144**	**-**	**-**	**5,932,188**	**9,381,828**

(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 or a related party.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Shareholdings of Directors and Executive KMP (continued)

[a] Maxwell Findlay was appointed Non-executive Director and Chairman elect on 18 July 2016.

[b] Tim Rogers was appointed Chief Financial Officer on 31 August 2015.

[c] Rosanna Hammond ceased employment on 30 September 2015.

[d] Paul Martinez ceased employment on 1 October 2015.

[e] Fiona Bennett resigned on 25 June 2015.

[f] Iona MacPherson ceased employment on 30 November 2014.

All equity transactions with KMP 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 Board did not engage an external remuneration specialist to evaluate and benchmark their remuneration for FY16.

The Board has undertaken a comprehensive review of the Group's remuneration framework including short term and long term incentive plans under advice from EY for FY17. The Board has not engaged EY to provide remuneration recommendations as to remuneration mix and quantum for Executive KMP.

Share Trading Policy

The Group Securities Trading Policy applies to all NEDs and Executive KMP. The policy prohibits KMP from dealing in the Company securities while in possession of material non-public information relevant to the Group.

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 2016.

Non-audit Services

The following non-audit services were provided by KPMG Australia, 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 Australia received or are due to receive the following amounts for the provision of non-audit services:

Taxation services	$18,000
Other services	$201,000

Total remuneration for non-audit services	$219,000
	========

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 Corporations Instrument 2016/191. The Group is of a kind to which the Corporations Instrument applies.

Signed in accordance with a resolution of the Directors.

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 16 August 2016

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 2016 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
Parnter

Melbourne

16 August 2016

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

Consolidated Income Statement
Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000
Revenue	6	**152,347**	206,629
Salaries and employee benefits expense	6(c)	**(80,738)**	(105,419)
Equipment service and supplies expense	6(c)	**(39,843)**	(59,008)
Operating lease expense		**(8,047)**	(10,336)
Other expenses		**(13,101)**	(14,094)
Restructuring expense	19	**(1,511)**	(5,951)
Depreciation and amortisation expense	6(c)	**(19,624)**	(24,214)
Impairment expense	6(c)	**(18,405)**	(20,786)
Loss before financing expense and income tax		**(28,922)**	(33,179)
Financing expense	6(c)	**(4,635)**	(7,987)
Loss before income tax		**(33,557)**	(41,166)
Income tax benefit	7(a)	**3,338**	4,292
Net loss attributable to members of Boom Logistics Limited		**(30,219)**	(36,874)
Basic losses per share (cents per share)	8	**(6.4)**	(7.8)
Diluted losses per share (cents per share)	8	**(6.4)**	(7.8)

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

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

Consolidated Statement of Comprehensive Income
Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000
Net loss attributable to members of Boom Logistics Limited		**(30,219)**	(36,874)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges recognised in equity, net of tax		-	586
Other comprehensive income for the year, net of tax		-	586
Total comprehensive loss for the year attributable to members of Boom Logistics Limited		**(30,219)**	(36,288)

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

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

Consolidated Statement of Financial Position
As at 30 June 2016

	Note	2016 $'000	2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	10(a)	**1,756**	6,995
Trade and other receivables	11	**29,123**	40,676
Inventories	12	**171**	259
Prepayments and other current assets	13	**1,601**	1,924
Assets classified as held for sale	14	**3,928**	8,810
Income tax receivable	7(c)	**4,448**	4,449
TOTAL CURRENT ASSETS		**41,027**	63,113
NON-CURRENT ASSETS			
Property, plant and equipment	15	**206,913**	253,257
Intangible assets	16	**518**	1,675
TOTAL NON-CURRENT ASSETS		**207,431**	254,932
TOTAL ASSETS		**248,458**	318,045
CURRENT LIABILITIES			
Trade and other payables	17	**14,265**	16,845
Interest bearing loans and borrowings	18	**50,753**	25,931
Provisions	19	**8,223**	12,392
Other liabilities	20	**4,079**	5,222
TOTAL CURRENT LIABILITIES		**77,320**	60,390
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	18	-	52,050
Provisions	19	**2,170**	3,144
Deferred tax liabilities	7(b)	**846**	4,185
TOTAL NON-CURRENT LIABILITIES		**3,016**	59,379
TOTAL LIABILITIES		**80,336**	119,769
NET ASSETS		**168,122**	198,276
EQUITY			
Contributed equity	21	**318,065**	318,065
Retained losses	22	**(150,694)**	(120,475)
Reserves	23	**751**	686
TOTAL EQUITY		**168,122**	198,276

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

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

Consolidated Statement of Cash Flows
Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**177,040**	239,148
Payments to suppliers and employees		**(164,670)**	(224,929)
Interest paid		**(4,185)**	(5,920)
Interest received		**71**	146
Income tax received		**1**	1
Net cash provided by operating activities	10(b)	**8,257**	8,446
Cash flows from investing activities			
Purchase of plant and equipment		**(1,762)**	(8,280)
Payment for intangible assets - software development costs		**(22)**	(115)
Proceeds from the sale of plant and equipment		**15,719**	20,337
Net cash provided by investing activities		**13,935**	11,942
Cash flows from financing activities			
Proceeds from borrowings		**5,889**	3,116
Repayment of borrowings		**(33,320)**	(25,066)
Net cash (used in) financing activities		**(27,431)**	(21,950)
Net (decrease) / increase in cash and cash equivalents		**(5,239)**	(1,562)
Cash and cash equivalents at the beginning of the period		**6,995**	8,557
Cash and cash equivalents at the end of the period	10(a)	**1,756**	6,995

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

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

Consolidated Statement of Changes in Equity
Year Ended 30 June 2016

	Note	Issued Capital $'000	Retained Earnings $'000	Cash Flow Hedge Reserve $'000	Employee Equity Benefits Reserve $'000	Total Equity $'000
At 1 July 2014		318,065	(83,601)	(586)	446	234,324
Loss for the year		-	(36,874)	-	-	(36,874)
Other comprehensive income		-	-	586	-	586
Total comprehensive loss		-	(36,874)	586	-	(36,288)
Transactions with owners in their capacity as owners:						
Cost of share based payments	23	-	-	-	240	240
At 30 June 2015		**318,065**	**(120,475)**	**-**	**686**	**198,276**
Loss for the year		**-**	**(30,219)**	**-**	**-**	**(30,219)**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**
Total comprehensive loss		**-**	**(30,219)**	**-**	**-**	**(30,219)**
Transactions with owners in their capacity as owners:						
Cost of share based payments	23	**-**	**-**	**-**	**65**	**65**
At 30 June 2016		**318,065**	**(150,694)**	**-**	**751**	**168,122**

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

1. Corporate Information

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 16 August 2016.

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 Corporations Instrument 2016/191 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 and assumptions

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:

Going concern assumption
In preparing the financial report, the Directors have made an assessment of the ability of the Group 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.

2. Basis of Preparation (continued)

(c) Critical accounting estimates and assumptions (continued)

Going concern assumption (continued)
At 30 June 2016, the Group had a net current asset deficiency of $36.3 million. This was primarily as a result of the requirement to reclassify its $51 million borrowing facility to current, as the facility was due to expire within 12 months of reporting date. These facilities were successfully re-negotiated and credit approval on a new long term $57.5 million finance package had been secured at reporting date, as disclosed in Note 18. Exchange of legal agreements and draw down of this facility occurred subsequent to reporting date on 2 August 2016 as disclosed in Note 32.

Whilst the Group incurred a loss after tax for the year ended 30 June 2016, the Group generated $8.3m of surplus operating cash and a further $15.7m cash proceeds from the sale of surplus assets in the period. The Directors have assessed the forecast trading results and cash flows for the Group, including the impact of restructuring and other initiatives implemented by management to adjust to the changed market conditions. These forecasts are necessarily based on best-estimate assumptions that are subject to influences and events outside of the control of the Group. The current operating environment in some market sectors 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 Group will 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 Group 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 financial report.

Note 15 sets out the basis on which the Directors have determined the recoverable amount of the non-current assets which comprise the operating fleet. The recoverable amount is based on an independent valuation which is predicated on the assumption that the Group will continue as a going concern. In the event that the Group is unable to continue as a going concern, a further provision would be required to write down the value of assets to an alternative basis of valuation.

2. Basis of Preparation (continued)

(c) Critical accounting estimates and assumptions (continued)

Impairment testing of property, plant and equipment including assets classified as held for sale
The Group tests annually whether property, plant and equipment have suffered any impairment, in accordance with the accounting policy stated in note 3(l). The recoverable amounts of property, plant and equipment under their cash-generating units have been determined based on their fair value less costs to sell. Refer to note 15.

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.

Useful lives and residual values of property, plant and equipment
The Group determines the estimated useful lives of assets and related depreciation charges for its property, 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 forty 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 property, 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 indication that residual values can not be achieved.

Assets classified as held for sale measurement
Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value was determined based on an independent valuation reflecting the expected timing of disposals in conjunction with the Group’s sales history of comparable assets.

2. Basis of Preparation (continued)

(c) Critical accounting estimates and assumptions (continued)

Onerous operating lease contracts
The Group has non-cancellable operating leases entered into in previous years. Due to changes in operating activities, the Group stopped using the premises which resulted in surplus leased space. The provision for surplus leased space has been determined based on the discounted future lease payments, less any expected sub-lease income, from the date of lease expiry to current financial year.

(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 an amendment to the property, plant and equipment accounting policy to recognise the treatment of freehold land and buildings (refer to note 3(j)).

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

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 33), investments in subsidiaries are carried at cost less impairments.

3. Summary of Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

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

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

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(l)). 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.

3. Summary of Significant Accounting Policies (continued)

(h) Income tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

3. Summary of Significant Accounting Policies (continued)

(h) Income tax (continued)

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) Property, plant and equipment

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

Land is measured at cost less any accumulated impairment losses.

3. Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

When a major overhaul is performed, the cost is recognised in the carrying amount of property, 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 property, 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 property, plant and equipment is recognised in profit or loss as incurred.

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

Buildings	**20 Years**
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 property, 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.

3. Summary of Significant Accounting Policies (continued)

(k) Intangible assets

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

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

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

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

	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.

3. Summary of Significant Accounting Policies (continued)

(l) Impairment of assets

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

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

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

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

Non-financial assets
The carrying amounts of the Group’s non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For 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 from other assets or groups of assets (the “cash-generating unit”).

3. Summary of Significant Accounting Policies (continued)

(l) Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of an asset, cash-generating unit or a group of cash-generating units exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) 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.

(n) 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.

(o) 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.

3. Summary of Significant Accounting Policies (continued)

(o) 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.

(p) 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 high quality corporate 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.

3. Summary of Significant Accounting Policies (continued)

(p) Employee benefits

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.

(q) Share-based payments

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

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

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

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects 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.

3. Summary of Significant Accounting Policies (continued)

(q) Share-based payments (continued)

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.

(r) 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.

(s) 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.

(t) 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.

3. Summary of Significant Accounting Policies (continued)

(u) 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(n), and trade and other payables 3(m). Refer to note 24 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.

(v) Segment reporting

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

3. Summary of Significant Accounting Policies (continued)

(w) 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 their impacts have not yet been determined nor adopted by the Group in preparing this financial report.

(i) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years commencing on or after 1 January 2016).
(ii) AASB 15 Revenue from Contracts with Customers (effective for financial years commencing on or after 1 January 2018).
(iii) AASB 9 Financial Instruments (effective for financial years commencing on or after 1 January 2018).
(iv) AASB 16 Leases removes the lease classification test for lessees and requires all leases (including those classified as operating leases) to be brought onto the balance sheet (effective for financial years commencing on or after 1 January 2019).

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. Management reports 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.

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.

4. Financial Risk Management

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 24 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.

In light of prevailing market conditions that are impacting the resources and mining services sectors, the Group has taken additional steps to manage liquidity risk. These initiatives include:

- An on-going program of operational restructuring to align cost structures with changes in market demand;
- A fixed cost reduction program to capitalise on efficiencies realised through the standardisation of processes and systems;
- The centralisation of credit review, approval and collections to ensure appropriate management of debtors and accounts receivable;
- In recognition of the availability of underutilised assets in the operating fleet, a reduction in annual capital expenditures supported by asset redeployments to areas of demand and the continuity of maintenance programs for the operating fleet; and
- An on-going review of fleet performance to identify surplus assets for sale.

Due to volatile demand patterns in the mining services sector and the impact of earnings, the Group's surplus asset sales program is a key element in ensuring adequate cash flows are generated to meet financial obligations as they fall due. The market for surplus assets is subject to a number of industry forces and is difficult to predict with any certainty. As such, senior management in the Group is actively engaged in surplus asset sales and meets on a weekly basis to review and manage the program.

4. Financial Risk Management (continued)

Liquidity risk (continued)

At reporting date, the Group had successfully re-negotiated its existing syndicated debt facility agreement and secured credit approval for a new long term $57.5 million finance package as disclosed in Note 18. Exchange of legal agreements and draw down of this facility occurred subsequent to reporting date on 2 August 2016 as disclosed in Note 32.

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 2016, the Group's balance sheet gearing ratio was as follows:

	Note	2016 $'000	2015 $'000
Interest bearing loans and borrowings	18	**51,000**	78,431
Less: cash and cash equivalents	10(a)	**(1,756)**	(6,995)
Net debt		**49,244**	71,436
Total equity		**168,122**	198,276
Gearing ratio		**29%**	36%

Market risk

Market risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments. Refer to note 24 for detailed disclosure.

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 24.

The Group will continue to monitor debt levels and assess the need to enter into further interest rate swap contracts, or other derivative instruments, based on forecast debt levels and prevailing market conditions at that time.

4. Financial Risk Management (continued)

Capital Management

For the purposes of capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management policy is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of its financial covenants. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. As stated in note 21(a), as part of its financing arrangements the Group has restrictions on its ability to pay dividends and return capital to shareholders. During the year the Group's gross debt to trading EBITDA ratio restricted the ability of the Group to adjust its capital structure.

The Group monitors capital on the basis of the balance sheet gearing ratio. This ratio is calculated as net debt divided by total equity. Refer to the liquidity risk section for the current balance sheet gearing ratio. The Group's policy is to maintain a gearing ratio of between 10%-30%.

The Group's capital management, amongst other things, aims to ensure that it meets its financial covenants. The Group will also manage its capital structure through returns to shareholders, as economic conditions and trading results improve.

5. Segment Reporting

Description of operating segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer who is designated as the Group's 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 $15.068 million or 10% of total segment revenue (2015: $25.039 million or 12%) are derived from a single external customer. These revenues are attributable to the Lifting Solutions segment.

5. Segment Reporting (continued)

Segment information

	Lifting Solutions $'000	Other * $'000	Consolidated $'000
Year ended:		***30 June 2016***	
Segment revenue			
Revenue from external customers	**152,276**	**-**	**152,276**
Other income	**-**	**-**	**-**
Total segment revenue	**152,276**	**-**	**152,276**
Interest income from other persons/corporations			**71**
Total revenue			**152,347**
Segment result			
Operating result	**18,249**	**(7,293)**	**10,956**
Net loss on disposal of property, plant and equipment	**(409)**	**-**	**(409)**
Depreciation and amortisation	**(17,888)**	**(1,736)**	**(19,624)**
Restructuring expense	**(1,489)**	**(22)**	**(1,511)**
Impairment of property, plant and equipment	**(11,612)**	**-**	**(11,612)**
Impairment of assets classified as held for sale	**(6,793)**	**-**	**(6,793)**
Loss before net interest and tax	**(19,942)**	**(9,051)**	**(28,993)**
Net interest			**(4,564)**
Income tax benefit			**3,338**
Loss from continuing operations			**(30,219)**
Segment assets and liabilities			
Segment assets	**242,153**	**6,305**	**248,458**
Segment liabilities	**75,146**	**5,190**	**80,336**
Additions to non-current assets	**1,756**	**28**	**1,784**

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

5. Segment Reporting (continued)

Segment information (continued)

	Lifting Solutions $'000	Other * $'000	Consolidated $'000
Year ended:		***30 June 2015***	
Segment revenue			
Revenue from external customers	203,292	-	203,292
Other income	3,191	-	3,191
Total segment revenue	206,483	-	206,483
Interest income from other persons/corporations			146
Total revenue			206,629
Segment result			
Operating result	24,511	(10,076)	14,435
Net gains on disposal of property, plant and equipment	3,191	-	3,191
Depreciation and amortisation	(22,552)	(1,662)	(24,214)
Restructuring expense	(2,363)	(3,588)	(5,951)
Impairment of plant and equipment	(14,492)	-	(14,492)
Impairment of assets classified as held for sale	(6,294)	-	(6,294)
Loss before net interest and tax	(17,999)	(15,326)	(33,325)
Net interest			(7,841)
Income tax benefit			4,292
Loss from continuing operations			(36,874)
Segment assets and liabilities			
Segment assets	305,355	12,690	318,045
Segment liabilities	109,359	10,410	119,769
Additions to non-current assets	8,083	312	8,395

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

6. Revenue and Expenses

	Note	2016 $'000	2015 $'000
(a) Revenue from continuing operations			
Revenue from services		**152,276**	203,292
Interest income from other persons/corporations		**71**	146
		152,347	203,438
(b) Other income			
Profit on disposal of plant and equipment	(i)	**-**	3,191
(i) $409k loss on disposal of plant and equipment was incurred in FY2016 and recognised under other expenses.		**-**	3,191
Total revenue		**152,347**	206,629
(c) Expenses			
Salaries and employee benefits		**75,401**	98,629
Defined contribution plan expense		**5,337**	6,790
Total salaries and employee benefits expense		**80,738**	105,419
External equipment hire		**7,752**	13,386
External labour hire		**6,098**	7,833
Maintenance		**9,638**	12,437
Fuel		**3,059**	5,461
External transport		**7,530**	8,153
Employee travel and housing		**1,355**	3,580
Other reimbursable costs (on-charged to customers)		**1,165**	2,304
Other equipment services and supplies		**3,246**	5,854
Total equipment services and supplies expense		**39,843**	59,008
Depreciation of plant and equipment	15	**18,445**	23,092
Amortisation of intangible assets - software development cost	16	**1,179**	1,122
Total depreciation and amortisation expense		**19,624**	24,214

	Note	2016 $'000	2015 $'000
6. Revenue and Expenses (continued)			
(c) Expenses (continued)			
Impairment of plant and equipment	15	**11,612**	14,492
Impairment of assets classified as held for sale	15	**6,793**	6,294
Total impairment expense		**18,405**	20,786
Interest expense		**3,771**	5,503
Borrowing costs - amortisation (non-cash)		**450**	2,067
Borrowing costs - other		**414**	417
Total financing expense		**4,635**	7,987

7. Income Tax

The major components of income tax benefit are:

(a) Income tax benefit

	2016	2015
Current income tax		
Current income tax (benefit) / expense	**1**	115
Adjustments in respect of current income tax of previous years	**-**	(155)
Deferred income tax		
Relating to origination and reversal of temporary differences	**(3,339)**	(4,252)
	(3,338)	(4,292)

A reconciliation between tax benefit and the accounting loss before income tax (multiplied by the Group's applicable income tax rate) is as follows:

	2016	2015
Accounting loss before tax from continuing operations	**(33,557)**	(41,166)
At the Group's statutory income tax rate of 30% (2015: 30%)	**(10,067)**	(12,350)
Expenditure not allowable for income tax purposes	**71**	25
Adjustments in respect of current income tax of previous years	**-**	(155)
Current year losses for which no deferred tax asset is recognised	**6,658**	8,188
Income tax benefit reported in the consolidated income statement	**(3,338)**	(4,292)

7. Income Tax (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
(b) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax assets				
- Employee leave provisions	**2,380**	2,866	**486**	812
- Allowance for impairment on financial assets	**63**	94	**31**	143
- Liability accruals	**680**	638	**(42)**	155
- Restructuring provisions	**80**	886	**806**	213
- Tax losses	**9,410**	9,410	**-**	(429)
Gross deferred income tax assets	**12,613**	13,894		
Deferred tax liabilities				
- Plant and equipment	**(13,459)**	(18,079)	**(4,620)**	(5,146)
Gross deferred income tax liabilities	**(13,459)**	(18,079)		
Net deferred tax liabilities	**(846)**	(4,185)		
Deferred tax benefit			**(3,339)**	(4,252)

	Note	2016	2015
		$'000	$'000
(c) Income tax (receivable) / payable			
Income tax receivable		**(4,448)**	(4,449)

Income tax receivable represents the anticipated tax refund in respect of the FY2016 year of $4.448 million (2015: $4.449 million) which was paid prior to 30 June 2016 to offset a franking deficit position at the time. The prepayment of tax instalments will continue until the franking deficit is permanently extinguished.

7. Income Tax (continued)

(d) Tax losses

The Group has unused tax losses of $14.846 million (2015: $8.188 million) that have not been recognised as a deferred tax asset based on an assessment of the probability that sufficient taxable profit will be available to allow the tax losses to be utilised in the near future. The unused tax losses remain available indefinitely.

The Group has recognised $9.410 million (2015: $9.410 million) of unused tax losses where it was deemed sufficient taxable income will be available to allow the tax losses to be utilised in the near future.

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:

	Note	2016	2015
		$'000	$'000
Net loss after tax		**(30,219)**	(36,874)
		No. of shares	
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share		**474,868,764**	474,868,764

9. Dividends Paid and Proposed

(a) Dividends paid during the year

There were no dividends paid during the year.

(b) Dividends proposed and not recognised as a liability

There were no dividends proposed and not recognised as a liability as the Directors of Boom Logistics Limited have declared that no final dividend would be paid for the financial year ended 30 June 2016.

	Note	2016 $'000	2015 $'000
(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% (2015: 30%)		**1**	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)	**(4,448)**	(4,449)
		(4,447)	(4,447)

10. Cash and Cash Equivalents

(a) Reconciliation of cash

Cash at bank and on hand	**1,756**	6,995
Closing cash balance	**1,756**	6,995

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 24.

	Note	2016 $'000	2015 $'000

10. Cash and Cash Equivalents (continued)

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

	Note	2016 $'000	2015 $'000
Net loss after tax		**(30,219)**	(36,874)
Non cash items			
Depreciation and amortisation of non-current assets	6(c)	**19,624**	24,214
Impairment of property, plant and equipment	6(c)	**18,405**	20,786
Borrowing costs - amortisation	6(c)	**450**	2,067
Net loss/(profit) on disposal of property, plant and equipment	6(b)	**409**	(3,191)
Share based payments	23	**65**	240
Changes in assets and liabilities			
Decrease in trade and other receivables		**11,553**	14,726
Decrease in inventories		**88**	41
Decrease in prepayments and other assets		**323**	571
Decrease in current tax receivables		**1**	1
(Decrease) in trade and other payables		**(2,580)**	(6,228)
(Decrease) in deferred tax liabilities		**(3,339)**	(4,001)
(Decrease) in provisions		**(5,143)**	(3,704)
(Decrease) in other liabilities		**(1,380)**	(202)
Net cash flow from operating activities		**8,257**	8,446

11. Trade and Other Receivables

	Note	2016 $'000	2015 $'000
Trade receivables	(i)	**27,633**	39,150
Allowance for impairment	24(a)	**(210)**	(314)
		27,423	38,836
Other receivables		**1,700**	1,840
Total trade and other receivables		**29,123**	40,676

(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.

12. Inventories

	2016 $'000	2015 $'000
Stock on hand at cost	**171**	259
Total inventories	**171**	259

13. Prepayments and Other Current Assets

	2016 $'000	2015 $'000
Prepayments	**1,351**	1,557
Other current assets	**250**	367
Total prepayments and other current assets	**1,601**	1,924

14. Assets Classified as Held For Sale

	2016 $'000	2015 $'000
Plant and equipment	**3,928**	8,810
Total assets classified as held for sale	**3,928**	8,810

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 lower of cost and fair value. Fair value was determined from a valuation obtained from an independent valuer dated 24 May 2016 together with the Group's sales history of comparable assets. To provide an indication about the reliability of the inputs when determining fair value, the Group has classified its assets held for sale as level 2 in the fair value hierarchy where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

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 2016 is $3.928 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 $6.793 million (2015: $6.294 million) has been recorded in profit and loss in respect of these assets, which are targeted for sale in FY2017.

15. Property, Plant and Equipment	**Note**	**Rental Equipment $'000**	**Motor Vehicles * $'000**	**Machinery, Furniture, Fittings & Equipment $'000**	**Freehold Land & Buildings $'000**	**Total $'000**
Year ended 30 June 2016						
Carrying amount at beginning net of accumulated depreciation and impairment		**234,762**	**15,228**	**520**	**2,747**	**253,257**
Additions		**1,334**	**-**	**38**	**390**	**1,762**
Disposals	(i)	**(8,922)**	**(1,188)**	**(29)**	**-**	**(10,139)**
Transfers		**(1,720)**	**1**	**1,736**	**(17)**	**-**
Transfer to / from assets held for sale		**(1,260)**	**(6,645)**	**(5)**	**-**	**(7,910)**
Impairment	6(c)	**(11,612)**	**-**	**-**	**-**	**(11,612)**
Depreciation charge for the year	6(c)	**(15,541)**	**(1,773)**	**(1,060)**	**(71)**	**(18,445)**
Carrying amount at end net of accumulated depreciation and impairment		**197,041**	**5,623**	**1,200**	**3,049**	**206,913**
Closing balance at 30 June 2016						
At cost		**361,745**	**16,745**	**7,109**	**3,120**	**388,719**
Accumulated depreciation		**(164,704)**	**(11,122)**	**(5,909)**	**(71)**	**(181,806)**
Net carrying amount		**197,041**	**5,623**	**1,200**	**3,049**	**206,913**

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

(i) Disposals during the year totalled $16.138 million which comprises $10.139 million from property, plant and equipment and $5.999 million from assets classified as held of sale.

Property, plant and equipment with a carrying amount of $206.913 million (2015: $253.257 million) is pledged as securities for current and non current interest bearing loans and borrowings as disclosed in note 18.

15. Property, Plant and Equipment (continued)	**Note**	**Rental Equipment $'000**	**Motor Vehicles * $'000**	**Machinery, Furniture, Fittings & Equipment $'000**	**Freehold Land & Buildings $'000**	**Total $'000**
Year ended 30 June 2015						
Carrying amount at beginning net of accumulated depreciation and impairment		276,956	18,169	4,893	-	300,018
Additions		6,168	14	383	1,715	8,280
Disposals		(17,278)	(303)	(74)	-	(17,655)
Transfers		2,601	5	(3,638)	1,032	-
Transfer to / from assets held for sale		6,377	107	8	-	6,492
Impairment		(20,719)	(67)	-	-	(20,786)
Depreciation charge for the year		(19,343)	(2,697)	(1,052)	-	(23,092)
Carrying amount at end net of accumulated depreciation and impairment		234,762	15,228	520	2,747	253,257
Closing balance at 30 June 2015						
At cost		378,229	33,595	5,427	2,747	419,998
Accumulated depreciation		(143,467)	(18,367)	(4,907)	-	(166,741)
Net carrying amount		234,762	15,228	520	2,747	253,257

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

15. Plant and Equipment (continued)

Impairment
The carrying value of the Group's fixed assets was tested at 30 June 2016 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 a valuation obtained from an independent valuer dated 24 May 2016.

The tough external economic environment prevalent in the Group's key markets and excess of second hand assets available for sale has lead to a decline in asset values across the sector. As a consequence of the sector wide decline in asset values, the Group has recognised an impairment of $11.612 million (2015: $20.786 million) against the carrying value of its operating fleet.

Property, Plant and Equipment
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 amount for any particular Cash Generating Unit ("CGU"). Cash Generating Units are measured on a state based operational level. As a consequence, an impairment charge of $11.612 million (2015: $14.492 million) has been recognised against the value of cranes and travel towers held in the following Cash Generating Units:

	Impairment charge $m	Post impairment Net book value $m
Aitkin CGU	2.497	9.663
Victoria CGU	0.700	6.647
New South Wales CGU	2.482	52.276
Queensland CGU	0.737	36.386
South Australia CGU	0.310	27.499
Western Australia CGU	4.886	73.805
	11.612	206.277

When conducting the 30 June 2016 impairment testing, the Group utilised an independent valuation of the assets as the primary source of reference. The Group did not make any allowance for costs to sell as they were deemed immaterial given the Group's in house expertise and track record of successful asset sales. The Group has classified the assessment as Level 2 in the fair value hierarchy where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

Assets Classified As Held For Sale
An impairment charge of $6.793 million (2015: $6.294 million) has been recognised against assets classified as held for sale. Refer to note 14 for further details.

16. Intangible Assets

	Note	2016 $'000	2015 $'000
Software development costs			
Carrying amount at beginning net of accumulated amortisation and impairment		**1,675**	2,682
Additions - internal development		**22**	115
Amortisation charge for the year	6(c)	**(1,179)**	(1,122)
Carrying amount at end net of accumulated amortisation and impairment		**518**	1,675
Represented by:			
Cost (gross carrying amount)		**5,980**	5,958
Accumulated amortisation and impairment		**(5,462)**	(4,283)
Net carrying amount		**518**	1,675

17. Trade and Other Payables

	Note	2016 $'000	2015 $'000
Current			
Trade payables - creditors		**12,163**	15,908
Other payables		**2,102**	937
Total current trade and other payables		**14,265**	16,845

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 24.

18. Interest Bearing Loans and Borrowings

	Note	2016 $'000	2015 $'000
Secured bank loans - current		**50,753**	25,931
Secured bank loans - non-current		**-**	52,050
Total interest bearing liabilities	24(c)	**50,753**	77,981

Covenant position
The Group was in compliance with all financial and non-financial banking covenants throughout the financial year and as at 30 June 2016.

Syndicated debt facility refinancing
At reporting date, the Group had a syndicated debt facility agreement with National Australia Bank, GE Capital and ANZ Bank that expires in January 2017. The facility limit is $52.5 million and will amortise by $7.5 million per quarter to $37.5 million over its remaining life. As the facility has a remaining term of less than 12 months all borrowing under this facility have been disclosed as current liabilities.

At reporting date, the Group had secured credit approval for a new long term $57.5 million finance package comprising three complementary elements:

- A $25 million, 5 year asset finance facility with De Lage Landen Pty Limited. The facility carries a fixed rate of interest and requires principal amortisation of $3 million per annum with a $10 million payment at the end of the term.
- A $12.5 million, 3 year syndicated loan facility with NAB and ANZ. The facility attracts a floating interest rate with no amortisation requirements for at least the first 18 months. Subsequent to that amortisation payments of between Nil and $2.5 million will be due on 1 January and 1 July (commencing 1 January 2018) dependant on the earnings leverage ratio reported at the end of the preceding quarter.
- A $20 million, 3 year securitised trade receivables facility with Assetsecure. The facility incurs a fixed fee and floating interest on funds drawn. There is no amortisation required over the life of this facility.

Upfront fees payable to the financiers on drawdown of the facilities are less than 1% of the facility limits.

As disclosed in note 32, subsequent to 30 June 2016 legal agreements were completed and exchanged with funding under the new facilities becoming effective on 2 August 2016.

	Note	2016 $'000	2015 $'000

18. Interest Bearing Loans and Borrowings (continued)

Terms and debt repayment schedule

	Currency	Weighted average interest rate	Year of maturity	Carrying amount 2016	Carrying amount 2015
Secured bank loans	**AUD**	**6.2%**	**amortise to Jan 2017**	**51,000**	78,431
Prepaid borrowing costs				**(247)**	(450)
Total interest bearing liabilities				**50,753**	77,981

Refer to note 24(d) for disclosure of fair value versus carrying value.

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

	2016	2015
Total facilities:		
- bank overdraft	**1,000**	1,000
- bank loans and borrowings	**52,500**	82,500
	53,500	83,500
Facilities drawn at reporting date:		
- bank overdraft	**-**	-
- bank loans and borrowings	**51,000**	78,431
	51,000	78,431
Facilities undrawn at reporting date:		
- bank overdraft	**1,000**	1,000
- bank loans and borrowings	**1,500**	4,069
	2,500	5,069

In addition, the Group has an existing $9 million working capital facility arrangement with National Australia Bank for letters of credits, bank guarantees and credit card facilities. As at 30 June 2016, $5.485 million (2015: $6.261 million) was utilised.

Assets pledged as security
Fixed and floating charges are held over all of the Group's assets, including cash at bank, trade and other receivables, and assets classified as held for sale.

19. Provisions

	Note	2016 $'000	2015 $'000
Current			
Employee related provisions		**7,325**	8,617
Property leases		**633**	823
Restructuring		**265**	2,952
Total current provisions		**8,223**	12,392
Non-current			
Employee related provisions		**607**	938
Property leases		**1,563**	2,206
Total non-current provisions		**2,170**	3,144
Total provisions		**10,393**	15,536

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

	Note	Restructuring $'000	Property lease $'000	Total $'000
At 1 July 2015		2,952	3,029	**5,981**
Arising during the year		1,511	-	**1,511**
Utilised		(4,198)	(833)	**(5,031)**
At 30 June 2016		**265**	**2,196**	**2,461**

19. 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 and surplus leased space provisions.

Restructuring
During the financial year, several restructuring programs were undertaken throughout the Group. Restructuring costs incurred during the year totalled $1.511 million, of which $0.265 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 FY2017.

20. Other Liabilities

	2016 $'000	2015 $'000
PAYG tax withheld	**590**	310
Goods and services tax	**1,324**	1,701
Other accrued expenses	**2,165**	3,211
Total other current liabilities	**4,079**	5,222

21. Contributed Equity

(a) Issued and paid up capital

	2016 $'000	2015 $'000
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.

The Group's finance arrangements at reporting date provide pre-conditions on share buy-backs and dividends. These pre-conditions are:
- Gross debt is less than $40 million; and
- The ratio of gross debt to trading EBITDA from the preceding twelve months is less than 2.5 times.

See note 32, subsequent to reporting date the Group agreed a new finance package that became effective on 2 August 2016. The new finance package includes the pre-condition on share buy-backs and dividends that the ratio of gross debt to trading EBITDA from the preceding twelve months is less than 2.5 times.

(b) Movements in shares on issue

	Note	2016 No. of shares	2016 $'000	2015 No. of shares	2015 $'000
Beginning of the financial year		**474,868,764**	**318,065**	474,868,764	318,065
Issued during the year:					
- employee share incentive schemes	(i)	**-**	**-**	-	-
Total issued during the year		**-**	**-**	-	-
End of the financial year		**474,868,764**	**318,065**	474,868,764	318,065

(i) There was no issue of ordinary shares to employees as part of the employee share incentive schemes during the financial year as there was sufficient unallocated ordinary shares in the employee share incentive schemes to cover the FY2016 allotments. Refer to note 27 for further details.

22. Retained Earnings

	Note	2016 $'000	2015 $'000
Balance at the beginning of year		**(120,475)**	(83,601)
Net loss for the year		**(30,219)**	(36,874)
Total		**(150,694)**	(120,475)
Dividends paid	9(a)	**-**	-
Balance at end of year		**(150,694)**	(120,475)

23. Reserves

	Note	2016 $'000	2015 $'000
Employee equity benefits reserve			
Balance at the beginning of year		**686**	446
Share based payments	(i)	**65**	240
Balance at end of year		**751**	686
Cash flow hedge reserve			
Balance at the beginning of year		**-**	(586)
Revaluation	(ii)	**-**	332
Deferred tax		**-**	(251)
Transfer to profit and loss		**-**	505
Balance at end of year		**-**	-
Total reserves		**751**	686

(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 27 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.

	Note	2016 $'000	2015 $'000

24. 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	2016 $'000	2015 $'000
Cash and cash equivalents	10	**1,756**	6,995
Trade and other receivables	11	**29,123**	40,676
		30,879	47,671

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

The Group has no customers that owed more than $3 million of the total trade receivables as at 30 June 2016 (2015: none). 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 decrease of $104,000 (2015: $475,000) 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	2016 $'000	2015 $'000
Balance at 1 July		**314**	789
Impairment loss recognised		**484**	475
Amounts written-off and/or written back		**(588)**	(950)
Balance at 30 June	11	**210**	314

24. Financial Instruments (continued)

(a) Credit risk (continued)

Impairment losses (continued)
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)
2016	**27,633**	**14,506**	**9,416**	**-**	**3,501**	**210**
2015	39,150	19,108	9,436	-	10,292	314

* 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 2016, current trade receivables of the Group with a nominal value of $210,000 (2015: $314,000) were considered impaired and provided for accordingly.

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.

24. Financial Instruments (continued)

(b) Liquidity risk

The tables below analyse the Group's financial liabilities 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 2016	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000
Non-derivative financial liabilities					
Trade and other payables	**14,265**	**(14,265)**	**(14,265)**	**-**	**-**
Secured bank loans	**51,000**	**(52,664)**	**(14,332)**	**(38,332)**	**-**
	65,265	**(66,929)**	**(28,597)**	**(38,332)**	**-**

30 June 2015	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000
Non-derivative financial liabilities					
Trade and other payables	16,845	(16,845)	(16,845)	-	-
Secured bank loans	78,431	(85,032)	(13,052)	(17,121)	(54,859)
	95,276	(101,877)	(29,897)	(17,121)	(54,859)

24. Financial Instruments (continued)

(c) Interest rate risk

Profile

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

	Note	Carrying amount 2016 $'000	2015 $'000
Variable rate instruments			
Financial assets - cash at bank and on hand	10	**1,756**	6,995
Financial liabilities	(i)	**(51,000)**	(78,431)
		(49,244)	(71,436)

(i) Variable rate instruments represent interest bearing loans and borrowings of $51,000,000 (2015: $78,431,000) per note 18.

The Group's main interest rate risk arises from short and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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. The Group's exposures to interest rates on financial liabilities are detailed in note 18. As disclosed in note 18, the Group has agreed a new long term new finance package that became effective on 2 August 2016. The interest rate risk and sensitivity to interest rate risk is disclosed in note 32.

Sensitivity analysis for interest rate risk

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 before tax by $492,440 (2015: $714,360).

24. Financial Instruments (continued)

(d) 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.

Fair values versus carrying amounts
The fair value of all borrowings equals their carrying amount at 30 June 2016.

	Note	**2016**	2015
		$'000	$'000
25. Commitments			
(a) Operating leases commitments			
The Group has entered into commercial leases on certain plant and equipment, motor vehicles and property. These leases have terms ranging from 1 to 10 years.			
Minimum lease payments			
- within one year		**6,103**	5,960
- after one year but not more than five years		**11,738**	10,150
- more than five years		**1,999**	1,370
Aggregate operating lease expenditure contracted for at reporting date		**19,840**	17,480

25. Commitments (continued)

(b) Interest bearing loans and borrowings commitments

The Group has interest bearing loans and borrowings for various items of plant and equipment for periods of between 1 to 5 years.

	Note	2016 $'000	2015 $'000
- within one year		**52,664**	30,173
- after one year but not more than five years		**-**	54,859
Total minimum payments		**52,664**	85,032
- future finance charges		**(1,664)**	(6,601)
Net liability		**51,000**	78,431
- current liability		**51,000**	25,931
- non-current liability		**-**	52,500
		51,000	78,431

The Company has provided guarantees in respect of interest bearing loans and borrowings as disclosed in note 30.

(c) Capital commitments

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

	Note	2016 $'000	2015 $'000
Property, plant and equipment			
- within one year		**-**	197
		-	197

	Note	2016 $'000	2015 $'000

26. Contingencies

There are no contingent assets and liabilities identified at 30 June 2016.

27. Employee Benefits

(a) Employee benefits

	Note	2016 $'000	2015 $'000
The aggregate employee benefit liability is comprised of:			
- accrued salaries, wages and on costs		**2,151**	2,838
- provisions (current)		**7,590**	11,569
- provisions (non-current)		**607**	938
		10,348	15,345

(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.

27. Employee Benefits (continued)

(b) Employee incentive schemes (continued)

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.

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

	2016 Number of shares	2015 Number of shares
Balance at beginning of year	**14,550,791**	14,475,487
- issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	**5,158,579**	6,110,050
- sold / transferred during the year	**(285,047)**	(792,095)
- lapsed during the year	**(4,520,345)**	(5,242,651)
Balance at end of year	**14,903,978**	14,550,791

27. Employee Benefits (continued)

(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	**2016**	2015
		$'000	$'000
Shares issued under employee share schemes	23	**65**	240
		65	240

28. Key Management Personnel

(a) Details of Directors

Non-executive Directors

John Robinson	Chairman (non-executive)
Maxwell Findlay	Director and Chairman elect (non-executive) (appointed 18 July 2016)
Terrence Francis	Director (non-executive)
Terence Hebiton	Director (non-executive)

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:

Tim Rogers	Chief Financial Officer (appointed 31 August 2015)
Malcolm Ross	General Counsel and Company Secretary
Tony Spassopoulos	Executive General Manager – East Coast
Gary Watson	Executive General Manager – West Coast
Rosanna Hammond	General Manager - Human Resources (ceased employment on 30 September 2015)
Paul Martinez	Chief Financial Officer and Director of Strategy (ceased acting as Chief Financial Officer on 31 August 2015) (ceased employment on 1 October 2015)

28. Key Management Personnel (continued)

(c) Summarised compensation of key management personnel

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

	2016	2015
	$	$
Short-term employee benefits	**2,544,634**	2,431,036
Post employment benefits	**194,293**	200,580
Other long term benefits	**(140,780)**	98,626
Termination benefits	**-**	696,628
Share based payments	**(48,804)**	69,680
Total compensation	**2,549,343**	3,496,550

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

(d) Loans to key management personnel

In 2016, there were no loans to individual key management personnel at any time (2015: 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 (2015: Nil).

29. 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 2016 %	Equity interest 2015 %	Investment 2016 $'000	Investment 2015 $'000
AKN Pty Ltd	Australia	**100**	100	**-**	-
Sherrin Hire Pty Ltd	Australia	**100**	100	**32,664**	32,664
Shutdown Staffing Pty Ltd *	Australia	**100**	100	**13,315**	13,315
Boom Logistics (VIC) Pty Ltd	Australia	**100**	100	**374**	374
Total investment in subsidiaries				**46,353**	46,353

* Shutdown Staffing Pty Ltd changed its name from Boom Logistics (QLD) Pty Ltd on 12 January 2016.

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 28 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).

30. 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);
- AKN Pty Ltd (party to the Deed on 3 November 2006 by virtue of a Deed of Assumption);
- Shutdown Staffing 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.

30. Deed of Cross Guarantee (continued)

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

	CLOSED GROUP	
	2016	2015
	$'000	$'000
Consolidated Income Statement		
Revenue	**142,408**	192,286
Salaries and employee benefits expense	**(74,517)**	(101,830)
Equipment service and supplies expense	**(39,101)**	(55,982)
Operating lease expense	**(7,877)**	(10,449)
Other expenses	**(11,623)**	(7,738)
Restructuring expense	**(1,511)**	(5,942)
Depreciation and amortisation expense	**(18,957)**	(23,573)
Impairment expense	**(17,579)**	(20,571)
Financing expense	**(5,012)**	(8,226)
Loss before income tax	**(33,769)**	(42,025)
Income tax benefit	**3,403**	4,552
Net loss for the year	**(30,366)**	(37,473)
Retained losses at the beginning of the year	**(130,277)**	(92,804)
Retained losses at the end of the year	**(160,643)**	(130,277)
Consolidated Statement of Comprehensive Income		
Loss for the year	**(30,366)**	(37,473)
Other comprehensive income		
Cash flow hedges recognised in equity	**-**	586
Other comprehensive income for the year, net of tax	**-**	586
Total comprehensive loss for the year	**(30,366)**	(36,887)

30. Deed of Cross Guarantee (continued)

	CLOSED GROUP	
	2016	2015
	$'000	$'000
Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	**1,745**	6,982
Trade and other receivables	**27,394**	37,287
Inventories	**149**	230
Prepayments and other current assets	**1,605**	1,929
Assets classified as held for sale	**3,522**	8,590
Income tax receivable	**4,448**	4,449
Total current assets	**38,863**	59,467
Non-current assets		
Investments	**599**	599
Property, plant and equipment	**200,266**	245,034
Intangible assets	**518**	1,675
Total non-current assets	**201,383**	247,308
Total assets	**240,246**	306,775
Current liabilities		
Trade and other payables	**13,842**	16,329
Interest bearing loans and borrowings	**50,753**	25,931
Provisions	**7,387**	11,554
Other liabilities	**3,833**	4,715
Total current liabilities	**75,815**	58,529
Non-current liabilities		
Payables	**8,098**	5,119
Interest bearing loans and borrowings	**-**	52,050
Provisions	**2,170**	3,136
Deferred tax liabilities	**(4,010)**	(533)
Total non-current liabilities	**6,258**	59,772
Total liabilities	**82,073**	118,301
Net assets	**158,173**	188,474
Equity		
Contributed equity	**318,065**	318,065
Retained losses	**(160,643)**	(130,277)
Reserves	**751**	686
Total equity	**158,173**	188,474

31. Auditor's Remuneration

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

	2016 **$**	2015 $
Audit services		
- audit and review of financial statements	**210,000**	235,000
Taxation, due diligence and other services		
- taxation services	**18,000**	42,668
- other services	**201,000**	-
Total taxation and other services	**219,000**	42,668
Total remuneration of KPMG Australia	**429,000**	277,668

32. Events After the Balance Sheet Date

Finance Facilities
As disclosed in note 18, the Group had successfully secured credit approval for a new long term $57.5 million finance package as at reporting date. Subsequent to reporting date, legal agreements were completed and exchanged with funding under the new facilities becoming effective on 2 August 2016.

The finance package includes a $25 million fixed interest finance facility with the remaining $32.5 million subject to floating interest rates. Assuming the new facilities were drawn to $51 million being the debt drawn at reporting date, then 49% of debt drawn would have been subject to fixed interest rates and the sensitivity to a change of 100 basis points up or down in variable interest rates would be $325,000 increase or decrease to the Group's profit and loss before tax.

Dividend
On 16 August 2016, the Directors of Boom Logistics Limited declared that no final dividend would be paid for the financial year ended 30 June 2016.

33. Parent Entity Financial Information

(a) Summary financial information

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

	2016 $'000	2015 $'000
Statement of financial position		
Current assets	**33,199**	51,469
Total assets	**270,898**	327,384
Current liabilities	**71,927**	52,934
Total liabilities	**121,537**	148,453
Equity		
Contributed equity	**318,065**	318,065
Employee equity benefits reserve	**751**	686
Cash flow hedge reserve	**-**	-
Retained losses	**(169,455)**	(139,820)
Total equity	**149,361**	178,931
Net loss after tax for the year	**(29,635)**	(37,169)
Total comprehensive loss for the year	**(29,635)**	(81,459)

At 30 June 2016, the Parent entity had a net current asset deficiency of $38.7 million. This was primarily as a result of the requirement to reclassify its $51 million borrowing facility to current, as the facility was due to expire within 12 months of reporting date. These facilities were successfully re-negotiated and credit approval on a new long term $57.5 million finance package had been secured at reporting date, as disclosed in note 18. Exchange of legal agreements and draw down of this facility occurred subsequent to reporting date on 2 August 2016 as disclosed in note 32.

33. Parent Entity Financial Information (continued)

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

	2016 $'000	2015 $'000
Property, plant and equipment		
- within one year	-	197
	-	197

(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 30.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

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 105, and the Remuneration Report in the Directors' Report, set out on pages 28 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 2016 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 30 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 2016.

Signed in accordance with a resolution of the Directors:

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 16 August 2016

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 2016, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group 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 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 42 of the Directors' report for the year ended 30 June 2016. 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 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Paul J McDonald

Partner

Melbourne

16 August 2016

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 12 August 2016.

(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	994	399,743
1,001	-	5,000	1,450	4,041,667
5,001	-	10,000	720	5,599,456
10,001	-	100,000	1,601	58,143,433
100,001	and over		393	406,684,465
			5,158	**474,868,764**
The number of shareholders holding less than a marketable parcel of shares are:			2,309	3,766,410

ASX Additional Information (continued)

(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	National Nominees Limited	98,991,261	20.8%
2	J P Morgan Nominees Australia Limited	52,575,446	11.1%
3	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	30,682,411	6.5%
4	HSBC Custody Nominees (Australia) Limited	16,517,791	3.5%
5	Boom Logistics Employee Share Plans Pty Ltd <Boom Logistics Exec Plan A/C>	14,826,017	3.1%
6	Citicorp Nominees Pty Limited	12,306,619	2.6%
7	Horrie Pty Ltd	10,000,000	2.1%
8	Mr Nikolaus Jakob Woloszczuk	8,188,000	1.7%
9	BNP Paribas Noms (NZ) Ltd <DRP>	7,496,843	1.6%
10	Mr Hong Keong Chiu & Ms Yok Kee Khoo	5,853,624	1.2%
11	Bond Street Custodians Limited <Forager Wholesale Value FD>	5,458,833	1.1%
12	Mestjo Pty Ltd	5,000,000	1.1%
13	Hillmorton Custodians Pty Ltd <The Lennox Unit A/C>	3,533,000	0.7%
14	Mr Bernard Francis O'Neill <Wynflo Superannuation A/C>	3,246,073	0.7%
15	Tarni Investments Pty Ltd <HA & AR Morris Family A/C>	2,687,538	0.6%
16	Professor Kerry Owen Cox	2,500,000	0.5%
17	Summerview Management Pty Ltd <R W PSF A/C>	2,331,430	0.5%
18	Luton Pty Ltd	2,201,531	0.5%
19	Mr Leslie Walter Ramsay & Mrs Maureen Elizabeth Ramsay <Les Ramsay S/F A/C>	2,200,000	0.5%
20	Mr Leslie Raymond Holt	2,175,370	0.5%
	Top twenty shareholders	288,771,787	60.8%
	Remainder	186,096,977	39.2%
	Total	**474,868,764**	**100.0%**

(c) Substantial Holders

Substantial holders in the Company are set out below:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
Rorema Beheer B.V.	66,760,667	14.1%
Horizon Capital Management	32,000,000	6.7%
Forager Funds Management Pty Ltd	30,164,035	6.4%
Greig & Harrison Pty Ltd	30,040,806	6.3%

(d) Voting Rights

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