ABN 28 095 466 961

ANNUAL FINANCIAL REPORT 2018

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

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Boom Logistics Limited ("Boom Logistics" or "the Company") and the entities it controlled for the financial year ended 30 June 2018.

Directors

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

Maxwell John Findlay BEcon, FAICD (Non-executive Chairman) (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 and was previously 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 (2008 to 2017) and Skilled Group Ltd (2010 to 2015). Mr. Findlay is Chairman of the Boom Logistics Risk Committee and Nomination & Remuneration Committee.

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.

Jean-Pierre Buijtels MSc (International Business) (Non-independent, Non-executive Director) (appointed 2 June 2017)
Mr. Buijtels is the portfolio manager of Gran Fondo Capital, a Dutch mutual fund. Since 2007 he has been investing in private equity and public equity at 3i, Gimv and Strikwerda Investments. He has been involved at board level at several companies, currently as observer at Constellation Software Netherlands Holding Coöperatief U.A (a subsidiary of Constellation Software Inc. and the indirect owner of Total Specific Solutions). Since the date of appointment, Mr. Buijtels 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 Infrastructure 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 infrastructure 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. Mr. Hebiton is Chairman of the Health, Safety, Environment & Quality Committee.

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 and options of Boom Logistics Limited were:

Name	*Shares*	*Rights*	*Options*
M.J. Findlay	250,000	-	-
B.C. Mitchell	3,057,235	2,045,013	11,089,286
J-P. Buijtels [a]	-	-	-
T.C. Francis	185,745	-	-
T.A. Hebiton	547,995	-	-

[a] Mr. Buijtels is employed by Rorema Beheer B.V., the fund manager (**the Fund Manager**) of the fund Gran Fondo Capital (**the Fund**) which holds 70,760,675 shares in Boom Logistics Limited (the Company). Mr. Buijtels' remuneration is partly linked to the performance of the Fund, which is influenced by the performance of the shares of the Company as long as the Fund holds shares in the Company. Mr. Buijtels holds a minority economic interest of less than 5% of the units of the Fund and thereby indirectly an economic interest in the Company as long as the Fund holds shares in the Company. The Fund is open-ended and Mr. Buijtels can redeem his units in the Fund against their net asset value minus redemption fee at each transaction day of the Fund. Mr. Buijtels is not a director of the Fund Manager, and does not have the power to exercise votes, control the exercise of votes, dispose of or control the disposal of the Fund's shares in the Company. However, he can influence the decision-making process of the director of the Fund Manager in his capacity as its portfolio manager.

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*
M.J. Findlay	12	12	5	5	1	1	4	4	2	2
B.C. Mitchell	12	12	-	-	1	1	4	4	2	2
J-P. Buijtels	12	12	-	-	1	1	4	3	2	2
T.C. Francis	12	11	5	5	1	-	4	4	2	2
T.A. Hebiton	12	11	5	5	1	-	4	4	2	2

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 13 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 2018 (“FY18”) of $1.5 million (FY17: net loss of $22.6 million). Statutory earnings before interest expense, tax, depreciation and amortisation (EBITDA) was a profit of $20.6 million (FY17: loss of $1.3 million) whilst statutory earnings before interest expense and tax (EBIT) was a profit of $2.4 million (FY17: loss of $19.5 million).

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Trading result

	30-Jun-18 $'m	30-Jun-17 $'m	Change %
Revenue from Services	183.1	150.1	22%
Operating Costs	(162.0)	(139.5)	16%
Trading EBITDA	**21.1**	**10.6**	99%
Add: Non-Trading Income (a)	0.0	2.7	
Less: Non-Trading Expenses (b)	(0.6)	(2.7)	
Add/ (less): Profit/ (loss) on Sale of Assets	0.1	(0.3)	
Impairment of Operating Fleet	0.0	(8.9)	
Less: Impairment of Assets Held for Sale	0.0	(2.8)	
Statutory EBITDA	**20.6**	**(1.3)**	
Depreciation and Amortisation	(18.2)	(18.2)	
Statutory EBIT	**2.4**	**(19.5)**	

(a) proceeds of legal settlement in favour of Boom Logistics relating to the long running glove and barrier legal claim.
(b) includes restructuring expenses of $0.4m (FY17: $2.2m) and $0.2m (FY17: $0.5m) of legal fees that are disclosed within other expenses on the face of the Income Statement.

FY18 Statutory EBITDA includes:

- $0.2 million of legal costs incurred during the year in relation to the glove and barrier legal matter. Boom was awarded $2.7 million plus costs in settlement of the matter during FY17. Whilst the $2.7 million has been received work is on-going to agree the quantum of legal cost recovery that Boom will receive.
- $0.4 million of restructuring costs incurred primarily in relation to the Group's decision to restructure certain crane businesses in order to redeploy the assets to more profitable markets.
- Profit on sale of assets of $0.1 million.

After adjusting for these non-trading expenses, Boom's trading EBITDA for FY18 was a profit of $21.1 million (FY17: $10.6 million).

Boom's depreciation and amortisation for the year was $18.2 million (FY17: $18.2 million) with statutory EBIT at a profit of $2.4 million (FY17: loss of $19.5 million).

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Review of operations in FY18

In a year that has delivered a significant growth in revenue and profit, Boom is pleased to note that the Lost Time Injury Frequency Rate ("LTIFR") was zero at the end of the year. During the year our safety observations conducted by managers and supervisors increased by 20 % which underlies the key focus that Boom places on its safety performance and risk management and the correlation between good safety performance and good financial performance.

The improved financial results during the year were a result of:

- The stronger operating environment; and
- The result of the Group's operational improvement strategy.

Operating environment

The operating environment strengthened in each of the Group's key industry sectors:

- *Resources* – the Group has maintenance contracts with major customers in the resources sector. Production output from our customer base has generally increased over the past year which in turn results in improved volume and revenue earned from maintenance work.

  In addition BHP Olympic Dam carried out a major smelter project in the first half of the year which contributed revenue above the normal maintenance activity. The Group utilised a significant number of assets to complete the project in the first half of the year. The assets were relocated back into operations on the East Coast during the second half and will be available to support the growing customer demand throughout FY19.

- *Infrastructure* – the Group carries out work for the major construction contractors, particularly on road and rail projects. Civil infrastructure activity was strong in FY18 with a solid pipeline of works in both East Coast and West Coast markets over the next period.

- *Wind Farm* – the Group carried out construction of 3 wind farms during the year. Activity in this area has been strong over the last 12 months with the market set to continue for another two years (minimum) based on availability of approved projects. In addition the Group also has considerable expertise and experience in wind farm maintenance which is a growing market as more wind farms commence operations.

Operational improvement strategy

The work Boom has undertaken over the past few years in improving operational flexibility has begun to show tangible results.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

- Delivering better outcomes from the revenue base by contracting with customers to improve efficiencies and ensuring that Boom can grow with our customers. This has involved reducing our cost to serve by offering flexible crane and labour hire solutions to customers with the view of reducing overall cost to customers. Examples include dry hire and flexible labour options that reduce overall mobilisation costs to Boom and its customers whilst increasing utilisation of assets.
- Building revenue streams around existing overhead structures by winning new revenue close to our existing depots and increasing our revenue share at each customer site. During the year we have increased our revenue with third party vendors on our customer sites and increased our capability to supply labour solutions to customers.
- Winning new revenue and projects in wind farm construction and infrastructure supplying cranes and labour services outside the usual crane operator and rigging categories. Boom's labour hire business ("*readi*") has had a successful year in expanding its operations to support the Boom business in delivering labour to both regular operations and to major projects at wind farms and shutdown work for resources customers.

Overall Boom has increased revenue by 22% in the year whilst having sufficient flexibility in the cost structure to only increase total costs by 16%.

Operating fleet

The increased revenue generation and improved trading conditions has been reflected in the fair value of the operating fleet. Boom tests for impairment at each reporting date and no impairment to asset carrying values was considered necessary at 30 June 2018.

The operating fleet is now considered to be right sized and sale of assets during the year was limited to the disposal of a small number of redundant and surplus assets realising cash proceeds of $2.4 million (FY17: cash proceeds of $2.9 million) at a profit of $0.1 million (FY17: loss of $0.3 million). $2.0 million of assets that were previously classified as assets held for sale were transferred back into the fleet during the year to meet increasing customer demand. Assets held for sale at 30 June 2018 were $0.8 million and these assets are expected to be sold in the first half of FY19.

Capital expenditure for the year increased to $6.5 million (FY17: $4.0 million). The largest single component of the expenditure was incurred on Boom's 10 year inspection program to ensure that the fleet is maintained to the highest standards throughout its working life. In addition, Boom commenced its capital expenditure program to refresh the fleet of smaller capacity crane assets and invested in IT hardware and enhanced computer systems to enable sustained growth in the business.

Importantly, Boom also entered into flexible rental agreements that provide the Group access to capital equipment under flexible arrangements without the requirement to commit the capital cost. Investment in fleet capacity can now be made to directly match revenue opportunities with specific assets and customer demand.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Working capital management

Boom maintained its focus on working capital through the year with project work placing greater pressure on debtors in the first half of the year. Overall Boom's debtor days ratio (trade receivables/ operating profit x 365 days) was 66.6 days (FY17: 61.8 days). This will continue to be a focus as growing revenue continues to place pressure on working capital.

Interest bearing loans and borrowings

During the year Boom further reduced its gross debt by $7.9 million to $38.6 million (net of prepaid borrowing costs) (FY17: $46.5 million).

Gearing (net debt/ equity) decreased to 25% (30 June 2017: 30%). Gearing is now considered to be at the lower end of the range given the revenue and growth opportunities that are being identified by the Group. The previously advised guidance on gearing of between 20%-30% is maintained.

Outlook

The outlook for the next 12 months remains strong in all of Booms major markets:

- Resources – production forecasts from customers remain strong with new mine construction activity another factor that may present a further opportunity with Boom's flexible operating model and ability to bring in rented capital to match project revenue. In addition Boom's labour hire business *readi* can support these projects;
- Infrastructure – activity expected to remain strong over the next year which presents opportunities in project revenue for cranes and labour through Boom's labour hire business, *readi*;
- Wind Farms – wind farm construction pipeline remains strong over the next year and Boom maintains its confidence on continuing to win projects and build its revenue in this sector. Further, wind farm maintenance revenue is expected to grow as more wind turbines are built and come on line;
- Telecommunications – the 5G roll out will present an opportunity for our travel towers to increase utilisation as demand grows in this sector; and
- The opportunity for further cost recovery becomes a possibility as increased demand tightens the market.

To better capitalise on the opportunities across the markets Boom has reshaped its leadership team effective from 1 July 2018 to better focus on these opportunities:

- General Manager *readi* – focussing on national labour hire business;
- General Manager Northern Region – focussing on the Queensland and New South Wales markets;
- General Manager Southern Region – focussing on the Victorian, South Australian and Western Australian markets;
- General Manager Metropolitan Regions – focussing on capital city markets; and
- Projects Division – focussing on wind farm construction market and civil infrastructure.

DIRECTORS' REPORT (continued)

Corporate Governance

The Group recognises the need for the highest standards of corporate behaviour and accountability. The Directors of Boom Logistics have accordingly followed the 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/abut-us/corporate-governance and annual reports.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs other than that reported in the Operating and Financial Review section disclosed above.

Significant Events After the Balance Date

The Company intends to undertake a minimum holding buy-back for shareholders who hold less than a marketable parcel of shares (i.e. shareholdings with a value of $500 or less). The buy-back price will be the volume-weighted average price of Boom shares sold on the ASX over the 5 trading days prior to Thursday 23 August 2018. The buy-back will open on 28 August 2018.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2018 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Directors expect performance to continue to improve as a result of building new revenue and expanding services in key geographies and markets and further capitalising on the operational leverage that persists within Boom's cost structure leading to improving margins.

The Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than the 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 2018 and future periods.

There have been no significant known breaches of any environmental regulations to which the Group is subject.

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 2018 ("FY18"). This report outlines the remuneration arrangements in place for non-executive directors ("NEDs") and the Managing Director and Senior Executives ("Executive KMP").

Key management personnel ("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.

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. The Executive KMP remuneration framework and 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;
- 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 the review and making recommendations:

- With regard to remuneration policies applicable to the Directors, Executive KMP and employees generally;
- In relation to the remuneration of Directors and Executive KMP;
- Of general remuneration principles, including incentive schemes, bonuses and share plans that reward individual and team performance;
- With regard to termination policies and procedures for Directors and Executive KMP;
- In relation to the Group's superannuation arrangements; and
- 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 non-executive Directors, three of whom are independent 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.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Details of Key Management Personnel
The tables below set out the KMP and their movements during FY18.

Key Management Personnel (Executive)

Name	Title	Period as a KMP
Brenden Mitchell	Chief Executive Officer & Managing Director	All of FY18
Tim Rogers	Chief Financial Officer	All of FY18
Malcolm Ross	General Counsel & Company Secretary	All of FY18
Tony Spassopoulos	Chief Operating Officer	All of FY18
Shane Stafford	General Manager – readi	All of FY18

Key Management Personnel (Non-executive Directors)

Name	Position [a]	Committees			
		Audit	Nomination & Remuneration	Health, Safety, Environment & Quality	Risk
Maxwell Findlay	Chairman	Member	Chairman	Member	Chairman
Jean-Pierre Buijtels	Non-executive Director	-	Member	Member	Member
Terrence Francis	Non-executive Director	Chairman	Member	Member	Member
Terence Hebiton	Non-executive Director	Member	Member	Chairman	Member

[a] All non-executive directors are independent, except for Jean-Pierre Buijtels who is not independent.

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. The Group’s revised remuneration structure for the Executive KMP comprises two main components:

<u>Fixed annual reward</u>

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.

a) *Salary sacrifice rights plan*
   Eligible executives will be permitted to salary sacrifice a portion of their pre-tax fixed annual remuneration to acquire equity in the form of rights to fully paid ordinary shares in the Company.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Fixed annual reward (continued)

a) *Salary sacrifice rights plan (continued)*

Each right is a right to acquire one ordinary share in the Company. The exact number of rights to be granted is based on the amount of salary sacrificed and the 5 day volume weighted average price prior each month. Rights do not carry any dividend or voting rights. Rights will be granted twice a year following the announcement of the half-year and full-year results or in any event, within twelve months of the Annual General Meeting ("AGM"). Rights will have a twelve month exercise restriction from the relevant grant dates.

Variable remuneration

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

b) *Short term incentive plan*

Eligible executives will have the opportunity to receive short term incentives subject to meeting performance hurdles over the financial year. 50% of the STIP outcome achieved for the financial year will be delivered in cash and 50% will be delivered in equity in the form of rights to ordinary shares in the Company.

Each right is a right to acquire one ordinary share in the Company. The exact number of rights to be granted is based on 50% of the STIP outcome divided by the 5 day volume weighted average price after the release of full year results. Rights do not carry any dividend or voting rights. Rights will be granted following the announcement of the full-year results or in any event, within twelve months of the AGM. Rights will have a six month exercise restriction commencing from the grant date.

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.

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

c) *Long term incentive plan*
Eligible executives will be granted options to acquire ordinary shares in the Company, subject to annual progressive performance hurdles and some or all may vest at the end of the three year period if the performance hurdles are met.

Each option is a right to acquire one ordinary share in the Company (or an equivalent cash amount) subject to payment of the exercise price. The exact number of options to be granted will be the LTIP award divided by the option valuation using a Binomial valuation methodology prior to grant date. The option exercise price is calculated based on the 5 day volume weighted average price prior to the grant date. Options do not carry any dividend or voting rights. Options will be granted within twelve months of the Annual General Meeting.

Options are subject to a performance hurdle based on absolute Earnings Per Share (“EPS”), which is measured progressively in 3 tranches over a three year performance period. Progressive performance targets will be established by the Board of Directors, however an absolute EPS hurdle must be achieved at the end of year three for any options to vest. There is no pro-rata vesting if this target is not met. The Board of Directors retains a discretion to adjust the EPS hurdle as required to ensure plan participants are neither advantaged nor disadvantaged by matters outside management’s control that materially affect absolute EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

Options will be tested in three equal tranches and may vest at the end of the 3 year performance period as follows:

- **Tranche 1 performance:** If the progressive target established by the Board of Directors is met at the end of year one, 1/3 of the options will be eligible to vest at the end of the 3 year performance period (provided the Tranche 3 progressive target is also met).

- **Tranche 2 performance:** If the progressive target established by the Board of Directors is met at the end of year two, 1/3 of the options will be eligible to vest at the end of the 3 year performance period (provided the Tranche 3 progressive target is also met).

- **Tranche 3 performance:** If the overall absolute EPS target is met at the end of year three, 1/3 of the options will be eligible to vest at the end of the 3 year performance period (along with those options that met the progressive targets in respect of Tranches 1 and 2).

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration

c) *Long term incentive plan (continued)*

Legacy LTIP (FY16 and prior years)
All amounts eligible to be awarded under the legacy LTIP ended on 30 June 2018. No amounts vested under the plan as the performance hurdle of achieving a ROCE of at least 13% at 30 June 2018 was not achieved.

The following table shows the potential annual remuneration packages for Executive KMP during the financial year.

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	304,971	20%	20%
Malcolm Ross	General Counsel & Company Secretary	267,195	20%	20%
Tony Spassopoulos	Chief Operating Officer	461,865	30%	30%
Shane Stafford	General Manager – readi	247,226	30%	20%

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 and previous financial years which have resulted in no vesting of any LTIP shares over the five year period.

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Net loss attributable to members of Boom Logistics Limited	**$ (1,547)**	$ (22,630)	$ (30,219)	$ (36,874)	$ (79,455)
Dividends paid	**$ -**	$ -	$ -	$ -	$ -
Share price at financial year end	**$ 0.24**	$ 0.09	$ 0.08	$ 0.12	$ 0.12
Earnings per share	**$ (0.00)**	$ (0.05)	n/a	n/a	n/a
Return on capital employed	**1.6%**	(3.7%)	(3.4%)	(2.0%)	3.8%
Pre tax investment weighted average cost of capital	**13.9%**	13.5%	13.0%	13.5%	14.5%

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.

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 2018 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 4 years;
    - Mr. Mitchell has elected to salary sacrifice 30% of his FAR for rights to ordinary shares in the Company equating to an annual value of $202,500;
- STIP equivalent to 40% of his FAR upon achievement of performance conditions set by the Board of Directors on an annual basis. 50% of the STIP outcome achieved for the financial year will be delivered in cash and 50% will be delivered in equity in the form of rights to ordinary shares in the Company. The cash payment of any bonus under the STIP will take place after the annual audit of the Group's financial report which typically occurs in the first half of the following financial year. No STIP is awarded if performance conditions are not met; and
- LTIP equivalent to 45% of his FAR is allocated in options of the Company with a performance hurdle based on absolute EPS, which is measured progressively in 3 tranches over a 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;
- Vested employee entitlements;
- STIP rights that have vested and if not exercised the exercise restrictions will be lifted. Where employment ceased prior to the STIP outcome being determined, the Board of Directors may at its discretion determine a pro-rated STIP based on the proportion of the performance period that has elapsed at the time of cessation. To the extent the relevant performance conditions are satisfied, the STIP award will be paid in cash and no rights will be allocated;
- LTIP options that have vested. Where employment ceased before the options vest, unvested options will continue "on-foot" and will be tested following the end of the original vesting date, and vesting to the extent that the relevant conditions have been satisfied (ignoring any service related conditions).

The Board of Directors also have a broader discretion to apply any other treatment that it deems appropriate in the circumstances.

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 STIP and LTIP that have vested will be awarded. Where employment ceased prior to the STIP outcome being determined or LTIP options vest, the treatment will be the same as that disclosed in the CEO & Managing Director Remuneration section above.

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 STIP rights and LTIP shares or options will 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 2018 are set out below.

	Short Term				Post Employment	Share-based Payments [b]				Long Term	Total Employee Benefits Expense	Total performance related
						Salary sacrificed rights						
	Cash salary	Cash bonus	Non monetary benefits	Other [a]	Super-annuation	Not granted [c]	Granted	STIP rights	LTIP shares & options	Annual & long service leave [d]		
Executives												
Brenden Mitchell (Chief Executive Officer & Managing Director)												
2018	**428,237**	**135,000**	**-**	**14,275**	**25,000**	**67,500**	**135,000**	**135,000**	**176,080**	**(17,116)**	**1,098,976**	**40.6%**
2017	494,814	-	1,223	8,976	35,000	67,500	67,500	-	63,625	545	739,183	8.6%
Tim Rogers (Chief Financial Officer)												
2018	**247,577**	**30,497**	**-**	**4,404**	**25,000**	**9,332**	**18,658**	**30,497**	**34,563**	**4,712**	**405,240**	**23.6%**
2017	254,047	5,865	-	367	28,687	8,928	4,464	5,865	13,937	(3,962)	318,198	8.1%
Malcolm Ross (General Counsel and Company Secretary)												
2018	**244,014**	**21,376**	**-**	**-**	**24,167**	**-**	**-**	**21,375**	**30,459**	**4,246**	**345,637**	**21.2%**
2017	223,236	10,377	-	-	22,506	-	-	10,377	12,330	17,648	296,474	11.2%
Tony Spassopoulos (Chief Operating Officer)												
2018	**394,038**	**69,280**	**-**	**27,827**	**25,000**	**15,000**	**-**	**69,280**	**78,080**	**(2,522)**	**675,983**	**32.0%**
2017	387,796	-	-	13,913	35,000	-	-	-	27,822	25,989	490,520	5.7%
Shane Stafford (General Manager - readi)												
2018	**204,287**	**14,834**	**-**	**1,404**	**22,817**	**6,696**	**13,390**	**14,832**	**29,167**	**18,911**	**326,338**	**18.0%**
2017	150,508	14,402	-	20,833	17,353	6,472	4,854	14,402	12,001	13,447	254,272	16.0%
Total Remuneration: Executives												
2018	**1,518,153**	**270,987**	**-**	**47,910**	**121,984**	**98,528**	**167,048**	**270,984**	**348,349**	**8,231**	**2,852,174**	**-**
2017	1,510,401	30,644	1,223	44,089	138,546	82,900	76,818	30,644	129,715	53,667	2,098,647	-

Refer to note 17 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 represent a combination of rights, shares and options in Boom Logistics Limited granted under the remuneration structures. Only the expense relating to the period has been recognised in accordance with the accounting policy disclosed in note 17.

[c] Rights awarded as part of the STIP are expected to be granted after the announcement of the full year results and not later than 31 August 2018.

[d] 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.

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.

Details of non-executive Directors' remuneration for the year ended 30 June 2018 are as follows:

	Short Term				Post Employment	Share-based Payments	Long Term	Total
	Salary & fees	**Cash bonus**	**Non monetary benefits**	**Other**	**Super-annuation**	**All**	**Annual & long service leave**	
Non-Executive Directors								
Maxwell Findlay								
2018	**120,000**	**-**	**-**	**-**	**11,400**	**-**	**-**	**131,400**
2017	102,381	-	-	-	9,726	-	-	112,107
Jean-Pierre Buijtels [a]								
2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2017	-	-	-	-	-	-	-	-
Terrence Francis								
2018	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**65,700**
2017	60,000	-	-	-	5,700	-	-	65,700
Terence Hebiton								
2018	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**65,700**
2017	60,000	-	-	-	5,700	-	-	65,700
Total Remuneration: Non-Executive Directors								
2018	**240,000**	**-**	**-**	**-**	**22,800**	**-**	**-**	**262,800**
2017	222,381	-	-	-	21,126	-	-	243,507
Total Remuneration: Non-Executive Directors and Executives - Group								
2018	**1,758,153**	**270,987**	**-**	**47,910**	**144,784**	**884,909**	**8,231**	**3,114,974**
2017	1,732,782	30,644	1,223	44,089	159,672	320,077	53,667	2,342,154

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Non-executive Director Fees (continued)

[a] Jean-Pierre Buijtels is not paid a Director's fee. Instead, the Company pays for his travel and accommodation costs whilst attending Board of Director and committee meetings in Australia up to a maximum of $65,700 per financial year.

Equity Instruments Held by KMP

Summary of equity instruments held by KMP at reporting date are as follows:

Name	Shares	SSRP Rights	STIP Rights	LTIP Options
Max Findlay	250,000	-	-	-
Brenden Mitchell	3,057,235	2,045,013	-	11,089,286
Jean-Pierre Buijtels	-	-	-	-
Terrence Francis	185,745	-	-	-
Terence Hebiton	547,995	-	-	-
Tim Rogers	-	234,793	49,580	2,174,639
Malcolm Ross	-	-	87,718	1,916,361
Tony Spassopoulos	1,081,565	-	-	4,911,894
Shane Stafford	-	184,461	121,743	1,773,138

Shareholdings of Directors and Executive KMP

Ordinary shares held in Boom Logistics Limited (number) 30 June 2018	**Balance at start of year**	**Net change other (i)**	**Balance at end of year**	**Granted but not vested**
Non-executive & Executive Directors				
Maxwell Findlay	-	250,000	**250,000**	-
Brenden Mitchell (ii)	3,057,235	-	**3,057,235**	2,182,435
Jean-Pierre Buijtels [a]	-	-	**-**	-
Terrence Francis (ii)	185,745	-	**185,745**	-
Terence Hebiton	547,995	-	**547,995**	-
Executives				
Tim Rogers	-	-	**-**	409,111
Malcolm Ross	-	-	**-**	361,907
Tony Spassopoulos	1,081,565	-	**1,081,565**	916,084
Shane Stafford	-	-	**-**	-
Total	**4,872,540**	**250,000**	**5,122,540**	**3,869,537**

(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] Mr. Buijtels is employed by Rorema Beheer B.V., the fund manager (**the Fund Manager**) of the fund Gran Fondo Capital (**the Fund**) which holds 70,760,675 shares in Boom Logistics Limited (the Company). Mr. Buijtels' remuneration is partly linked to the performance of the Fund, which is influenced by the performance of the shares of the Company as long as the Fund holds shares in the Company. Mr. Buijtels holds a minority economic interest of less than 5% of the units of the Fund and thereby indirectly an economic interest in the Company as long as the Fund holds shares in the Company. The Fund is open-ended and Mr. Buijtels can redeem his units in the Fund against their net asset value minus redemption fee at each transaction day of the Fund. Mr. Buijtels is not a director of the Fund Manager, and does not have the power to exercise votes, control the exercise of votes, dispose of or control the disposal of the Fund's shares in the Company. However, he can influence the decision-making process of the director of the Fund Manager in his capacity as its portfolio manager.

SSRP Outcomes of the Executive KMP

The following table shows the rights to ordinary shares granted to Executive KMP during the financial year under the salary sacrifice rights plan.

Name	Year	Grant date	Grant number	Fair value per right at grant date	Exercise date	Expiry date	Value of rights granted during the year
Brenden Mitchell	2018	22 Feb 18	525,326	$0.1925	22 Feb 19	22 Feb 28	$101,250
	2017	29 Aug 17	896,095	$0.1130	29 Aug 18	29 Aug 27	$101,250
Tim Rogers	2018	22 Feb 18	74,201	$0.1925	22 Feb 19	22 Feb 28	$14,194
	2017	29 Aug 17	118,524	$0.1130	29 Aug 18	29 Aug 27	$13,392
Shane Stafford	2018	22 Feb 18	52,995	$0.1925	22 Feb 19	22 Feb 28	$10,154
	2017	29 Aug 17	85,919	$0.1130	29 Aug 18	29 Aug 27	$9,708

SSRP rights are granted twice per annum during the trading window following the release of the half-year and full year results. Amounts are salary sacrificed monthly and are held until granting of rights during a trading window.

The following table shows the potential rights to ordinary shares not yet granted to Executive KMP equivalent to the amount of salary sacrificed to 30 June 2018 since the most recent granting of rights under the salary sacrifice rights plan.

Name	Year	Number of rights not yet granted	Value of rights not yet granted
Brenden Mitchell	2018	344,244	$67,500
Tim Rogers	2018	47,593	$9,332
Tony Spassopoulos	2018	75,240	$15,000
Shane Stafford	2018	34,149	$6,696

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

SSRP Outcomes of the Executive KMP (continued)

Rights to ordinary shares (number) 30 June 2018	Grant date	Balance at start of year	Granted during year	Balance at end of year
Salary Sacrifice Rights				
Brenden Mitchell	22 Feb 18	-	525,326	**525,326**
	29 Aug 17	-	896,095	**896,095**
	23 Feb 17	623,592	-	**623,592**
		623,592	**1,421,421**	**2,045,013**
Tim Rogers	22 Feb 18	-	74,201	**74,201**
	29 Aug 17	-	118,524	**118,524**
	23 Feb 17	42,068	-	**42,068**
		42,068	**192,725**	**234,793**
Shane Stafford	22 Feb 18	-	52,995	**52,995**
	29 Aug 17	-	85,919	**85,919**
	23 Feb 17	45,547	-	**45,547**
		45,547	**138,914**	**184,461**
Total		**711,207**	**1,753,060**	**2,464,267**

DIRECTORS' REPORT (continued)

Determining the STIP Outcomes of the Executive KMP

For the FY2017 STIP, the following table shows the rights to ordinary shares granted to Executive KMP during the year. There were no movements in these STIP rights during the reporting period and totalled 259,041 at year end.

Name	Year	Grant date	Grant number	Fair value per right at grant date	Exercise date	Expiry date	Value of rights granted during the year
Tim Rogers	2017	27 Sep 17	49,580	$0.1183	27 Mar 18	27 Sep 27	$5,865
Malcolm Ross	2017	27 Sep 17	87,718	$0.1183	27 Mar 18	27 Sep 27	$10,377
Shane Stafford	2017	27 Sep 17	121,743	$0.1183	27 Mar 18	27 Sep 27	$14,402

For the FY2018 STIP, the Nomination and Remuneration Committee conducted a review of the Executive KMP performance against their set targets which resulted in the following STIP being awarded to the Executive KMP after approval by the Board of Directors. The STIP will be settled 50% in cash and 50% in rights to ordinary shares in the Company after the announcement of the full year results.

Name	Title	Maximum STIP $	Weighting[a] %	Total Cost $
Brenden Mitchell	Chief Executive Officer & Managing Director	270,000	100.0%	270,000
Tim Rogers	Chief Financial Officer	60,994	100.0%	60,994
Malcolm Ross	General Counsel & Company Secretary	53,439	80.0%	42,751
Tony Spassopoulos	Chief Operating Officer	138,560	100.0%	138,560
Shane Stafford	General Manager - readi	74,168	40.0%	29,667

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

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Determining the LTIP Outcomes of the Executive KMP

Set out below are options granted to the Executive KMP under the LTIP during the year including those granted in previous years which remain active.

Name	Year	Grant date	Grant number	Vesting date	Fair value per option at grant date	Exercise price	Expiry date	Vesting Benchmark	Value of options granted during the year
Brenden Mitchell	2018	30 Nov 17	4,339,286	31 Aug 20	$0.0700	$0.2120	30 Sep 20	$0.025 EPS	$303,750
	2017	4 Nov 16	6,750,000	31 Aug 19	$0.0450	$0.1080	4 Sep 19	$0.020 EPS	$303,750
Tim Rogers	2018	30 Nov 17	871,346	31 Aug 20	$0.0700	$0.2120	30 Sep 20	$0.025 EPS	$60,994
	2017	4 Nov 16	1,303,293	31 Aug 19	$0.0450	$0.1080	4 Sep 19	$0.020 EPS	$58,648
Malcolm Ross	2018	30 Nov 17	763,414	31 Aug 20	$0.0700	$0.2120	30 Sep 20	$0.025 EPS	$53,439
	2017	4 Nov 16	1,152,947	31 Aug 19	$0.0450	$0.1080	4 Sep 19	$0.020 EPS	$51,883
Tony Spassopoulos	2018	30 Nov 17	1,979,421	31 Aug 20	$0.0700	$0.2120	30 Sep 20	$0.025 EPS	$138,559
	2017	4 Nov 16	2,932,473	31 Aug 19	$0.0450	$0.1080	4 Sep 19	$0.020 EPS	$131,961
Shane Stafford	2018	30 Nov 17	706,360	31 Aug 20	$0.0700	$0.2120	30 Sep 20	$0.025 EPS	$49,445
	2017	4 Nov 16	1,066,778	31 Aug 19	$0.0450	$0.1080	4 Sep 19	$0.020 EPS	$48,005

Legacy LTIP (FY16 and prior years)

Set out below were shares allocated to the Executive KMP under the legacy LTIP which are still active. No shares will vest under this plan.

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%	$230,683
Tim Rogers	2016	5 Nov 15	409,111	5 Nov 18	$0.1057	RoCE of at least 13%	$43,243
Malcolm Ross	2016	5 Nov 15	361,907	5 Nov 18	$0.1057	RoCE of at least 13%	$38,254
Tony Spassopoulos	2016	5 Nov 15	916,084	5 Nov 18	$0.1057	RoCE of at least 13%	$96,830

During the year, the FY2015 shares allocated to the Executive KMP did not vest as the vesting conditions were not met. In accordance with the LTIP rules, the FY2015 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 FY2017
Brenden Mitchell	2015	29 Oct 14	2,025,000	29 Oct 17	$0.1500	RoCE of at least 13%	$303,750
Tony Spassopoulos	2015	29 Oct 14	850,000	29 Oct 17	$0.1500	RoCE of at least 13%	$127,500

DIRECTORS' REPORT (continued)

Remuneration Report – Audited (continued)

Determining the LTIP Outcomes of the Executive KMP (continued)

Options held in Boom Logistics Limited (number) 30 June 2018	Grant date	Balance at start of year Unvested	Granted	Balance at end of year Unvested
Brenden Mitchell	30 Nov 17	-	4,339,286	**4,339,286**
	4 Nov 16	6,750,000	-	**6,750,000**
		6,750,000	**4,339,286**	**11,089,286**
Tim Rogers	30 Nov 17	-	871,346	**871,346**
	4 Nov 16	1,303,293	-	**1,303,293**
		1,303,293	**871,346**	**2,174,639**
Malcolm Ross	30 Nov 17	-	763,414	**763,414**
	4 Nov 16	1,152,947	-	**1,152,947**
		1,152,947	**763,414**	**1,916,361**
Tony Spassopoulos	30 Nov 17	-	1,979,421	**1,979,421**
	4 Nov 16	2,932,473	-	**2,932,473**
		2,932,473	**1,979,421**	**4,911,894**
Shane Stafford	30 Nov 17	-	706,360	**706,360**
	4 Nov 16	1,066,778	-	**1,066,778**
		1,066,778	**706,360**	**1,773,138**
Total		**13,205,491**	**8,659,827**	**21,865,318**

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)

Lead Auditor's Independence Declaration to the Directors

The auditor's independence declaration is set out on page 28 and forms part of the directors' report for the financial year ended 30 June 2018.

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	$17,169
Other services	$7,688

Total remuneration for non-audit services	$24,857
	=========

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.

Maxwell Findlay
Chairman

Brenden Mitchell
Managing Director

Melbourne, 15 August 2018

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 of Boom Logistics Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul J McDonald

Paul J McDonald

Partner

Melbourne

15 August 2018

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

Consolidated Statement of Comprehensive Income
Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue		**183,054**	150,072
Other income	2(a)	**162**	2,700
Salaries and employee benefits expense		**(94,678)**	(77,582)
Equipment service and supplies expense	2(b)	**(48,992)**	(42,660)
Operating lease expense		**(6,476)**	(6,792)
Other expenses	2(b)	**(12,053)**	(13,180)
Restructuring expense		**(370)**	(2,191)
Depreciation and amortisation expense		**(18,203)**	(13,180)
Impairment expense		-	(11,690)
Profit before financing expense and income tax		**2,444**	(14,503)
Financing expense	10(f)	**(3,991)**	(3,930)
Loss before income tax		**(1,547)**	(18,433)
Income tax benefit	3(a)	-	(679)
Net loss attributable to members of Boom Logistics Limited		**(1,547)**	(19,112)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges recognised in equity, net of tax		**(60)**	-
Other comprehensive loss for the year, net of tax		**(60)**	-
Total comprehensive loss for the year attributable to members of Boom Logistics Limited		**(1,607)**	(19,112)
Basic losses per share (cents per share)	4	**(0.3)**	(4.8)
Diluted losses per share (cents per share)	4	**(0.3)**	(4.8)

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 2018

	Note	2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and cash equivalents		**1,670**	2,158
Trade and other receivables		**37,067**	30,372
Inventories, prepayments and other current assets		**1,882**	1,835
Assets classified as held for sale		**815**	4,641
Income tax receivable	3(c)	**4,450**	4,449
TOTAL CURRENT ASSETS		**45,884**	43,455
NON-CURRENT ASSETS			
Property, plant and equipment	6	**167,488**	177,626
Deferred tax asset	3(b)	**7**	-
TOTAL NON-CURRENT ASSETS		**167,495**	177,626
TOTAL ASSETS		**213,379**	221,081
CURRENT LIABILITIES			
Trade and other payables		**14,594**	14,419
Interest bearing loans and borrowings	10	**3,131**	2,544
Employee provisions		**9,178**	7,221
Other provisions and liabilities		**4,844**	5,126
TOTAL CURRENT LIABILITIES		**31,747**	29,310
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	10	**35,443**	44,003
Employee provisions		**257**	644
Other provisions and liabilities		**657**	1,241
Derivative financial instruments		**85**	-
Deferred tax liabilities	3(b)	**-**	19
TOTAL NON-CURRENT LIABILITIES		**36,442**	45,907
TOTAL LIABILITIES		**68,189**	75,217
NET ASSETS		**145,190**	145,864
EQUITY			
Contributed equity	12(a)	**318,065**	318,065
Retained losses		**(174,871)**	(173,324)
Reserves		**1,996**	1,123
TOTAL EQUITY		**145,190**	145,864

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 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		**194,568**	165,878
Payments to suppliers and employees		**(179,586)**	(155,883)
Interest paid		**(3,539)**	(3,750)
Interest received		**8**	17
Income tax paid		**-**	(1)
Net cash provided by operating activities	8	**11,451**	6,261
Cash flows from investing activities			
Purchase of plant and equipment		**(5,516)**	(3,987)
Proceeds from the sale of plant and equipment		**2,442**	2,884
Net cash (used in) investing activities		**(3,074)**	(1,103)
Cash flows from financing activities			
Proceeds from borrowings		**4,979**	43,185
Repayment of borrowings		**(13,844)**	(46,921)
Payment of transaction costs related to borrowings		**-**	(1,020)
Net cash (used in) financing activities		**(8,865)**	(4,756)
Net (decrease) / increase in cash and cash equivalents		**(488)**	402
Cash and cash equivalents at the beginning of the period		**2,158**	1,756
Cash and cash equivalents at the end of the period		**1,670**	2,158

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 2018

	Note	Issued Capital $'000	Retained Earnings $'000	Cash Flow Hedge Reserve $'000	Employee Equity Benefits Reserve $'000	Total Equity $'000
At 1 July 2016		318,065	(150,694)	-	751	168,122
Loss for the year		-	(22,630)	-	-	(22,630)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss		-	(22,630)	-	-	(22,630)
Transactions with owners in their capacity as owners:						
Cost of share based payments	17(f)	-	-	-	372	372
At 30 June 2017		**318,065**	**(173,324)**	**-**	**1,123**	**145,864**
Loss for the year		**-**	**(1,547)**	**-**	**-**	**(1,547)**
Other comprehensive income		**-**	**-**	**(60)**	**-**	**(60)**
Total comprehensive loss		**-**	**(1,547)**	**(60)**	**-**	**(1,607)**
Transactions with owners in their capacity as owners:						
Cost of share based payments	17(f)	**-**	**-**	**-**	**933**	**933**
At 30 June 2018		**318,065**	**(174,871)**	**(60)**	**2,056**	**145,190**

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

About This Report

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Board of Directors on 15 August 2018.

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 1.

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).

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.

Boom's Directors have included information in this report that they deem to be material and relevant to the understanding of the financial report. Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

- Group's current year results;
- impact of significant changes in Boom's business; or
- aspects of the Group's operations that are important to future performance.

Disclosure of information that is not material may undermine the usefulness of the financial report by obscuring important information.

Accounting policies and critical accounting judgements applied to the preparation of the financial report have been moved to where the related accounting balance or financial statement matter is discussed.

Section A: Financial Performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year.

1. Segment Reporting

Description of operating segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resource allocation and to assess performance. The CODM who is responsible for allocating resources and assessing performance of the operating segments is the Managing Director and CEO.

The business is considered from a product perspective and has two reportable segments:

- "Lifting Solutions", which consists of all lifting activities including the provision of cranes, travel towers, access equipment and all associated services; and
- “Labour Hire”, which includes the provision of skilled labour with a wide range of trades, such as, electricians, boiler makers, mechanics, plus the traditional crane and travel tower operators, riggers, truck drivers. This reportable segment commenced operations in September 2016.

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

All inter-segment sales are carried out at arm’s length prices.

Boom Logistics Limited is domiciled in Australia and all core revenue is derived from external customers within Australia. Majority of the revenue is derived from the resources sector.

Section A: Financial Performance (continued)

1. Segment Reporting (continued)

Segment information

	Lifting Solutions $'000	Labour Services $'000	Other * $'000	Elimination $'000	Consolidated $'000
Year ended 30 June 2018					
Segment revenue					
Total external revenue	**180,372**	**2,674**	**-**	**-**	**183,046**
Inter-segment revenue	**-**	**19,530**	**-**	**(19,530)**	**-**
Total segment revenue	**180,372**	**22,204**	**-**	**(19,530)**	**183,046**
Interest income					**8**
Total revenue					**183,054**
Segment result					
Operating result	**26,974**	**1,269**	**(7,396)**	**-**	**20,847**
Net profit on disposal of property, plant and equipment	**155**	**-**	**7**	**-**	**162**
Depreciation and amortisation	**(17,681)**	**(8)**	**(514)**	**-**	**(18,203)**
Restructuring expense	**(310)**	**-**	**(60)**	**-**	**(370)**
Profit before net interest and tax	**9,138**	**1,261**	**(7,963)**	**-**	**2,436**
Net interest					**(3,983)**
Income tax benefit					**-**
Loss from continuing operations					**(1,547)**
Segment assets and liabilities					
Segment assets	**205,699**	**2,849**	**7,576**	**(2,745)**	**213,379**
Segment liabilities	**62,448**	**866**	**4,875**	**-**	**68,189**
Additions to non-current assets	**5,380**	**-**	**1,140**	**-**	**6,520**

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

Section A: Financial Performance (continued)

1. Segment Reporting (continued)

Segment information (continued)

	Lifting Solutions $'000	Labour Services $'000	Other * $'000	Elimination $'000	Consolidated $'000
Year ended 30 June 2017					
Segment revenue					
Total external revenue	148,040	2,015	-	-	150,055
Inter-segment revenue	-	6,424	-	(6,424)	-
Total segment revenue	148,040	8,439	-	(6,424)	150,055
Interest income					17
Total revenue					150,072
Segment result					
Operating result	17,468	(174)	(7,190)	-	10,104
Other income - legal settlement	2,700	-	-	-	2,700
Net loss on disposal of property, plant and equipment	(263)	-	-	-	(263)
Depreciation and amortisation	(17,195)	(7)	(1,003)	-	(18,205)
Restructuring expense	(2,131)	-	(60)	-	(2,191)
Impairment of property, plant and equipment	(8,908)	-	-	-	(8,908)
Impairment of assets classified as held for sale	(2,782)	-	-	-	(2,782)
Loss before net interest and tax	(11,111)	(181)	(8,253)	-	(19,545)
Net interest					(3,913)
Income tax benefit					828
Loss from continuing operations					(22,630)
Segment assets and liabilities					
Segment assets	212,252	4,077	7,533	(2,781)	221,081
Segment liabilities	68,932	775	5,510	-	75,217
Additions to non-current assets	3,457	65	465	-	3,987

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

Section A: Financial Performance (continued)

1. Segment Reporting (continued)

Recognition and measurement - Revenue

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, labour and other services provided is recognised where the right to be compensated for the services can be reliably measured.

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

Interest revenue
Interest revenue is recognised on a time proportionate basis using the effective interest method.

Key estimate and judgement

Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. Where variations and claims are made to the contract, assumptions are made regarding the probability that the customer will approve the variations and claims and the amount of revenue that will arise. Changes in these estimation methods could have a material impact on the financial statements.

Section A: Financial Performance (continued)

	2018 $'000	2017 $'000
2. Other Revenue and Expenses		
(a) Other income		
Legal settlement	-	2,700
Profit on disposal of plant and equipment	**162**	-
	162	2,700
(b) Expenses		
External equipment hire	**8,385**	7,029
External labour hire	**9,398**	9,168
Maintenance	**11,703**	10,504
Fuel	**3,598**	2,818
External transport	**7,527**	6,903
Employee travel and housing	**1,053**	1,234
Other reimbursable costs (on-charged to customers)	**3,429**	1,008
Other equipment services and supplies	**3,899**	3,996
Total equipment services and supplies expense	**48,992**	42,660
Employee related	**3,736**	3,562
Insurance and compliance	**2,611**	3,298
IT and communications	**2,244**	2,364
Occupancy	**1,494**	1,507
Other overheads	**1,968**	2,186
Loss on disposal of plant and equipment	-	263
Total other expense	**12,053**	13,180

Section A: Financial Performance (continued)

3. Income Tax

(a) Income tax benefit

	2018 $'000	2017 $'000
Current income tax		
Current income tax expense / (benefit)	**10**	(18)
Adjustments in respect of current income tax of previous years	**(10)**	17
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	(827)
	-	(828)

A reconciliation between tax benefit and the accounting loss before income tax is as follows:

	2018 $'000	2017 $'000
Accounting loss before tax from continuing operations	**(1,547)**	(18,433)
At the Group's statutory income tax rate of 30% (2017: 30%)	**(464)**	(5,530)
Expenditure not allowable for income tax purposes	**40**	36
Adjustments in respect of current income tax of previous years	**(10)**	17
Current year losses for which no deferred tax asset is recognised	**70**	4,633
Write off unused tax losses recognised in previous years	**364**	1,523
Income tax benefit	**-**	679

Section A: Financial Performance (continued)

3. Income Tax (continued)

(b) Deferred income tax

	Opening Balance $'000	Recognised in Income Statement $'000	Recognised in Equity $'000	Closing Balance $'000
Year ended 30 June 2018				
- Employee leave provisions	**2,360**	**471**	**-**	**2,831**
- Allowance for impairment on financial assets	**141**	**(18)**	**-**	**123**
- Liability accruals	**224**	**511**	**-**	**735**
- Restructuring provisions	**112**	**(74)**	**-**	**38**
- Tax losses	**7,887**	**(364)**	**-**	**7,523**
- Plant and equipment	**(10,743)**	**(526)**	**-**	**(11,269)**
- Derivative financial instruments	**-**	**-**	**26**	**26**
Net deferred tax asset / (liabilities)	**(19)**	**-**	**26**	**7**
Year ended 30 June 2017				
- Employee leave provisions	2,380	(20)	-	2,360
- Allowance for impairment on financial assets	63	78	-	141
- Liability accruals	680	(456)	-	224
- Restructuring provisions	80	32	-	112
- Tax losses	9,410	(1,523)	-	7,887
- Plant and equipment	(13,459)	2,716	-	(10,743)
Net deferred tax assset / (liabilities)	(846)	827	-	(19)

(c) Income tax receivable

Income tax receivable represents the anticipated tax refund in respect of the FY2018 year of $4.450 million (2017: $4.449 million) which was paid prior to 30 June 2018 to offset a franking deficit position at that time. The prepayment of tax instalments will continue until the franking deficit is permanently extinguished.

(d) Tax losses

The Group has total tax losses of $28.968 million tax effected (2017: $28.908 million). $7.523 million of these losses have been recognised on balance sheet and $21.445 million has 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.

Section A: Financial Performance (continued)

3. Income Tax (continued)

Recognition and measurement

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 assets and liabilities are recognised for all taxable temporary differences except where they arise 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.

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

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 have entered into a tax funding agreement such that each entity in the tax consolidated group recognises the assets, liabilities, revenues and expenses in relation to its own transactions, events and balances only.

Key estimate and judgement

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. Judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits. Utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped.

Section A: Financial Performance (continued)

4. 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	2018 $'000	2017 $'000
Net loss after tax		**(1,547)**	(19,112)
		No. of shares	
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	(i)	**474,868,764**	474,868,764

(i) The total number of granted rights and options at 30 June 2018 and 30 June 2017 were excluded from the diluted weighted average number of ordinary shares calculation as their effect was anti-dilutive.

5. Dividends

There were no dividends paid or proposed during the year.

The amount of franking credits available for the subsequent financial year are:

	Note	2018	2017
- Franking credits as at the end of the financial year at 30% (2017: 30%)		**2**	2
- Franking deficits that will arise from the receipt of income tax receivable as at the end of the financial year	3(c)	**(4,450)**	(4,449)
		(4,448)	(4,447)

Section B: Operating Assets and Liabilities

This section provides information relating to the key operating assets used and liabilities incurred to support delivering the financial performance of the Group.

6. 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 2018						
Opening carrying amount		**169,121**	**4,879**	**699**	**2,927**	**177,626**
Additions		**4,261**	**998**	**1,261**	**-**	**6,520**
Disposals	(i)	**(213)**	**(140)**	**(59)**	**-**	**(412)**
Transfers		**(349)**	**185**	**164**	**-**	**-**
Transfer to / from assets held for sale		**1,957**	**-**	**-**	**-**	**1,957**
Depreciation charge for the year		**(15,218)**	**(2,026)**	**(837)**	**(122)**	**(18,203)**
Closing carrying amount		**159,559**	**3,896**	**1,228**	**2,805**	**167,488**
At cost		**350,753**	**19,855**	**6,011**	**3,120**	**379,739**
Accumulated depreciation		**(191,194)**	**(15,959)**	**(4,783)**	**(315)**	**(212,251)**
Closing carrying amount		**159,559**	**3,896**	**1,228**	**2,805**	**167,488**
Year ended 30 June 2017						
Opening carrying amount		197,041	5,623	1,200	3,049	206,913
Additions		3,256	108	623	-	3,987
Disposals		(1,194)	(83)	(15)	-	(1,292)
Transfers		320	(84)	(236)	-	-
Transfer to / from assets held for sale		(6,231)	838	6	-	(5,387)
Impairment		(8,908)	-	-	-	(8,908)
Depreciation charge for the year		(15,163)	(1,523)	(879)	(122)	(17,687)
Closing carrying amount		169,121	4,879	699	2,927	177,626
At cost		344,774	19,792	7,484	3,120	375,170
Accumulated depreciation		(175,653)	(14,913)	(6,785)	(193)	(197,544)
Closing carrying amount		169,121	4,879	699	2,927	177,626

(i) Disposals during the year totalled $2.281 million which comprises $0.412 million from property, plant and equipment and $1.869 million from assets classified as held of sale.

Section B: Operating Assets and Liabilities (continued)

6. Property, Plant and Equipment (continued)

Property, plant and equipment with a carrying amount of $167.488 million (2017: $177,626 million) is pledged as securities for current and non-current interest bearing loans and borrowings as disclosed in note 10.

Assets classified as held for sale

Assets classified as held for sale at year end consists of cranes in the Lifting Solutions segment that are no longer in use and are available for immediate sale.

The balance in the Group's assets classified as held for sale account at 30 June 2018 is $0.815 million (2017: $4.641 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.

Recognition and measurement

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.

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 comprehensive 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	**10 to 15 Years**
Travel Towers	**20 Years**
Access and Ancillary Equipment	**10 Years**
Vehicles	**5 to 10 Years**
Office and Workshop Equipment	**3 to 10 Years**
Leasehold Improvements	**Lesser of lease term or 10 Years**
Computer Equipment	**3 to 5 Years**

Section B: Operating Assets and Liabilities (continued)

6. Property, Plant and Equipment (continued)

Recognition and measurement (continued)

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 comprehensive income statement in the year the asset is disposed of.

Key estimate and judgement

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 above. These estimates are based on projected capital equipment lifecycles for periods up to twenty years based on useful life assumptions.

Residual values are determined based on the value the Group would derive upon ultimate disposal of the individual piece of property, plant and equipment at the end of its useful life. The achievement of these residual values is dependent upon the second hand equipment market at any given point in the economic 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.

7. Impairment Testing of Assets

Recognition and measurement

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 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").

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.

Section B: Operating Assets and Liabilities (continued)

7. Impairment Testing of Assets (continued)

Recognition and measurement (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 comprehensive 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.

Key estimate and judgement

The carrying values of the CGU's fixed assets were tested at 30 June 2018 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 25 June 2018. 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 (as per AASB 13) where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

The independent valuation supported the carrying value of the fixed assets as stated in the consolidated statement of financial position. The evaluation is consistent with the Group's assessment of strengthening economic environment and asset values. Consequently, no impairment adjustment to the carrying value of fixed assets was considered necessary at 30 June 2018.

Section B: Operating Assets and Liabilities (continued)

8. Reconciliation of the Net Cash Flows from Operations with Net Loss After Tax

	Note	2018 $'000	2017 $'000
Net loss after tax		**(1,547)**	(22,630)
Non cash items			
Depreciation and amortisation of non-current assets		**18,203**	18,205
Impairment of property, plant and equipment		**-**	11,690
Borrowing costs - amortisation	10(f)	**330**	303
Net (profit)/loss on disposal of property, plant and equipment	2	**(162)**	263
Share based payments	17(f)	**933**	372
Changes in assets and liabilities			
Increase in trade and other receivables		**(6,695)**	(1,249)
Increase in inventories, prepayments and other assets		**(47)**	(63)
Increase in current and deferred tax balances		**(27)**	(828)
Increase in trade and other payables		**175**	438
Increase / (decrease) in provisions and other liabilities		**288**	(240)
Net cash flow from operating activities		**11,451**	6,261

9. 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 5 years.

	2018 $'000	2017 $'000
Minimum lease payments		
- within one year	**6,569**	5,743
- after one year but not more than five years	**8,514**	6,322
Aggregate operating lease expenditure contracted for at reporting date	**15,083**	12,065

Section B: Operating Assets and Liabilities (continued)

	Note	2018 $'000	2017 $'000
9. Commitments (continued)			
(b) Capital commitments			
Capital expenditure contracted for at reporting date but not recognised in the financial statements:			
Property, plant and equipment			
- within one year		**1,829**	-

Recognition and measurement

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

Finance lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in financing expenses in the comprehensive income statement.

Section C: Funding Structures

This section provides information relating to the Group's funding structure and its exposure to financial risk, how they affect the Group's financial position and performance and how the risks are managed.

	Note	2018 $'000	2017 $'000
10. Net Debt			
Current			
Other loans		**3,131**	2,544
Total current interest bearing liabilities		**3,131**	2,544
Non current			
Other loans		**30,831**	34,721
Secured bank loans		**5,000**	10,000
Prepaid borrowing costs		**(388)**	(718)
Total non-current interest bearing liabilities		**35,443**	44,003
Total interest bearing liabilities		**38,574**	46,547
Less: cash and cash equivalents		**(1,670)**	(2,158)
Net debt		**36,904**	44,389
Total equity		**145,190**	145,864
Gearing ratio (net of prepaid borrowing costs)		**25%**	30%

(a) Debt facilities

At reporting date, the Group had the following debt facilities effective from 2 August 2016:

Secured bank loans

- A $11.25 million, syndicated loan facility with NAB and ANZ with a termination date of 1 July 2019. The facility attracts a floating interest rate. Amortisation payments of between $nil and $2.5 million will be due on 1 January 2019 dependant on the earnings leverage ratio reported at the end of the preceding quarter. No further amortisation is expected over the remaining life of the facility.

Section C: Funding Structures (continued)

10. Net Debt (continued)

(a) Debt facilities (continued)

Other loans

- A $20 million, securitised trade receivables facility with Assetsecure with a termination date of 1 August 2019. The facility incurs a fixed fee and floating interest on funds drawn. There is no amortisation required over the life of this facility.
- An amortising asset finance facility with De Lage Landen Pty Limited with a termination date of 1 August 2021. The facility limit at 30 June 2018 was $19,712,906 which includes a residual payment of $10 million due on 1 August 2021. The facility attracts a fixed interest rate.
- A $0.6 million finance lease agreement for purchase of IT hardware with a termination date of August 2020.

(b) Covenant position

The Group was in compliance with all financial and non-financial banking covenants throughout the reporting period and as at 30 June 2018.

(c) 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.

(d) Terms and debt repayment schedule

	Currency	Weighted average interest rate	Year of maturity	Carrying amount **2018 $'000**	Carrying amount 2017 $'000
Syndicated debt	AUD	5.38%	July 2019	**5,000**	10,000
Trade receivables loan	AUD	6.52%	August 2019	**13,856**	15,008
Finance lease	AUD	5.28%	August 2020	**393**	-
Finance arrangement	AUD	6.55%	August 2021	**19,713**	22,257
Prepaid borrowing costs				**(388)**	(718)
Total interest bearing liabilities				**38,574**	46,547

Section C: Funding Structures (continued)

10. Net Debt (continued)

	2018 **$'000**	2017 $'000
(e) Financing facilities available		

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

	2018 $'000	2017 $'000
Total facilities:		
- bank overdraft	**1,000**	1,000
- bank loans and borrowings	**51,356**	54,757
	52,356	55,757
Facilities drawn at reporting date:		
- bank overdraft	**-**	-
- bank loans and borrowings	**38,962**	47,265
	38,962	47,265
Facilities undrawn at reporting date:		
- bank overdraft	**1,000**	1,000
- bank loans and borrowings	**12,394**	7,492
	13,394	8,492

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 2018, $5.487 million (2017: $3.884 million) was utilised.

(f) Financing expense

	2018 $'000	2017 $'000
Interest expense	**2,855**	2,944
Borrowing costs - amortisation (non-cash)	**330**	303
Borrowing costs - other	**806**	683
Total financing expense	**3,991**	3,930

Section C: Funding Structures (continued)

10. Net Debt (continued)

<u>Recognition and measurement</u>

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 comprehensive income statement when the liabilities are derecognised.

The fair value of all borrowings equals their carrying amount at reporting date as the impact of any market discounting is not significant.

11. 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.

(a) 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'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.

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(a) Credit risk (continued)

	2018 **$'000**	2017 $'000
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:		
Cash and cash equivalents	**1,670**	2,158
Trade and other receivables	**37,067**	30,372
	38,737	32,530

The Group's trade receivables only relate to Australian customers. The Group has no customers that owed more than $4 million of the total trade receivables as at 30 June 2018 and 30 June 2017. The Group's credit risk is predominately concentrated in the mining, resources, energy, utilities and infrastructure sectors which have a geographical spread across Australia.

The Group does not hold any credit derivatives to offset its credit exposure.

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)**
2018	**36,760**	**21,202**	**9,222**	**-**	**5,927**	**409**
2017	27,968	14,821	8,073	-	4,604	470

* 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 2018, current trade receivables of the Group with a nominal value of $409,000 (2017: $470,000) were considered impaired and provided for accordingly.

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(a) Credit risk (continued)

Recognition and measurement – Trade 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. Trade receivables are generally due for settlement within 30 – 90 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.

The amount of the impairment loss is recognised in the comprehensive 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 comprehensive income statement.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations as they fall due under both normal and stressed conditions without incurring unacceptable losses or damage to the Group's reputation. In order to meet these requirements management estimates the cash flows of the Group on a weekly basis.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and trade receivables loan. At 30 June 2018, the Group's balance sheet gearing ratio was 25% (2018: 30%).

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(b) Liquidity risk (continued)

The table below represents the undiscounted contractual settlement terms for financial liabilities based on the remaining period at the reporting date to the contractual maturity date.

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000
30 June 2018						
Trade and other payables	**14,594**	**(14,594)**	**(14,594)**	**-**	**-**	**-**
Derivatives	**85**	**(85)**	**(38)**	**(27)**	**(20)**	**-**
Other loans	**33,569**	**(38,042)**	**(2,611)**	**(2,611)**	**(18,283)**	**(14,537)**
Secured bank loans	**5,000**	**(5,265)**	**(132)**	**(132)**	**(5,001)**	**-**
	53,248	**(57,986)**	**(17,375)**	**(2,770)**	**(23,304)**	**(14,537)**
30 June 2017						
Trade and other payables	14,419	(14,419)	(14,419)	-	-	-
Other loans	37,265	(43,577)	(2,543)	(2,543)	(5,085)	(33,406)
Secured bank loans	10,000	(11,141)	(285)	(285)	(569)	(10,002)
	61,684	(69,137)	(17,247)	(2,828)	(5,654)	(43,408)

<u>Recognition and measurement – Trade Payables</u>

Trade and other payables 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 60 days of recognition.

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that changes in interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

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

	Note	Carrying amount 2018 $'000	2017 $'000
Fixed rate instruments			
Financial liabilities	(i)	**(20,106)**	(22,257)
		(20,106)	(22,257)
Variable rate instruments			
Financial assets - cash at bank and on hand		**1,670**	2,158
Financial liabilities	(i)	**(18,856)**	(25,008)
		(17,186)	(22,850)

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of $38,962,000 (2017: $47,265,000) as disclosed in note 10.

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. This risk is managed by taking into consideration the current and expected future debt profile, expectations regarding future interest rate movements, the mix between variable and fixed rate borrowings and the potential to hedge against negative outcomes by entering into interest rate swaps.

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 $171,860 (2017: $228,500).

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.

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(c) Market risk (continued)

Foreign exchange rate risk

Foreign exchange risk arises when future commercial transactions and recognised liabilities are denominated in a currency that is not the entity's functional currency. The Group has transactional currency exposures arising from operating lease of plant and equipment denominated in Euros.

In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase Euros. These contracts are hedging highly probable forecasted transactions and are timed to mature when payments are scheduled to be made. The forward exchange contracts are considered to be fully effective cash flow hedges and any gain or loss on the contracts is taken directly to equity. In calculating the effectiveness of the forward exchange contracts, the forward exchange rate is adjusted to exclude the interest rate differential implicit in the forward exchange rate.

The Group's exposure to foreign exchange rate risk at reporting date, expressed in Australian dollars, was $0.137 million (2017: $nil) and the forward exchange contracts had a fair value of $0.085 million payable (2017: $nil).

Sensitivity
Movements in the Australian dollar against the Euro would not result in a material difference to the balances stated in the consolidated statements of changes in equity and comprehensive income.

Section C: Funding Structures (continued)

11. Financial Risk Management (continued)

(c) Market risk (continued)

Foreign exchange rate risk (continued)

Recognition and measurement

Derivatives designated as hedging instruments are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the Group documents the relationship between the hedging instruments and hedged items, its risk management objectives and its strategy for undertaking the hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group does not speculate in the trading of derivative instruments.

Derivatives are carried at fair value and categorised as level 2 in the fair value hierarchy under AASB 7 *Financial Instruments: Disclosures* where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

Section C: Funding Structures (continued)

12. Contributed Equity

	2018		2017	
	No. of shares	**$'000**	No. of shares	$'000
(a) Issued and paid up capital				
Beginning and end of the financial year	**474,868,764**	**318,065**	474,868,764	318,065

All issued shares are fully paid. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) 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, subject to meeting the restrictions set by the Group's financing arrangements that require the ratio of gross debt to trading EBITDA to be less than 2.5 times and that the aggregate number of shares bought back does not exceed 10% of the total number of shares issued. Further, the value of dividends must not exceed 50% of the net profit after tax from the previous financial year.

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 note 10 for the current balance sheet gearing ratio. The Group's policy is to maintain a gearing ratio of between 20%-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.

Section D: Other Disclosures

This section provides additional financial information that is required by the Australian Accounting Standards and management considers to be relevant information for shareholders.

13. Subsidiaries

Name	**Country of incorporation**	**Equity interest 2018 %**	**2017 %**
AKN Pty Ltd	Australia	**100**	100
Sherrin Hire Pty Ltd	Australia	**100**	100
Shutdown Staffing Pty Ltd	Australia	**100**	100
Boom Logistics (VIC) Pty Ltd	Australia	**100**	100
BFG Crane Services Pty Ltd [a]	Australia	**-**	50

[a] BFG Crane Services Pty Ltd was deregistered as a company on 7 September 2017.

Boom Logistics Limited is the ultimate parent company.

Recognition and measurement

The consolidated financial statements comprise the financial statements of Boom Logistics Limited and its subsidiaries as at 30 June each year.

Subsidiaries are 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, investments in subsidiaries are carried at cost less impairments.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Section D: Other Disclosures (continued)

14. Deed of Cross Guarantee

Pursuant to ASIC Corporations Instrument 2016/785 (“Corporations Instrument”), 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 Corporations Instrument 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 Corporations Instrument.

Section D: Other Disclosures (continued)

14. Deed of Cross Guarantee (continued)

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

	CLOSED GROUP	
	2018	2017
	$'000	$'000
Consolidated Statement of Comprehensive Income		
Revenue	**170,210**	141,025
Other income	**162**	2,700
Salaries and employee benefits expense	**(86,051)**	(73,434)
Equipment service and supplies expense	**(46,512)**	(41,550)
Operating lease expense	**(6,235)**	(6,586)
Other expenses	**(11,584)**	(10,574)
Restructuring expense	**(370)**	(2,191)
Depreciation and amortisation expense	**(17,068)**	(17,523)
Impairment expense	**-**	(11,027)
Financing expense	**(4,447)**	(4,417)
Loss before income tax	**(1,895)**	(23,577)
Income tax benefit	**138**	863
Net loss for the year	**(1,757)**	(22,714)
Other comprehensive loss		
Cash flow hedges recognised in equity	**(60)**	-
Other comprehensive loss for the year, net of tax	**(60)**	-
Total comprehensive loss for the year	**(1,817)**	(22,714)
Retained losses at the beginning of the year	**(183,357)**	(160,643)
Retained losses at the end of the year	**(185,114)**	(183,357)

Section D: Other Disclosures (continued)

14. Deed of Cross Guarantee (continued)

	CLOSED GROUP	
	2018	2017
	$'000	$'000
Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	**1,659**	2,144
Trade and other receivables	**35,524**	29,771
Inventories, prepayments and other current assets	**1,875**	1,819
Assets classified as held for sale	**151**	4,313
Income tax receivable	**4,450**	4,449
Total current assets	**43,659**	42,496
Non-current assets		
Investments	**599**	599
Deferred tax asset	**5,165**	5,002
Property, plant and equipment	**160,198**	171,340
Total non-current assets	**165,962**	176,941
Total assets	**209,621**	219,437
Current liabilities		
Trade and other payables	**14,131**	14,374
Interest bearing loans and borrowings	**3,131**	2,544
Employee provisions	**8,222**	6,763
Other provisions and liabilities	**4,785**	4,547
Total current liabilities	**30,269**	28,228
Non-current liabilities		
Payables	**7,967**	9,491
Interest bearing loans and borrowings	**35,443**	44,003
Employee provisions	**253**	643
Other provisions and liabilities	**657**	1,241
Derivative financial instruments	**85**	-
Total non-current liabilities	**44,405**	55,378
Total liabilities	**74,674**	83,606
Net assets	**134,947**	135,831
Equity		
Contributed equity	**318,065**	318,065
Retained losses	**(185,114)**	(183,357)
Reserves	**1,996**	1,123
Total equity	**134,947**	135,831

Section D: Other Disclosures (continued)

15. Parent Entity

	2018	2017
	$'000	$'000

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

Statement of financial position

	2018 $'000	2017 $'000
Current assets	**39,171**	34,597
Total assets	**244,142**	250,614
Current liabilities	**28,682**	26,407
Total liabilities	**123,359**	126,006
Equity		
Contributed equity	**318,065**	318,065
Reserves	**1,996**	1,123
Retained losses	**(199,278)**	(194,580)
Total equity	**120,783**	124,608
Net loss after tax for the year	**(4,698)**	(25,125)
Total comprehensive loss for the year	**(4,758)**	(25,125)

Section D: Other Disclosures (continued)

16. Key Management Personnel

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

	2018	2017
	$	$
Short-term employee benefits	**2,077,050**	1,808,738
Post employment benefits	**144,784**	159,672
Other long term benefits	**8,231**	53,667
Share based payments	**884,909**	320,077
Total compensation	**3,114,974**	2,342,154

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

17. Share-based Payments

Three employee incentive schemes are in place to assist in attracting, retaining and motivating key employees as follows:

- Salary sacrifice rights plan;
- Short term incentive plan; and
- Long term incentive plan.

Information with respect to the number of rights and options allocated under the employee incentive schemes are as follows:

	SSRP		**STIP**		**LTIP**	
	Average fair value per right	**No. of rights**	**Average fair value per right**	**No. of rights**	**Average exercise price per option**	**No. of options**
At start of period	$0.1080	711,207	-	-	$0.1080	17,552,956
Granted during the period	$0.1426	1,753,060	$0.1183	1,652,800	$0.2120	11,083,896
Exercised during the period	-	-	$0.1859	(339,573)	-	-
At end of period	**$0.1326**	**2,464,267**	**$0.1008**	**1,313,227**	**$0.1483**	**28,636,852**

Section D: Other Disclosures (continued)

17. Share-based Payments (continued)

(a) Salary sacrifice rights plan ("SSRP")

Eligible executives will be permitted to elect to contribute a portion of their pre-tax fixed annual remuneration to acquire equity in the form of rights to fully paid ordinary shares in the Company.

Each right is a right to acquire one ordinary share in the Company. The exact number of rights to be granted is based on the amount of salary sacrificed and the 5 day volume weighted average price prior each month. Rights do not carry any dividend or voting rights. Rights will be granted twice a year following the announcement of the half-year and full-year results or in any event, within twelve months of the Annual General Meeting. Rights will have a twelve month exercise restriction from the relevant grant dates.

At 30 June 2018, the carrying value of the salary sacrifice rights plan was $425,294 (2017: $159,718).

The potential rights to ordinary shares equivalent to the amount salary sacrificed in the period from the most recent grant date in February 2018 to June 2018 will be granted following the announcement of the full-year results.

(b) Short term incentive plan ("STIP")

Eligible executives will have the opportunity to receive short term incentives subject to meeting performance hurdles over the financial year. 50% of the STIP outcome achieved for the financial year will be delivered in cash and 50% will be delivered in equity in the form of rights to ordinary shares in the Company.

Each right is a right to acquire one ordinary share in the Company. The exact number of rights to be granted is based on 50% of the STIP outcome divided by the 5 day volume weighted average price after the release of full year results. Rights do not carry any dividend or voting rights. Rights will be granted following the announcement of the full-year results or in any event, within twelve months of the AGM. Rights will have a six month exercise restriction commencing from the grant date.

At 30 June 2018, the carrying value of the STIP rights was $195,517 (2017: $nil).

Section D: Other Disclosures (continued)

17. Share-based Payments (continued)

(c) Long term incentive plan ("LTIP")

Eligible executives will be granted options to acquire ordinary shares in the Company, subject to annual progressive performance hurdles and some or all may vest at the end of the three year period if the performance hurdles are met.

Each option is a right to acquire one ordinary share in the Company (or an equivalent cash amount) subject to payment of the exercise price. The exact number of options to be granted will be the LTIP award divided by the option valuation using a Binomial valuation methodology prior to grant date. The option exercise price is calculated based on the 5 day volume weighted average price prior to the grant date. Options do not carry any dividend or voting rights. Options will be granted within twelve months of the Annual General Meeting.

Options are subject to a performance hurdle based on absolute EPS, which is measured progressively in 3 tranches over a three year performance period. Progressive performance targets will be established by the Board of Directors, however an absolute EPS hurdle must be achieved at the end of year three for any options to vest. There is no pro-rata vesting if this target is not met. The Board of Directors retains a discretion to adjust the EPS hurdle as required to ensure plan participants are neither advantaged nor disadvantaged by matters outside management's control that materially affect absolute EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

Options granted have the following details and assumptions:

	2018	2017
Grant date	30 November 2017	4 November 2016
Vesting date	31 August 2020	31 August 2019
Expiry date	30 September 2020	4 September 2019
Share price at grant date	$0.200	$0.115
Fair value at grant date	$0.070	$0.045
Exercise price	$0.212	$0.108
Expected life	2.8 years	2.8 years
Expected price volatility of Boom's shares	55%	55%
Risk-free interest rate	1.87%	1.66%
Expected dividend yield	0%	0%

At 30 June 2018, the carrying value of the long term incentive plan was $1,435,289 (2017: $963,399), including the ordinary shares granted under the legacy LTIP where the vesting conditions are still in progress.

No options were vested and exercisable at the end of the period.

Section D: Other Disclosures (continued)

17. Share-based Payments (continued)

(d) Legacy employee incentive schemes

Two existing legacy employee incentive schemes are still in place but have been discontinued with only the ordinary shares vested in previous financial years remaining in the share plans.

(e) Employee share plan share holdings

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

	2018 Number of shares	2017 Number of shares
At start of period	**10,287,439**	14,903,978
- issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	**339,573**	-
- sold / transferred during the year	**(759,593)**	(522,491)
- lapsed during the year	**(3,671,052)**	(4,094,048)
At end of period	**6,196,367**	10,287,439

(f) 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	**2018 $'000**	2017 $'000
Shares issued under previous employee share schemes		**(14)**	29
Rights issued under employee rights plans		**461**	160
Options issued under employee option plan		**486**	183
	8	**933**	372

Section D: Other Disclosures (continued)

17. Share-based Payments (continued)

Recognition and measurement

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 using an appropriate valuation model.

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).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

18. Contingencies

Contingent assets
Sherrin Hire Pty Ltd, a wholly owned subsidiary of Boom Logistics Ltd, has settled its legal claim relating to the 18 metre Glove and Barrier matter. The terms of settlement include re-imbursement of legal costs of circa. $1.7 million. This contingent asset has not been recognised as a receivable at reporting date as receipt of the amount is dependent on the outcome of a court process.

Contingent liabilities
Performance guarantees totalling $1.279 million have been provided in relation to wind farm construction projects of which $0.691 million will expire within 13 months and the remainder by 30 June 2020. There are no other contingent liabilities identified at reporting date.

Section D: Other Disclosures (continued)

19. Auditor's Remuneration

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

	2018 $	2017 $
Audit services		
- audit and review of financial statements	**200,131**	209,100
Taxation, due diligence and other services		
- taxation services	**17,169**	16,400
- other services	**7,688**	-
Total taxation and other services	**24,857**	16,400
Total remuneration of KPMG Australia	**224,988**	225,500

20. Subsequent Events

The Company intends to undertake a minimum holding buy-back for shareholders who hold less than a marketable parcel of shares (i.e. shareholdings with a value of $500 or less). The buy-back price will be the volume-weighted average price of Boom shares sold on the ASX over the 5 trading days prior to Thursday 23 August 2018. The buy-back will open on 28 August 2018.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2018 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations or the state of affairs of the Group in future financial years.

Section D: Other Disclosures (continued)

21. New Accounting Policies and Standards

(a) Changes in accounting policies

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year with the exception of an amendment to the revenue recognition accounting policy to recognise the treatment of wind farm contracts as set out below:

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

(b) 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 not adopted by the Group in preparing this financial report.

Section D: Other Disclosures (continued)

21. New Accounting Policies and Standards (continued)

(b) New accounting standards and interpretations not yet adopted (continued)

New standards	**AASB 15** ***Revenue from Contracts with Customers***
Nature of change	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It provides a five step model that applies to all customer contracts and it aims to better reflect the consideration that an entity expects to receive from customers in exchange for its goods and services. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.
Effective date	Mandatory for financial years commencing on or after 1 January 2018. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.
Impact	*Rendering of services* Revenue from the hire of lifting/access equipment, labour and other services provided is currently recognised where the right to be compensated for the services can be reliably measured. This typically occurs when the job dockets or timecards are approved by the customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis. *Construction contracts* Revenue from the installation of wind towers is currently recognised by reference to the stage of completion. The stage of completion is measured by reference to the wind tower units completed to date as a percentage of the total wind tower units under the contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Under AASB 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions. Based on the Group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Group does not expect the application of AASB 15 to result in significant differences in the timing of revenue recognition for these services.

Section D: Other Disclosures (continued)

21. New Accounting Policies and Standards (continued)

(b) New accounting standards and interpretations not yet adopted (continued)

New standards	**AASB 9 *Financial Instruments***
Nature of change	AASB 9 replaces the existing guidance in IAS 39 Financial Instruments; Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.
Effective date	Mandatory for financial years commencing on or after 1 January 2018. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.
Impact	<u>*Impairment*</u> The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets with the exception of impairment losses on trade receivables. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on the assessments undertaken to date, the Group expects the loss allowance for trade receivables to increase by approximately $0.6 million. <u>*Hedge accounting*</u> The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of AASB 9. <u>*Disclosures*</u> The new standard introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial assets and instruments.

Section D: Other Disclosures (continued)

21. New Accounting Policies and Standards (continued)

(b) New accounting standards and interpretations not yet adopted (continued)

New standards	**AASB 16** ***Leases***
Nature of change	The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting.
Effective date	Mandatory for financial years commencing on or after 1 January 2019. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.
Impact	The Group has completed a preliminary assessment of the potential impact on the consolidated financial statements resulting from the application of AASB 16 with respect to existing operating leases (primarily in relation to motor vehicles and property, plant & equipment) for continuing operations. The standard will have an impact on key financial measures such as EBITDA, EBIT and net assets, due to the standard replacing straight line operating lease expenses with a depreciation charge for the lease asset and interest expense for the lease liability. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 July 2019, the composition of the Group's operating lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions. As at the reporting date, the Group has non-cancellable operating lease commitments of $15.083 million, see note 9.

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 29 to 74, and the Remuneration Report in the Directors' Report, set out on pages 12 to 26, 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 2018 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 page 33 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 14 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 Corporations Instrument 2016/785.

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 2018.

Signed in accordance with a resolution of the Directors:

Maxwell Findlay
Chairman

Brenden Mitchell
Managing Director

Melbourne, 15 August 2018

Independent Auditor's Report

To the members of Boom Logistics Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Boom Logistics Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

• giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

• complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

• *Consolidated statement of financial position* as at 30 June 2018

• *Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended

• Notes including a summary of significant accounting policies

• *Directors' Declaration.*

The ***Group*** consists of the Boom Logistics Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of property, plant and equipment (AU$167.5m)

Refer to Note 7 Impairment Testing of Assets

The key audit matter	How the matter was addressed in our audit

A key audit matter for us as the Group's annual impairment test for its property, plant and equipment assets given the size of the balance (being 78% of total assets). The core majority of these assets consist of mobile cranes and travel towers which form part of the operating fleet).
 	
The Group measures the recoverable amount of its cash generating units (CGUs) using a fair value less costs to sell model based on an assessment of fair value received from an independent specialist valuer.
 	
The net assets of the Group exceeded the Group's market capitalisation at year end, which is a possible indicator of impairment.
 	
We involved KPMG valuation specialists to supplement our senior audit team members in assessing this key audit matter.
	Our procedures included:
	
	• consideration of the appropriateness of the fair value less costs of disposal method applied by the Group to perform the annual impairment test against the requirements of the accounting standards;
	
	• assessment of Management's determination of the CGUs based on our understanding of the nature of the Group's business;
	
	• assessment of the integrity of the fair value less costs to sell model used, including the accuracy of the underlying calculation formulas;
	
	• challenging the key assumptions used in determination of the recoverable amount by performing the following:
	
	    • Assessing the accuracy of previous valuations comparing the historical fair value assumptions to the proceeds from the assets sales in the current year; and
	
	    • Assessed our understanding of the underlying market conditions and the condition of the operating fleet obtained through inquiry with the independent specialist valuer;
	
	• working with our valuation specialists to compare the implied multiples from available market data, including share market valuations for comparable companies and comparable market transactions to the implied valuation multiple from the Group's fair value less costs to sell model;
	
	• assessment of the disclosures in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Boom Logistics Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the *Director's Report including the Operating and Financial Review and the Remuneration Report*. The *Corporate Directory, Chairman's Report, Managing Director's Report, Highlights, Our Customers, Markets and Operations, Our Health, Safety, Environment and Quality, Our People and Systems and ASX Additional Information* are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Boom Logistics Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in *pages 12 to 26* of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Paul J McDonald

Paul J McDonald

Partner

Melbourne

15 August 2018