ANNUAL REPORT 2015

BOOM LOGISTICS

OUR GOALS

- To be the safest and leading lifting solutions company in Australia and equal to the best in the world.
- To be recognised as a top performing company of high standing and integrity delivering superior value to our customers, people and shareholders.
- To be respected by the community.

OUR VALUES

- Safety Always – people, community, equipment, property, environment.
- Our Customers – driving for our customer's success.
- Our People – our diversity and different skills make us strong.
- Teamwork – contributing, listening, looking out for one another and being accountable as individuals and as a team.
- Achieving our best so that our business thrives.

OUR PROFILE

- Over 20 depots across Australia.
- Approximately 550 staff Australia wide.
- Over 350 cranes in all size ranges up to 750 tonne.
- Over 220 travel towers.

CONTENTS

CORPORATE DIRECTORY

DIRECTORS
R John Robinson
Brenden C Mitchell
Terrence C Francis
Terence A Hebiton

COMPANY SECRETARY
Malcolm Ross

REGISTERED OFFICE
Level 6, 55 Southbank Boulevard
Southbank Vic 3006
Telephone (03) 9207 2500
Fax (03) 9207 2400

INTERNET ADDRESS
www.boomlogistics.com.au

SHARE REGISTER
Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria, 3067
Investor Enquiries 1300 850 505

ANNUAL GENERAL MEETING
Tuesday, 27 October 2015
at 11:00am
Baker & McKenzie Lawyers
Level 19, 181 William Street
Melbourne Vic 3000

OUR COMPANY

BOOM SEEKS TO BE RECOGNISED BY OUR CUSTOMERS, EMPLOYEES, COMMUNITIES AND SHAREHOLDERS AS THE SUPPLIER OF HIGH VALUE LIFTING SOLUTIONS WITHOUT INJURY.

Boom Logistics Limited (“Boom” or “the Company”) is a national industrial services group that provides superior crane logistics and lifting solutions to Australian Industry.

Boom delivers industrial services utilising operators and equipment – cranes, travel towers, transport and other assets – for major customers in the mining and resources, energy, utilities and infrastructure sectors.

Boom seeks to be recognised by our customers, employees, communities and shareholders as the supplier of high value lifting solutions without injury.

CHAIRMAN'S REPORT

In last year's report to shareholders I referred to the challenges faced by the mining services sector against a backdrop of weak commodity prices, leading to cost cutting by customers, reduced activity, consequential excess service capacity and competitive pricing pressure. In the intervening period these adverse conditions have persisted and in some respects have become more acute. In responding to these challenges to deliver value to shareholders in an environment where opportunity to maintain or build revenue is limited, the Company has continued to reduce operating costs and reduce excess capacity by selling surplus assets. In doing so our primary aim has been to increase operating efficiency and improve competitiveness.

A direct measure of our progress in responding to the challenges we face has been the total operating cost reduction during FY15 of $42.7 million. Whilst year on year cost reductions have been steep, they have not kept track with the corresponding fall in revenue. Cost reduction work is ongoing to return the operating business to acceptable profit. The business has been restructured, with the access and travel tower operation now fully integrated into the Boom crane operations. The Company's workforce has been further reduced by 147 positions, representing a reduction of 19% of the workforce. These adjustments have included 25 overhead positions and 4 National Office positions, as well as employees directly engaged in operational activities. Labour costs are by far the largest cost component across the business. Many of our labour agreements were entered during the mining boom, with manpower shortages inevitably leading to increased labour rates and improved allowances and conditions. The rapid decline in industry circumstances has necessitated an adjustment in employment conditions to better reflect the sharp reduction in activity and heightened price competitiveness. We have made good progress in this regard, although further changes are ongoing in areas of the business where a gap between the realities of difficult business conditions and employee expectations persist. This is dealt with in more detail in the Managing Director's report and Our Customers, Markets & Operations overview.

The other important ongoing area of focus to realise value for shareholders has been the sell down of underutilised equipment to balance fleet requirements with business demand. This process resulted in cash proceeds of $20.3 million during FY15, with a corresponding profit on sale of $3.2 million. We are accelerating the sale of underutilised equipment during FY16 and have put in place dedicated resources to achieve this. We continue to target offshore equipment markets and a weaker Australian dollar assists the sales process. We recognise that the local market has significant volumes of surplus assets for sale and we need to maintain an active and competitive position in the market to achieve asset sales targets.

Dealing with the financial results for FY15; the statutory net loss was $36.9 million, including $20.8 million of non-cash asset impairments, $5.9 million in restructuring costs including a $3 million provision for the first quarter of FY16 and $0.2 million of legal costs associated with the Company's 18 metre glove and barrier legal claim. At the trading level the net loss was $9.8 million. Full year operating revenue was $206.6 million, down from the previous year's $273.3 million. The combination of free cash flow from operations and surplus equipment sales allowed net debt to be reduced by $18.5 million to $71 million at year end, whilst also funding $8.4 million in new capital investment during the year. After the impairments stated above the Net Tangible Asset position at year end was $0.41 per share compared with $0.49 per share at the end of FY14. In considering the position at 30 June 2015 and the expectation of continuing business volatility the Board has not declared a dividend.

We announced just before the close of FY15 that the Company had negotiated a new set of debt covenants with its existing banking syndicate to take us through to expiry of the current facility on 31 January 2017. The new covenant structure provides the Company with support during this period of rebalancing the fleet and retiring debt to meet the realities of the current operating environment. The new arrangements take account of the relativity between the Company's operating assets value of $250 million against the year-end net debt position of $71 million and replaces the earnings based covenants with a Debt Service Cover (DSCR) ratio and an amortisation schedule that reduces gross debt as at 30 June 2015 of $78.4 million to $52.5 million at 30 June 2016 and to $37.5 million by the end of the facility in January 2017. The new banking covenant requires the DSCR to remain above 2.5x (DSCR of 3.5x at 30 June 2015).

Looking ahead, plans are in place to continue restructuring the business to extract further cost savings, as reflected in provisions taken up in FY15 year end accounts. At the same time there is continuing emphasis on improving operating revenue. This will be further assisted by our lower labour cost base and consequent improved market competitiveness. We have already had some success in winning new contracts as noted in Our Customers, Markets & Operations overview. We indicated in the market update on 30 June 2015 that we are targeting an uplift in earnings to achieve operating Earnings before Interest and Tax, Depreciation and Amortization (EBITDA) to $20–30 million in FY16 together with proceeds from surplus asset sales of a similar quantum. The cashflow generated will allow us to continue our focus on reducing borrowings, with a gross debt target below $50 million at 30 June 2016.

Turning to Board related matters; Fiona Bennett resigned as a non-executive director during the last quarter of FY15 because of increased demands on her time from other roles. The Board decided not to replace Fiona at this time recognising the general emphasis on containing overhead costs and as a consequence the various Board committees have been absorbed into the role of the full Board.

LOOKING AHEAD, PLANS ARE IN PLACE TO CONTINUE RESTRUCTURING THE BUSINESS TO EXTRACT FURTHER COST SAVINGS.

In concluding I would like to thank all shareholders for their support over the past year. I would also like to thank my fellow directors for their support and to acknowledge the dedication of the Managing Director and his management team who continue to drive essential reforms to the business to deliver value to shareholders and return the business to profit. Restructuring the business to reduce costs and improve efficiency in difficult market conditions requires considerable focus and imposing redundancies on the workforce in general and colleagues in particular is always a difficult process.

John Robinson
Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

In what has been another challenging period it is important to note that the health and safety of our customers, people, environment and community is a core value that drives every one of our operational activities and decisions. We have continued to drive for safety improvements during the 2015 financial year and I am very pleased to report that our Total Recordable Injury Frequency Rate (TRIFR) has improved by 23% over the course of the year. This downward trend has continued over several years and during FY16 we will strive to achieve a TRIFR below 10. We also achieved a Lost Time Injury Frequency Rate of 1.8, down 28% on our FY14 result.

Safe Act Observations (SAOs) by managers and supervisors have increased year-on-year by 9%. SAOs allow supervisors to identify and respond to specific behaviours observed and strengthen the Company's safety culture through increased leadership attention, dialogue and engagement. The continued focus on safety is critical to the Company and our customers, particularly in the context of extremely challenging market conditions and pressures.

We've experienced another year of highly volatile market conditions and our major customers continue to expect significant cost reductions from the Company. With the market showing no signs of rebounding in the medium term, these conditions have necessitated difficult commercial decisions to close a number of depots that were running at a loss or below a reasonable rate of return.

For FY15 we made a statutory net loss after tax of $36.9 million and earnings before interest and tax loss of $33.2 million. These results were impacted by non-cash impairments of $20.8 million, restructuring costs of $5.9 million, including a provision for restructuring initiatives to be completed in the first quarter of FY16, and $0.2 million of legal costs associated with Boom's 18 metre glove and barrier claim. The Statutory and Trading results include a profit on sale of surplus assets of $3.2 million. Proceeds from asset sales were $20.3 million.

Removing one-off adjustments, Boom's FY15 net trading loss after tax was $9.8 million, well down on the FY14 net trading profit of $3.9 million.

The Financial year was made up of two very different halves.

In the first half to 31 December 2014, revenues and profitability were impacted by:

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

Operational activity in Boom's customer base in December and January suffers a seasonal decline in activity, however this year's decline was even steeper than anticipated or usual. Several customers responded to declining commodity prices with actions such as temporary closure of mine sites, cancellation of routine maintenance activities and delaying projects.

Boom's operations in the second half to 30 June 2015 were also significantly impacted by adverse market conditions:

- Western Australia was substantially affected by weaker commodity prices. Whilst Boom is not directly exposed to iron ore miners that are unfavourably positioned on the industry cost curve, they did contribute to reduced activity in Western Australia.
- Volatile trading conditions in Queensland continued, with customer activity somewhat sporadic and subject to change at short notice.
- The travel tower business continued to be unfavourably impacted by project delays.
- Boom's heavy lift division, which benefited from the Bald Hills Wind Farm project in the first half of FY15, saw less project activity in the second half.
- Operations in the Hunter Valley and Newcastle were impacted by lower levels of activity amongst key customers in coal mining and port operations.

Whilst activity levels improved in the last quarter of FY15, the improvement was gradual and demand patterns continued to be volatile. In response to the adverse conditions throughout FY15 Boom took action to reduce costs and removed 147 positions representing a 19% adjustment to the work force headcount.

As noted in the Chairman's Report, during FY15 the Company successfully negotiated a new set of debt covenants with the existing banking syndicate, effective through to the current facility's expiry on 31 January 2017. In arriving at the new debt covenants, the Company achieved the following objectives:

- To remove the impact of earnings volatility on covenant positions.
- To reflect the Company's debt reduction program as its primary capital management priority.
- To recognise the Company's strong asset backing.
- To support restructuring to re-base Boom's cost structure in FY16.
- To position the Company favourably to re-finance its debt during the course of 2016 before the current facility expires on 31 January 2017.

Since 30 June 2015, the Company has paid down debt by a further $4 million.

Looking ahead, our key priorities for FY16 are as follows:

- To retain key customers and to increase operating revenue and profits by developing new customer relationships, particularly those that enhance critical mass in key geographic areas and industry sectors.
- To continue to align operational labour costs with market conditions through:
  - improved labour cost management processes, and
  - improvements to enterprise agreements that yield greater cost effectiveness and flexibilities in meeting customer demand patterns.
- To achieve a step-change reduction in fixed costs, including a significant reduction in corporate overhead costs.

IN DELIVERING ON OUR KEY PRIORITIES, BOOM WILL BE IN A STRONGER POSITION TO DELIVER VALUE TO OUR SHAREHOLDERS.

- To consolidate the focus and additional resources that have already been applied to the asset sales program to ensure:
  - the required momentum in surplus assets sales is maintained; and
  - the sales program is phased and executed in a manner that preserves asset values as much as possible as market conditions change.

Boom has announced a number of initiatives consistent with these priorities which are further expanded upon in the Annual Report section, “Our Customers, Markets and Operations”.

Following a reorganisation of the corporate office as part of corporate overhead cost reductions that will achieve $3.1 million in annualised savings, Paul Martinez (Chief Financial Officer) and Rosanna Hammond (General Manager Human Resources) will leave the business on 30 September 2015. Tim Rogers, Group Financial Controller, assumed the role of Chief Financial Officer on 31 August 2015 to allow for a period of orderly transition.

Both Paul and Rosanna made significant contributions to the business over more than 7 years and have worked with determination and professionalism to ensure the changes we have made are effective.

In delivering on our key priorities Boom will be in a stronger position to deliver value to our shareholders. The market reality is that we need to continue to work with our employees to clearly understand customer demand and respond to that demand in a way that is cost effective, secures employment for our people and delivers exceptional service.

In closing, I would like to acknowledge and thank members of the Board for their ongoing support and Boom employees for their focus on safety, commitment, resilience and loyalty in what is a very challenging market for our Company.

Brenden Mitchell
Managing Director

HIGHLIGHTS

HEALTH, SAFETY, QUALITY & ENVIRONMENT

- ✔ A reduction in Total Recordable Injury Frequency Rate (TRIFR) which improved by 23% over the year and 59% over the past five years.
- ✔ Management Interactions, in the form of Safe Act Observations, a key leading indicator, increased by 9% over the year to a 5-year high.
- ✔ Constructing and commencing to implement the new Safety Management System.
- ✔ Consulting and agreeing a new three year HSEQ Strategic Plan with an emphasis on assurance and risk reduction.
- ✔ Maintenance of AS/NZS 4801: 2001, AS/NZS ISO 9001: 2008 and OHSAS 18001: 2007 Certifications and compliance with all environmental management obligations.

FINANCIAL & OPERATIONS

- ✔ Free cashflow (operating and investing cashflows) of $20.4 million (FY14: $25.9 million) generated during FY15.
- ✔ Syndicated debt reduced by $21.5 million during FY15 to $71 million.
- ✔ Gearing reduced to 36% (FY14: 38%).
- ✔ Successfully integrated the Crane Logistics and EWP business enabling improved revenue synergies and cost efficiencies.
- ✔ Disposed of $20.3 million of surplus assets in FY15, of which $6.3 million was realised in Q4, FY15.

MARKETS & GROWTH

- ✔ A 3-year contract to provide lifting solutions support for the Wesfarmers Curragh coal mine in the Bowen Basin.
- ✔ New contract to support John Holland in the Yuleba North to Blythdale Transmission Line Project in Queensland involving 7 cranes and 4 travel towers.
- ✔ Two new national enterprise agreements that yield greater cost effectiveness and flexibilities in meeting customer demand patterns.

PEOPLE & SYSTEMS

- ✔ Successfully integrated the Crane Logistics and EWP business enabling improved revenue synergies and cost efficiencies.
- ✔ Continual up-skilling of operators and riggers on new equipment and ongoing verification of competency.
- ✔ Improved labour cost recoverability though better planning and labour time and cost management.

OUR CUSTOMERS, MARKETS & OPERATIONS

NEW ENTERPRISE AGREEMENTS THAT YIELD GREATER COST EFFECTIVENESS AND FLEXIBILITIES IN MEETING CUSTOMER DEMAND PATTERNS.

OUR CUSTOMERS

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

Boom's core value proposition is to deliver high value industrial services to customers based on providing a total lifting solution involving cranes, travel towers and specialised equipment, qualified and skilled people, industry knowledge, engineering expertise and best practice safety and quality systems.

OUR MARKET POSITION

Boom continues to look for opportunities to drive business improvement despite difficult market conditions. However, the industry environment has continued to change substantially and Boom expects trading conditions to continue to be challenging over the next 12 to 18 months. The impact of recent sharp declines in commodity prices, the cancellation or completion of construction projects in the resources sector and subdued project activity in the infrastructure sector will continue to place downward pressure on volumes and prices. These changes and the impact on the resources and mining services sectors are well publicised.

The specific implication for Boom has been a marked increase in earnings volatility against a backdrop of declining revenue and profitability. Boom is taking a targeted approach to industry sectors in an effort to defray the significant impacts of the mining sector. Typically Boom's revenue is derived from major customer maintenance contracts, infrastructure and construction projects.

In the mining sector Boom has secured a 3-year contract to provide lifting solutions support for the Wesfarmers Curragh coal mine in the Bowen Basin which commenced on 1 August 2015.

Major customers which continue to be served by Boom include BHP Billiton, Rio Tinto, Alcoa, Newmont Boddington Gold, Sydney Rail and contractors to the Gorgon LNG project.



In the infrastructure sector, Boom has secured a contract to support John Holland in the Yuleba North to Blythdale Transmission Line Project in Queensland involving 7 cranes and 4 travel towers. Boom's travel towers serve major customers in the utilities and telecommunications sector including Western Power, Water Corporation, Service Stream, Kordia and Nokia.

OPERATIONAL IMPROVEMENT INITIATIVES

Boom is taking a number of actions to mitigate the impact of adverse market conditions including a restructuring reduction of 147 positions in FY15, an adjustment of 19% to Boom's total workforce headcount. The annualised benefit of these reductions amounts to $11.6m in operational cost savings and $4.1m in overhead cost savings.

Specific operational improvement actions include:

- Restructuring in the North West of Western Australia to establish an operational hub in Newman, resulting in the reduction of 34 operational positions and 3 overhead positions.
- Restructuring in Queensland to remove 55 operational positions.
- Restructuring in New South Wales to remove 24 operational positions and 3 overhead positions.
- The completion of the "One Boom" project to fully integrate the access and travel tower business with the crane logistics business in each State, leading to the reduction of 6 operating positions and 19 overhead positions.
- A reduction of 4 positions in the corporate office through the consolidation of key roles.
- A 40% reduction in travel and accommodation costs (in support of remote customer sites; FY15 $3.6m, FY14 $5.9m).
- A 25% reduction in sub-contracted equipment hire costs (FY15 $13.4m, FY14 $18.0m).
- On-going reviews to ensure Boom's well-maintained fleet of operating assets is appropriately deployed to support existing customers and new revenue opportunities, with surplus assets released for sale. Cash proceeds from surplus asset sales for FY15 amounted to $20.3m with capital expenditure of $8.3 million.

Boom's priorities for FY16 are as follows:

- Retain key customers and to increase operating revenue by developing new customer relationships, particularly those that enhance critical mass in key geographic areas and industry sectors. The contract to provide lifting solutions for the Wesfarmers Curragh coal mine in the Bowen Basin, together with other revenue improvement initiatives in the area are expected to underpin a revenue uplift for the Bowen Basin region in FY16.
- Continue to align operational labour costs with market conditions through:
  - improved labour cost management processes, and
  - improvements in enterprise agreements (EA's) that yield greater cost effectiveness and flexibilities in meeting customer demand patterns. In the second half of FY15, Boom successfully put into place two national EAs that will enable it to achieve:
    - Higher labour cost recoveries through increased flexibilities that will allow rosters to be more closely matched with customer demand patterns.
    - Lower overall labour costs by bringing rates and allowances in line with standard industry levels.
    - Greater use of casual labour pools, comprising appropriately trained and inducted operators and riggers.
- Achieve a step-change reduction in fixed costs, including a significant reduction in corporate overhead costs. In addition to the $4.1m in annualised overhead cost savings realised in FY15, Boom will complete further restructuring in the first quarter of FY16 to deliver $3.1m in annualised cost savings.
- With the integration of the travel tower and crane businesses and extensive systems integration completed, devolve more responsibility to the operating business and complete the reorganization of the corporate office. Key changes are outlined as follows:
  - The national office Human Resources function devolved to Human Resources Managers in the East Coast and West Coast businesses.
  - The Information Technology, Finance, Human Resources and Shared Services functions reduced by a further 8 positions.
  - Boom's operations in the East Coast and West Coast rationalised to achieve a reduction of 11 positions, comprising 8 overhead positions and 3 operational positions.
- Consolidate the focus and additional resources that have already been applied to the asset sales program to ensure the surplus asset sales function, Boom Trading, remains sufficiently resourced to manage the phased and orderly disposal of surplus assets. Notwithstanding Boom's achievements in surplus asset sales to-date, the market for surplus assets is difficult to predict with certainty. Should market conditions soften further, Boom may take decisions to sell selected assets at less than book value to ensure the required momentum in surplus asset sales and targets are achieved in FY16.

Boom continues to service its customers well and through a reduced overhead and operating structure with effective Industrial instruments will be in a more competitive position to grow market share through FY16.

OUR VALUE PROPOSITION

With safety and operational discipline at its core, Boom's customer value proposition is based on total solutions involving:

Equipment

- Fleet aligned to industry requirements in mining & resources, energy, utilities and infrastructure projects.
- Well maintained fleet with maintenance records and Key Performance Indicator reporting for customers.

Operational Capability

- Experienced and trained workforce of supervisors, crane operators and riggers.
- Operational resources and infrastructure to support customers in our core markets.
- Planned and configured services involving operators, cranes, transport and other assets to meet complex customer requirements.

Engineering Expertise

- Pre-lift customer site survey and analysis.
- Detailed engineering lift studies to drive safety, efficiency and cost effectiveness.
- Project planning and project management.

Safety & Quality Systems

- Cultural alignment with our customer base with an uncompromising safety focus.
- AS/NZS ISO 9001: 2008 and AS/NZS 4801: 2001 Certifications.
- Investment to drive continuous improvement in our safety systems, processes and organisation.

Boom's value proposition reaches far beyond equipment hire. Boom's services include planning and project management, multi-party logistics coordination, lift design and engineering, on-site supervision and lift control, on-site safety leadership, site-inducted personnel, task optimisation and cost control, project data capture and reporting, task assessments and continuous improvement analysis.

Boom's distinct value proposition provides a solid platform for future growth.

OUR HEALTH, SAFETY, ENVIRONMENT & QUALITY

A REDUCTION IN TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR) WHICH IMPROVED BY 23% OVER THE YEAR AND 59% OVER THE PAST FIVE YEARS.

OUR SAFETY GOALS

Boom's Health, Safety, Environment & Quality (HSEQ) goals underpinning our vision are to:

- exceed client and other stakeholders' HSEQ expectations through consistently providing benchmarked high quality and incident free services;
- establish a positive and proactive safety culture with well trained and competent people who demonstrate Boom's values and exceptional safety leadership; and
- continue to develop and use excellent HSEQ processes and systems.

SAFETY

Boom's safety performance continues to be a key operational focus with the emphasis on risk management and assurance. Our goal is to ensure our employees and customers are free of harm while we deliver high value crane logistics and travel tower lifting solutions in a complex and diverse operating environment.

Ensuring the safety and wellbeing of our people is an operational discipline that differentiates Boom from our competitors. It is a key component of our value proposition and strengthens our relationships with our customers and employees alike. Boom's ongoing emphasis on safety leadership, best practice safety systems and our "Safety Always" culture builds confidence with our customers and employees around predictable, reliable and consistent delivery of high value lifting solutions.

Boom has a new three year HSEQ Strategic Plan for 2015–2017 with an emphasis on risk reduction and assurance. Boom has established frameworks around Fatal and Catastrophic Risk Protocols and Life Saving Rules. The new HSEQ Management System provides an improved national approach with a user-friendly interface. The effect on plant safety, safety of our people and safety of those with whom we interact will be significant.

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

SAFETY LEADERSHIP

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

Safety Leadership Structure

Health, Safety, Environment & Quality (HSEQ) Committee
The HSEQ Committee, a sub-committee of the Board, meets quarterly and considers all aspects of Boom's safety environment. A summary of this committee's responsibilities is set out in the Corporate Governance section of this report.

Safety Leadership Team (SLT)
A safety leadership team, chaired by the Managing Director and comprising the general managers of every business unit, prioritises and monitors our safety environment and safety improvement activities. The SLT is supported by a team of safety professionals that operate nationally.

Personal Commitment
All operational managers commit to a range of consultative and interactive activities that reinforce to the workforce their personal commitment and Boom's corporate commitment to an excellent Health and Safety outcome. All operational managers have their day-to-day safety responsibilities and leadership responsibilities specified.

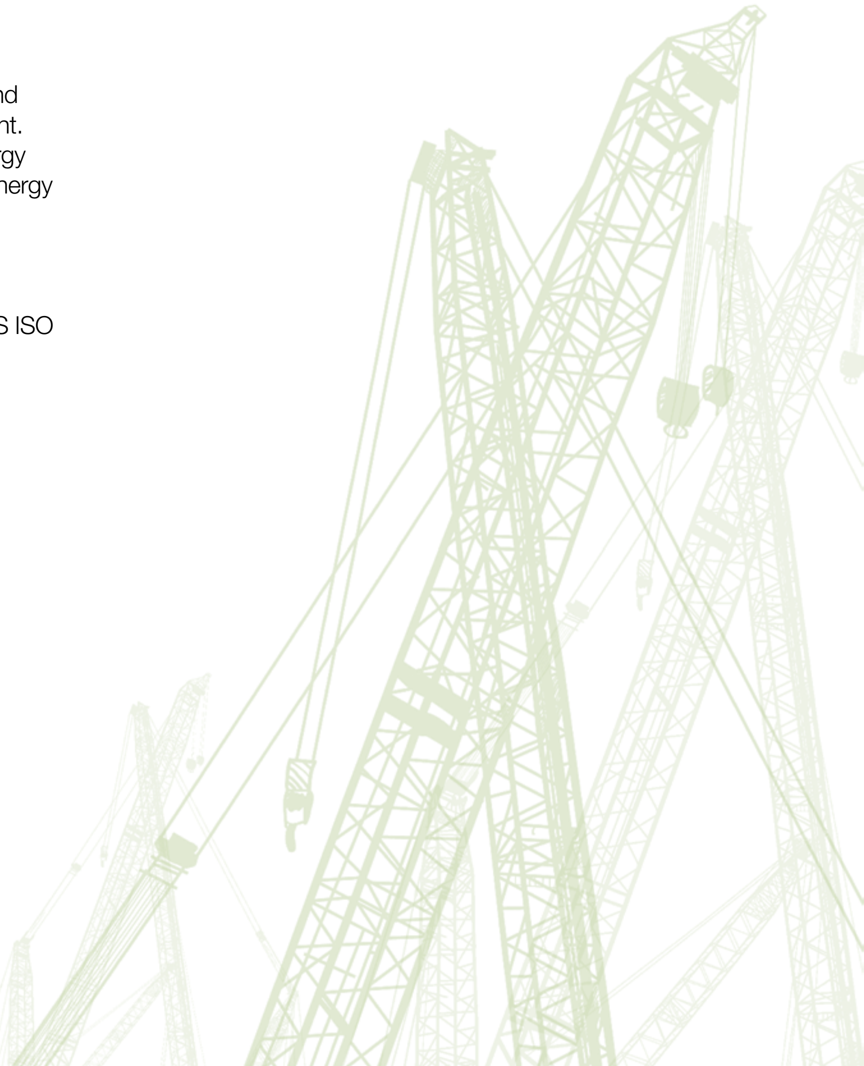
Training
Boom's operational training program contains a significant safety leadership element that helps embed good workplace safety as an operational discipline.

ENVIRONMENT

Boom continues to meet its community expectations and legal obligations in relation to environmental management. Boom complies with the National Greenhouse and Energy Reporting Act 2007 and we report our emissions and energy consumption each financial year.

QUALITY

The Company has maintained its certification to AS/NZS ISO 9001:2008.



OUR PEOPLE & SYSTEMS

SUCCESSFULLY INTEGRATED THE CRANE LOGISTICS AND EWP BUSINESS ENABLING IMPROVED REVENUE SYNERGIES AND COST EFFICIENCIES.

OVERVIEW

As at 30 June 2015, Boom's workforce consisted of over 550 permanent employees across a range of disciplines. 80% of the workforce directly interfaces or provides a service to customers, including operators, supervisors, safety professionals, engineers and sales employees. The remaining 20% include management, finance, human resources, information technology, procurement and support personnel.

Boom's managers continue to lead the business through difficult market conditions whilst also embracing the integration of the Crane Logistics and EWP Business.

The successful completion of the Bald Hills Wind Farm in Victoria demonstrates the strength derived from business units working together, cross functionally to improve delivery against customer expectations.

Continued focus on improving labour models and increasing work flexibilities has seen improved labour recoverability in the business. When managers have worked closely with employees, we've improved employees understanding of the challenging market conditions facing the business and have increased acceptance of our continued focus on improving labour flexibilities.

Right sizing the business in line with revenue has resulted in a reduction of 147 positions across the workforce. Notwithstanding these headcount reductions, 58% of Boom's workforce has greater than 4 years tenure, thereby ensuring the right mix of skills and capability is retained in the business to deliver Boom's value proposition to its customers and generate shareholder return.

The project to integrate the Crane Logistics and EWP businesses has seen improved revenue synergy in the business and a reduction in fixed cost overheads. By working together as an integrated business, Boom has identified and executed a number of cross-selling business opportunities with travel towers, cranes and other support equipment. There are now common systems across the business including payroll, finance, planning and invoicing and safety management. Boom will continue to see the benefits of the integration over FY16.

INDIGENOUS PROGRAM

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

TRAINING & DEVELOPMENT

Boom continues to invest in training and development for its operational staff to ensure operating tickets are maintained, safety standards are upheld, customer site inductions are current and verification of competency is undertaken to meet the needs of our customers.

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

CORPORATE GOVERNANCE

OUR BOARD OF DIRECTORS

Rodney John Robinson (71)
BSc, MGSc
Non-Executive Chairman
APPOINTED
15 NOVEMBER 2002

Brenden Clive Mitchell (56)
BSc (Chem) BBus (Multidiscipline)
Managing Director
APPOINTED 1 MAY 2008

Terrence Charles Francis (69)
DBus (hon. causa), BE (Civil), MBA, FIE Aust, FAICD, FFin
Non-Executive Director
APPOINTED
13 JANUARY 2005

Terence Alexander Hebiton (64)
Non-Executive Director
APPOINTED
22 DECEMBER 2000

APPROACH TO GOVERNANCE

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

The Board follows the ASX Corporate Governance Principles and Recommendations 2013 (3rd Edition) and has followed each of the recommendations as at 30 June 2015. The Corporate Governance Statement and Appendix 4G were published on 19 August 2015 and can be found at this URL on our website.

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

OUR EXECUTIVE

Brenden Mitchell
Managing Director & Chief Executive Officer

Tim Rogers
Chief Financial Officer (Appointed 31 August 2015)

Tony Spassopoulos
Executive General Manager – East Coast

Gary Watson
Executive General Manager – West Coast

Malcolm Ross
General Counsel and Company Secretary

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

TABLE OF CONTENTS

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 2015.

DIRECTORS

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

Rodney John Robinson BSc, MGSc (Non-executive Chairman) (appointed 15 November 2002)
Mr. Robinson was formerly Managing Director and CEO of Ashton Mining Limited. During the past three years, Mr. Robinson has held another ASX listed public company Directorship as Non-executive Chairman of Global Mining Investments Limited (resigned 20 May 2013). Mr. Robinson is Chairman of the Boom Logistics Risk Committee, Nomination & Remuneration Committee and the Health, Safety, Environment & Quality Committee.

Brenden Clive Mitchell B.Sc (Chem), B.Bus (Managing Director) (appointed 1 May 2008)
Mr. Mitchell worked for over ten years leading multifaceted and multi-location businesses for Brambles in Australia and the UK. He has previous experience in the fast moving consumer goods sector and upon moving to Brambles, Mr. Mitchell held senior positions in the equipment hire and the high compliance waste industry. Mr. Mitchell's last position for Brambles was leading the capital and people intensive municipal business in the UK with revenue of $550 million and 6,000 employees. During the past three years, Mr. Mitchell has not held any other ASX listed public company Directorships.

Terrence Charles Francis D Bus (hon. causa), B.E (Civil), MBA, FIE Aust, FAICD, F Fin (Non-executive Director) (appointed 13 January 2005)
Mr. Francis is currently a Non-executive Director of the ANZ Specialist Asset Management Limited (appointed 29 September 2006). He was formerly a Non-executive Director of NBN Co. He also advises business and government on governance and project development. Mr. Francis has extensive experience in resources and infrastructure development, and in finance as 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 was appointed Chairman of the Boom Logistics Audit Committee on 10 July 2015.

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 and a Director of Integrated Livestock Industries Ltd (appointed 5 September 2005). 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.

Fiona Rosalyn Vivienne Bennett BA (Hons), FCA, FAICD, FAIM (Non-executive Director) (appointed 29 March 2010) (resigned 25 June 2015)
Ms. Bennett is a Chartered Accountant with a strong finance and risk management background. She formerly held senior executive roles at BHP Billiton Limited and Coles Group Limited and was Chief Financial Officer at several organisations in the health sector. Ms. Bennett is Chairman of the Victorian Legal Services Board, and a Director of Beach Energy Limited and Hills Holdings Limited. During her tenure with Boom Logistics, Ms. Bennett has held other ASX listed public company Directorships with Beach Energy Limited (appointed 23 November 2012) and Hills Holdings Limited (appointed 31 May 2010). Ms. Bennett was Chairman of the Boom Logistics Audit Committee to the date of resignation.

DIRECTORS' REPORT (continued)

COMPANY SECRETARY

Iona MacPherson BA, CA (appointed 30 June 2007) (ceased acting as Company Secretary 22 September 2014 and ceased employment 30 November 2014)
Ms. MacPherson was appointed to the position of Chief Financial Officer and Company Secretary on 30 June 2007. She previously held the role of Chief Financial Officer and Company Secretary of Australian Air Express Pty Ltd for 4 years and prior to that worked with KPMG for 13 years and has been a Chartered Accountant for over 21 years.

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

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares of Boom Logistics Limited were:

Name	Ordinary Shares
R.J. Robinson	830,000
B.C. Mitchell	3,057,235
T.C. Francis	185,745
T.A. Hebiton	547,995

DIRECTORS MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Name of director	Board of Directors		Audit Committee		Nomination and Remuneration Committee		Health, Safety, Environment & Quality Committee		Risk Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R.J. Robinson [1]	11	11	-	-	1	1	4	4	3	3
B.C. Mitchell	11	11	-	-	1	1	4	4	3	3
F.R.V. Bennett [2]	11	11	5	5	1	1	-	-	3	3
T.C. Francis [3]	11	10	5	5	1	1	4	3	3	2
T.A. Hebiton [3 & 4]	11	11	4	4	1	1	4	4	3	3

1 John Robinson was appointed to the Audit Committee on 10 July 2015.
2 Fiona Bennett resigned on 25 June 2015.
3 Terrence Francis and Terence Hebiton were appointed to the Nomination and Remuneration Committee on 27 May 2015.
4 Terence Hebiton was appointed to the Audit Committee on 29 July 2014.

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 30 to the financial statements.

DIRECTORS' REPORT (continued)

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"), Australia's leading provider of crane logistics and lifting solutions, recorded a statutory net loss after tax for the financial year ended 30 June 2015 (FY15) of $36.9 million (FY14 net loss of $79.5m). Statutory earnings before interest expense and tax (EBIT) was a loss of $33.2m (FY14 loss of $74.7m).

Trading result

The FY15 Statutory EBIT Result includes:

- A non-cash impairment charge of $6.3m applied to assets held for sale;
- A non-cash impairment charge of $14.5m applied to assets in the operating fleet;
- Restructuring costs of $5.9m, including a provision of $3.0m for restructuring initiatives to be completed in the first quarter of FY16; and
- $0.2m of legal costs associated with Boom's 18 metre glove and barrier legal claim.

Adjusting for these costs, Boom's Trading EBIT for FY15 was a loss of $6.3m (FY14 profit of $13.9m).

Boom's depreciation and amortisation expense for the year was $24.2m (FY14 $28.2m). Earnings before interest expense, tax, depreciation and amortisation (EBITDA) at the trading level therefore amounted to $17.9m (FY14 $42.1m). The Statutory and Trading results include a profit on sale of surplus assets of $3.2m (FY14 $5.0m). Trading EBITDA excluding profit on sale of surplus assets was $14.7m (FY14 $37.1m).

FY15 additional key points

- Positive free cash flow of $20.4m, after funding:
  - $8.4m of capital expenditure ($15.9m in FY14)
  - $5.8m of net interest expense ($7.6m in FY14)
- Surplus asset sales of $20.3m ($17.3m in FY14)
- Net debt reduced to $71.0m ($89.5m at 30 June 2014)
- Gearing (Net Debt / Total Equity) reduced to 36% (38% at 30 June 2014)
- Net Tangible Assets per share of $0.41 ($0.49 at 30 June 2014)

Review of operations in FY15

Market conditions and impacts

As noted in several market communications over the past two years, Boom's industry environment has continued to change substantially. These changes and the impacts on the resources and mining services sector are well publicised. The specific implications for Boom have been a marked increase in earnings volatility against a backdrop of declining revenue and profitability.

In the first half to 31 December 2014, revenues and profitability were impacted by:

- Lower contract maintenance volumes in Western Australia, Central Queensland and New South Wales;
- Downward price pressure in highly competitive markets; and
- Project delays in the telecommunications and energy sectors.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Review of operations in FY15 (continued)

Operational activity in Boom's customer base in December and January is usually subdued. However, as noted in Boom's market update in December 2014, activity during this period in FY15 was trending lower than anticipated. Several customers responded to declining commodity prices with actions such as the temporary closure of mine sites, cancelling routine maintenance activities and delaying projects.

The third quarter of the financial year saw a further fall in commodity prices, particularly in iron ore. As highlighted in Boom's market update in April 2015, Boom's operations in the second half to 30 June 2015 were significantly impacted:

- Western Australia was substantially affected by weaker commodity prices. Whilst Boom is not directly exposed to iron ore miners that are unfavourably positioned on the industry cost curve, activity in Western Australia as a whole declined substantially.
- Volatile trading conditions in Queensland continued, with customer activity that was sporadic and frequently subject to change at short notice.
- The travel tower business continued to be impacted by project delays.
- Boom's heavy lift division, which benefited from the Bald Hills Wind Farm project in the first half, saw less project activity in the second half.
- Operations in the Hunter Valley and Newcastle were impacted by lower levels of activity amongst key customers in coal mining and port operations.

Whilst activity levels have improved in the last quarter of the financial year, the improvement has been gradual and demand patterns continue to be volatile.

The impact of these market conditions in the first and second halves of FY15 is reflected in Boom's half-on-half trading results:

	1HFY15	2HFY15	FY15
Operating Revenue	$115.6m	$91.0m	$206.6m
Trading EBIT	$1.5m	($7.8m)	($6.3m)
Trading EBITDA	$13.9m	$4.0m	$17.9m

Operational improvement initiatives

Boom took several actions to mitigate the impact of adverse market conditions, including a restructuring reduction of 147 positions in FY15, an adjustment of 19% to Boom's total workforce. The annualised benefit of these reductions amounts to $11.6m in operational cost savings and $4.1m in overhead cost savings. Specific operational improvement actions include:

- Restructuring in the North West of Western Australia to establish an operational hub in Newman, resulting in the reduction of 34 operational positions and 3 overhead positions.
- Restructuring in Queensland to remove 55 operational positions.
- Restructuring in New South Wales to remove 24 operational positions and 3 overhead positions.
- The completion of the "One Boom" project to fully integrate the Boom Sherrin access and travel tower business with the crane logistics business in each State, leading to the reduction of 6 operating positions and 19 overhead positions.
- A reduction of 4 positions in the corporate office through the consolidation of key roles.
- A 40% reduction in travel and accommodation costs (in support of remote customer sites; FY15 $3.6m, FY14 $5.9m).
- A 25% reduction in sub-contracted equipment hire costs (FY15 $13.4m, FY14 $18.0m).
- On-going reviews to ensure Boom's well-maintained fleet of operating assets are appropriately deployed to support existing customers and new revenue opportunities, with the release of surplus assets for sale.

Proceeds from surplus asset sales

Cash proceeds from surplus asset sales for FY15 amounted to $20.3m, with a corresponding profit of $3.2m. Surplus asset sales proceeds in the last quarter of FY15 amounted to $6.3m.

Of the $20.3m of surplus asset sales in FY15, $7.2m or 35% were Assets Held For Sale (AHFS) assets, and $13.1m or 65% were released as surplus assets from the operating fleet. As at 30 June 2015, Boom had $250.0m of assets in its operating fleet and a further $8.8m of assets in AHFS.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Review of operations in FY15 (continued)

Capital expenditure and working capital management

Boom has continued to limit capital expenditure to essential items such as 10-year inspections. Capital expenditure in FY15 amounted to $8.3m, of which $5.3m related to replacement capital expenditure committed in FY14. Boom's well-maintained fleet of operating assets are appropriate to meet current market demand and no significant capital expenditure is expected in FY16.

Boom has continued to focus on its accounts receivable processes in an environment where payment terms throughout the industry supply chain are being stretched. At 30 June 2015, Debtor Days Outstanding (Trade Receivables / Operating Revenue x 365) was 63.9 days (FY14 64.9 days).

Fixed asset impairments

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

Assets held for sale

- Non-current assets are classified as Assets Held For Sale (AHFS) when the carrying amounts of these assets are expected to be recovered principally through a sale transaction rather than through continuing use.
- An AHFS asset is measured at the lower of carrying amount or fair value less costs to sell. As required by the accounting standard, Boom ceases to depreciate an asset once it is transferred out of the operating fleet and classified into AHFS.

Impairment of assets

- Boom refers to assets that are in continuing use as assets in the operating fleet or operating assets. These assets are deployed in Boom's State-based business units which are regarded as Cash Generating Units (CGUs) in the application of this accounting standard.
- Impairments are required when the total carrying amount of the assets within a CGU exceeds the amount to be recovered through the use or the sale of assets in the CGU.

Based on these assessments, Boom has recognised impairments in FY15 of $20.8m, comprising $6.3m applied to assets in AHFS and $14.5m applied to assets in the operating fleet.

These impairments are non-cash adjustments and have reduced Boom's net tangible asset backing per share by approximately $0.03 per share. Boom's net tangible assets per share as at 30 June 2015 was $0.41 per share.

Syndicated debt facility

As noted in Boom's market update on 30 June 2015, Boom has successfully negotiated a new set of debt covenants with its existing banking syndicate, effective through to the current facility's expiry in January 2017. In arriving at the new debt covenants, Boom sought to achieve several objectives:

- To remove the impact of earnings volatility on covenant positions.
- To reflect Boom's debt reduction program as its primary capital management priority.
- To recognise Boom's strong asset backing.
- To support restructuring to re-base Boom's cost structure in FY16.
- To ensure Boom is in a favourable position to re-finance its debt during the course of 2016 before the current facility expires in January 2017.

Boom's new banking covenants include:

- A Debt Service Cover Ratio to reflect cash flows available to cover interest costs.
- An Amortisation Schedule of the facility limit to reflect Boom's debt reduction program, funded by operational cash flows and proceeds from surplus asset sales.
- The removal of Earnings Leverage as a covenant at quarterly reporting points (Earnings Leverage is retained as a condition for share buybacks).

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Syndicated debt facility (continued)

The Debt Service Cover Ratio (DSCR) is a ratio of Cash Flow Available for Debt Service to Debt Service costs. Interest income, capital expenditure, asset sales proceeds and restructuring costs are excluded from the calculation of Cash Flow Available for Debt Service. Debt Service costs include interest costs and exclude principal debt repayments. Boom's DSCR banking covenant requires the ratio to remain above 2.5x. Boom's DSCR as at 30 June 2015 was 3.5x.

The Amortisation Schedule has a facility limit of $82.5m at 30 June 2015, reducing on a quarterly basis to $37.5m when the facility expires in 18 months in January 2017. Boom's gross debt as at 30 June 2015 is $78.4m.

Boom has since paid down debt by a further $2m in July 2015.

The new debt covenants include revised pre-conditions on capital management initiatives such as share buybacks. These pre-conditions are:

- Gross debt is less than $40m.
- The ratio of Gross Debt to Trading EBITDA from the preceding twelve months is less than 2.5x.

In summary, Boom's new banking covenants reflect the Company's strategy to:

- ensure prudent balance sheet management, and to
- position the business favourably for re-financing in 2016 ahead of the current facility's expiry in January 2017.

Boom expects to commence the process to re-finance its debt in January 2016, twelve months prior to the current facility's expiry.

FY16 profit recovery initiatives

Boom's priorities for FY16 are:

- To retain key customers and to increase operating revenue by developing new customer relationships, particularly those that enhance critical mass in key geographic areas and industry sectors.
- To continue to align operational labour costs with market conditions through:
  - improved labour cost management processes, and
  - improvements in enterprise agreements that yield greater cost effectiveness and flexibilities in meeting customer demand patterns.
- To achieve a step-change reduction in fixed costs, including a significant reduction in corporate overhead costs.
- To consolidate the focus and additional resources that have already been applied to the asset sales program to ensure:
  - that the required momentum in surplus assets sales is maintained; and
  - that the sales program is phased and executed in a manner that preserves asset values as much as possible as market conditions change.

In line with these initiatives:

Revenue growth in key geographic areas and industry sectors

- Boom has secured a 3-year contract to provide lifting solutions support for the Wesfarmers Curragh coal mine in the Bowen Basin, commencing 1 August 2015. In conjunction with other revenue improvement initiatives in the Bowen Basin, Boom expects a revenue uplift of $4m – $6m in FY16.
- Boom has secured a contract to support John Holland in the Yuleba North to Blythdale Transmission Line Project in Queensland involving 7 cranes and 4 travel towers. The project has an expected duration of 6 months with revenue in the region of $2m – $3m.

Align operational labour costs with market conditions

- The majority of Boom's enterprise agreements (EAs) were put into place during the era of the "mining boom" when all industry participants were faced with significant shortages in labour supply. Boom has been working to realign its labour cost structures with current market realities. In the second half of FY15, Boom has successfully put into place two national EAs that will enable it to achieve:
  - Higher labour cost recoveries through increased flexibilities that will allow rosters to be more closely matched with customer demand patterns.
  - Lower overall labour costs by bringing rates and allowances in line with standard industry levels.
  - Greater use of casual labour pools, comprising appropriately trained and inducted operators and riggers.
- Boom will continue to work on implementing flexibilities and cost reductions when renewing existing local EAs.
- Where appropriate, Boom will also seek to outsource labour where an outsourcing proposition is viable, e.g. transport.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FY16 profit recovery initiatives (continued)

Achieve a step-change reduction in fixed costs

In addition to the $4.1m in annualised overhead cost savings realised in FY15, Boom will complete further restructuring in the first quarter of FY16 to deliver $3.1m in annualised cost savings:

- Following a reorganisation of the corporate office, Paul Martinez (Chief Financial Officer) and Rosanna Hammond (General Manager Human Resources) will be leaving the business on 30 September 2015.
- Tim Rogers, Group Financial Controller, will assume the role of Chief Financial Officer on 31 August to allow for a period of orderly transition. Tim is a qualified accountant with 18 years experience, and more recently was the Group Financial Controller and Chief Financial Officer for an ASX-listed company, Crowe Horwath Australasia Ltd, for 7 years.
- The Human Resources function will be devolved to Human Resources Managers in the East Coast and West Coast businesses.
- The National Office's Information Technology, Finance, Human Resources and Shared Services functions will be reduced by a further 8 positions.
- Boom's operations in the East Coast and West Coast will be rationalised to achieve a reduction of 11 positions, comprising 8 overhead positions and 3 operational positions.

Maintain the required momentum for orderly surplus asset sales

- Boom has a surplus asset sales function, Boom Trading, with dedicated resources to manage the phased and orderly disposal of surplus assets.
- Notwithstanding Boom's achievements in surplus asset sales to-date, the market for surplus assets is difficult to predict with any certainty. Should market conditions soften, Boom may take decisions to sell selected assets at less than book value to ensure the required momentum in surplus asset sales is maintained in FY16.

FY16 outlook

Boom expects trading conditions to continue to be challenging over the next 12 to 18 months. The impact of recent sharp declines in commodity prices, the cancellation or completion of construction projects in the resources sector and subdued project activity in the infrastructure sector will continue to place downward pressures on volumes and prices.

With the on-going execution of its FY16 initiatives, Boom is targeting a period of transition and profit recovery in the current financial year to deliver:

- Trading EBITDA, prior to restructuring and other one-off costs, between $20m – $30m.
  - In addition to the successful execution of FY16 cost reduction initiatives, the higher end of the EBITDA guidance is dependent on the conversion of key revenue improvement opportunities to build upon Boom's current revenue base.
  - The lower end of the EBITDA guidance is dependent on the successful execution of FY16 cost reduction initiatives and a continuation of Boom's current revenue base.
- Proceeds from surplus assets sales between $20m – $30m.
- A continued focus on debt reduction as a capital management priority with gross debt of less than $50m by June 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Restructuring

During the financial year, several restructuring programs were undertaken throughout the Group. As at 30 June 2015, a headcount reduction of 147 had been completed at a cost of $4.602 million. The restructuring programs will continue into the first half of FY2016 with an estimated additional headcount reduction of 29 employees. The restructuring programs were undertaken in response to the decline in overall operating conditions and has been managed to ensure that all revenue streams can be adequately and safely supported post restructuring. The total restructuring costs incurred in the year were $5.951 million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Dividend

On 11 August 2015, the Directors of Boom Logistics Limited declared that no final dividend would be paid for the financial year ended 30 June 2015.

DIRECTORS' REPORT (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors expect trading conditions to continue to be challenging over the course of the next 12 to 18 months. The Group continues to adjust to the prevailing difficult market conditions and the Directors expect performance to improve as a result of developing new customer relationships that enhance critical mass in key geographic areas and industry sectors, ongoing restructuring of labour and fixed cost bases, and sale of surplus fixed assets.

Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than matters addressed in this financial report there are no matters sufficiently advanced or at a level of certainty that would require disclosure.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Board confirms that the Group has adequate systems and processes in place to manage and comply with environmental regulations as they apply to the Group. This includes the National Greenhouse and Energy Reporting Act 2007 which requires the Group to report energy consumption and greenhouse gas emissions for the 12 months ended 30 June 2015 and future periods.

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Boom Logistics Limited have followed recommendations set by the ASX Corporate Governance Council. For further information on corporate governance policies adopted by Boom Logistics Limited, refer to our website: www.boomlogistics.com.au/corporate_governance and Annual Reports.

REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for Directors and Senior Executives of Boom Logistics Limited and the Group.

Remuneration Overview

- **At the CEO & Managing Director's own request, as of 1 July 2014, the fixed annual remuneration of the CEO & Managing Director was reduced by 10%.**
- **Restructure of the KMP roles in FY2015 and during FY2016 will result in an expected cost savings of circa. $1.1 million per annum from FY2016.**
- **There have been no short term incentive payments made to KMP in relation to FY2013 & FY2014. The short term incentive plan was suspended for all KMP in FY2015.**
- **All shares allocated to KMP under the Long Term Incentive Plan have not met their vesting conditions when they have reached their vesting dates.**
- **Remuneration of Non-executive Directors has remained unchanged since 2007.**

Principles of Remuneration Practices

The Group's remuneration practices have been designed to maintain alignment with business strategy, shareholder interests and business performance whilst ensuring remuneration is appropriate.

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

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

- Monitoring against external competitiveness, using appropriate independent market survey data comparing the Group's remuneration levels against industry peers in terms of comparable job size and responsibility;
- Internal equity, ensuring 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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Nomination and Remuneration Committee

The Group is committed to ensuring remuneration is informed by market data and linked to the Group's strategy and performance. In doing so, the Board of Directors rely on the advice provided by the Nomination and Remuneration Committee including:

- Reviewing and making recommendations with regard to remuneration policies applicable to the Directors, Executive KMP and employees generally;
- Reviewing and making recommendations in relation to the remuneration of Directors and Executive KMP;
- Reviewing and recommending general remuneration principles, including incentive schemes, bonuses and share plans that reward individual and team performance;
- Reviewing and making recommendations to the Board of Directors with regard to termination policies and procedures for Directors and Executive KMP;
- Reviewing and making recommendations in relation to the Group's superannuation arrangements; and
- Reviewing and approving the annual Remuneration Report and making recommendations to the Board of Directors for the inclusion of the Remuneration Report in the Group's annual report.

The Nomination and Remuneration Committee comprises only independent Non-executive Directors and is chaired by the Chairman of the Board of Directors. The Nomination and Remuneration Committee also draws upon advice and market survey data from external consultants in discharging its responsibilities (refer page 36).

Details of Key Management Personnel

The tables below set out the KMP who are accountable for the strategy, direction, planning and control of the Group. This group of KMP is known as "Executive KMP".

Key Management Personnel (Executive)

Name	Title	Period as a KMP
Brenden Mitchell	Chief Executive Officer & Managing Director	All of FY2015
Iona MacPherson [a]	Chief Financial Officer & Company Secretary	1/7/2014 to 30/11/2014
Malcolm Ross [b]	General Counsel & Company Secretary	22/9/2014 to 30/6/2015
Rosanna Hammond [f]	General Manager – Human Resources	All of FY2015
Paul Martinez [c & f]	Chief Financial Officer & Director of Strategy	All of FY2015
Tony Spassopoulos [d]	Executive General Manager – East Coast	All of FY2015
Gary Watson [e]	Executive General Manager – West Coast	All of FY2015

a Iona MacPherson ceased acting as Chief Financial Officer and Company Secretary on 22 September 2014 and ceased employment on 30 November 2014.
b Malcolm Ross was appointed Company Secretary on 22 September 2014 in addition to his ongoing role as General Counsel.
c Paul Martinez was appointed Chief Financial Officer on 22 September 2014 in addition to his ongoing role as Director of Strategy.
d Tony Spassopoulos was appointed Executive General Manager – East Coast on 1 August 2014 in addition to his ongoing role as Director of Sales & Marketing.
e Gary Watson was appointed Executive General Manager – West Coast when he commenced employment with the Company on 1 July 2014.
f Rosanna Hammond and Paul Martinez will cease employment with the Company on 30 September 2015 as part of the restructuring program.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Key Management Personnel (continued)

Key Management Personnel (Non-executive Directors)

		Committees			
Name	Position	Audit	Nomination & Remuneration	Health, Safety, Environment & Quality	Risk
John Robinson [1]	Chairman	Member	Chairman	Chairman	Chairman
Fiona Bennett [2]	Non-executive Director	Former Chairman	Former Member	-	Former Member
Terrence Francis [3]	Non-executive Director	Chairman	Member	Member	Member
Terence Hebiton [4]	Non-executive Director	Member	Member	Member	Member

[1] John Robinson was appointed to the Audit Committee on 10 July 2015.
[2] Fiona Bennett resigned on 25 June 2015.
[3] Terrence Francis was appointed to the Nomination & Remuneration Committee on 27 May 2015 and appointed Chairman of the Audit Committee on 10 July 2015.
[4] Terence Hebiton was appointed to the Audit Committee on 29 July 2014 and Nomination & Remuneration Committee on 27 May 2015.

Remuneration Arrangements of Executive Key Management Personnel

As noted previously, the short term incentive plan ("STIP") was suspended for all KMP for FY2015. There was no STIP paid in relation to FY2014.

In the normal course of business, remuneration comprises fixed remuneration (fixed annual reward) and variable or "at risk" remuneration incentives. Positions are evaluated using Hay Group (external independent remuneration specialist) job evaluation methodology. Fixed annual reward is benchmarked annually using the Hay Group remuneration data (refer page 36).

The Group targets fixed annual reward and total annual reward at the 50th percentile for all positions with business critical positions such as KMP targeting the 50th and 75th percentile. Whilst these are the targets, based on current performance and prevailing market conditions, some KMP are presently remunerated below the 50th percentile.

The Group's underlying remuneration structure for the Executive KMP comprises two main components:

Fixed annual reward ("FAR")

This element comprises base salary, any fringe benefits (e.g. motor vehicle allowance) and employer contributed superannuation. The individual FAR levels to be applied are established on an annual basis informed by external survey data provided by Hay Group.

The survey data is drawn from the industrial sector of ASX listed enterprises and is provided on a comparable basis, taking account of the various factors that determine individual job scope and responsibility. The Group targets the market median for each position, projected ahead to the mid point of each year. The final determination of FAR for each Executive, as a percentage of the market median, takes account of individual performance and experience in the position and is adjusted based on Company performance.

Executive KMP have scope to vary the components that make up their FAR and can tailor their salary package to suit individual requirements.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration

This element of reward comprises various components determined by factors related to Group objectives. The proportion of these "at risk" payments in the total remuneration structure is informed by market survey data provided by Hay Group. In this regard the Group targets typical reward structures as related to individual job scope and responsibility.

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

a) *Short term incentive plan ("STIP")*

Where short term incentives are paid, the short term reward is determined by the Group's STIP. The objectives of this plan are to:

- Focus Executive KMP on key annual business goals and reinforce the link between performance and reward;
- Allow scope to recognise exceptional performance through a sliding scale of reward;
- Encourage teamwork as well as individual performance in meeting annual goals; and
- Align reward with the Group's values.

The STIP is applied following the completion and audit of the annual financial report and a review of individual performance against agreed targets set at the beginning of each financial year. Any payments made under the STIP will occur in the first half of the following financial year and following Board approval. No STIP payment is made should results fall short of targets. Individual performance measures are reset each year and are determined by the business drivers appropriate to each position.

There have been no short term incentive payments made to KMP in relation to FY2014 and FY2015.

b) *Long term incentive plan ("LTIP")*

The Group's LTIP was established to provide reward for consistent performance over a three year period.

The level of reward available under the LTIP is determined on the basis of market survey data provided by Hay Group. The Group has adopted the policy of aligning the level of LTIP reward to average market practice and the quantum is determined by individual job scope and responsibility.

The annual value of the reward is converted into the Company's shares at a price determined as the volume weighted average over the five business days preceding the grant date.

Vesting requires continued full time employment with the Group over the three year performance period and achieving a ROCE target at the end of the three year performance period.

The LTIP structure also includes Good Leaver and Change of Control provisions, further details of which are set out on page 31.

The LTIP plan is based on the Group achieving a ROCE of at least 13% at the end of the three year performance period. The ROCE target for the 2013 and prior LTIP plans was based on ROCE of at least 1% greater than the pre tax investment Weighted Average Cost of Capital ("WACC") at the end of the three year performance period.

ROCE is defined as Trading Earnings Before Interest Expense & Tax / Average Capital Employed less Goodwill. Trading Earnings Before Interest Expense & Tax is defined as "profit before financing expenses & income tax" less one off, non-recurring items. Average Capital Employed is calculated with reference to the opening and closing balances of the financial year for: "trade and other receivables", "inventories", "assets classified as held for sale", "plant and equipment", and "trade and other payables".

The pre tax investment WACC is determined using the 10 year bond rate as the risk free rate and using data sourced independently to determine the average Beta in Boom Logistics Limited's industry sector.

The operation of the LTIP is conducted through an Employee Share Trust administered by an independent third party – Trinity Management Group Pty Ltd ("TMG"). TMG was paid $31,363 (2014: $40,942) for this service.

No LTIP have vested since 2007 and LTIP will not vest unless Return on Capital Employed ("ROCE") is greater than 13% and service conditions are met. No LTIP have vested in respect of FY2015.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Arrangements of Executive Key Management Personnel (continued)

Variable remuneration (continued)

c) Other incentive plans

Executive KMP can receive additional incentive benefits in relation to the delivery of key projects critical to the Group's future performance as assessed by the Nomination and Remuneration Committee. There have been no such incentives paid to any KMP in FY2014 and FY2015.

The following table shows the potential annual remuneration packages for Executive KMP during the year ending 30 June 2015.

		Fixed	Variable	
Name	Title	FAR	STIP % of FAR ^	LTIP % of FAR
Brenden Mitchell	Chief Executive Officer & Managing Director	675,000	Nil	45%
Iona MacPherson	Chief Financial Officer & Company Secretary	430,000	Nil	25%
Malcolm Ross	General Counsel & Company Secretary	251,850	Nil	20%
Rosanna Hammond	General Manager – Human Resources	246,123	Nil	20%
Paul Martinez	Chief Financial Officer & Director of Strategy	450,500	Nil	25%
Tony Spassopoulos	Executive General Manager – East Coast	425,000	Nil	30%
Gary Watson	Executive General Manager – West Coast	350,000	Nil	20%

^ As noted previously, the STIP was suspended for all KMP in FY2015.

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

		Fixed	Variable	
Name	Title	FAR	STIP ^	LTIP
Brenden Mitchell	Chief Executive Officer & Managing Director	54%	Nil	24%
Iona MacPherson	Chief Financial Officer & Company Secretary	65%	Nil	16%
Malcolm Ross	General Counsel & Company Secretary	71%	Nil	14.5%
Rosanna Hammond	General Manager – Human Resources	71%	Nil	14.5%
Paul Martinez	Chief Financial Officer & Director of Strategy	65%	Nil	16%
Tony Spassopoulos	Executive General Manager – East Coast	63%	Nil	18.5%
Gary Watson	Executive General Manager – West Coast	67%	Nil	13%

Mr Malcolm Ross, Paul Martinez and Tony Spassopoulos received pay increments when they assumed additional roles as part of the KMP restructure and departure of Ms Iona MacPherson. The restructuring program during the first quarter of FY2016 will result in Rosanna Hammond and Paul Martinez ceasing employment with the Company on 30 September 2015. This will result in an expected cost savings of circa. $1.1 million per annum from FY2016.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the Nomination and Remuneration Committee have regard to the following indices in respect of the current financial year and the previous financial years.

	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
Net profit/(loss) attributable to members of Boom Logistics Limited	$(36,874)	$(79,455)	$(2,476)	$19,705	$(37,748)
Dividends paid	$-	$-	$-	$-	$-
Share price at financial year end	$0.12	$0.12	$0.09	$0.22	$0.30
Return on capital employed (as defined on the previous page under "Long Term Incentive Plan" section)	(2.0%)	3.8%	6.7%	9.6%	5.6%
Pre tax investment weighted average cost of capital (as defined on the previous page under "Long Term Incentive Plan" section)	13.5%	14.5%	13.6%	11.9%	12.3%

These indices have been taken into account by the Nomination and Remuneration Committee in assessing fixed annual remuneration and these indices have also resulted in no vesting of any LTIP shares over the five year period.

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 by Hay Group is combined with individual performance appraisals to determine recommendations to 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.

The Hay Group provides information that is used to determine the market position relating to the CEO & Managing Director role, comparing equivalent positions in comparative companies. The Company does not pay above market median for this position.

- At the CEO & Managing Director's own request, as of 1 July 2014, the fixed annual remuneration of the CEO & Managing Director was reduced by 10% to $675,000. There will not be any change to Mr Mitchell's FAR in FY2016.
- No STIP payment will be made to Mr Mitchell in respect of FY2015.
- No shares allocated under the LTIP will vest at 30 June 2015.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

CEO & Managing Director Remuneration (continued)

Mr Mitchell's remuneration package as at 30 June 2015 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;
- STIP was suspended in FY2015; and
- LTIP equivalent to 45% of his FAR allocated in shares of the Company with a three year vesting condition and ROCE target of at least 13% at the end of the three year performance period, but subject to shareholder approval at the Company's Annual General Meeting.

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

- 12 months pay calculated in accordance with his FAR at the date of redundancy or diminution;
- Long term incentive grants that have vested;
- In certain circumstances, Mr Mitchell is entitled to LTIP that have not satisfied the three year performance conditions:
  - In the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, Share Units may vest at the discretion of the Board; and
  - The Share Units of any Participating Employee who ceases employment in special circumstances may vest at the discretion of the Board; and
- Vested employee entitlements.

The STIP provides for a pro-rata payment of bonus on termination but subject to Board of Directors approval.

In the event that Mr Mitchell was to be summarily dismissed, he would be paid for the period served prior to dismissal and any accrued leave entitlements. Mr Mitchell would not be entitled to the payment of any bonus under the STIP or LTIP.

He is subject to restrictive covenants upon cessation of his employment for a maximum period of one year.

Other Executive KMP (standard contracts)

All other Executive KMP have contracts with no fixed term. Either the Company or the Executive KMP may terminate the Executive KMP employment agreement by providing 3 months written notice or providing payment in lieu of the notice period (based upon the fixed component of the Executive KMP remuneration). If employment is terminated on the grounds of redundancy, in addition to the notice period, all other Executive KMP will be entitled to receive up to 12 months pay calculated in accordance with their FAR.

On termination by notice of the Company or the Executive KMP, any LTIP shares that have vested or that will vest during the notice period will be awarded. In certain circumstances, Executive KMP are entitled to long term incentive grants that have not satisfied the three year performance conditions:

- In the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, Share Units may vest at the discretion of the Board; and
- The Share Units of Participating Employees who cease employment in special circumstances may vest at the discretion of the Board.

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive KMP is only entitled to that proportion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any unvested LTIP shares will be lapse.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Total Remuneration of KMP

Details of the cost to the Group relating to Executive KMP remuneration for the year ended 30 June 2015 are set out below.

	Short Term				Post Employment		Share-based Payments	Long Term	Total Employee Benefits Expense	
	Cash salary	Cash bonus	Non monetary benefits	Other [a]	Super-annuation	Termination benefits	Shares [b]	Annual & long service leave [c]		Total performance related
Executives										
Brenden Mitchell (Chief Executive Officer & Managing Director) [d]										
2015	**585,775**	**-**	**14,096**	**27,834**	**35,000**	**-**	**33,809**	**12,009**	**708,523**	**4.8%**
2014	668,416	-	11,104	37,129	25,000	-	7,521	(3,291)	745,879	1.0%
Iona MacPherson (Chief Financial Officer and Company Secretary) [e]										
2015	**268,972**	**-**	**-**	**-**	**12,500**	**430,000**	**-**	**(71,810)**	**639,662**	**-**
2014	405,008	-	-	-	25,000	-	2,395	(10,112)	422,291	0.6%
Malcolm Ross (General Counsel and Company Secretary) [f]										
2015	**225,535**	**-**	**-**	**-**	**21,426**	**-**	**-**	**2,343**	**249,304**	**-**
Rosanna Hammond (General Manager – Human Resources) [g]										
2015	**205,215**	**-**	**-**	**19,559**	**21,354**	**246,128**	**5,293**	**9,974**	**507,523**	**1.0%**
2014	199,203	-	-	25,571	20,792	-	1,094	7,280	253,940	0.4%
Paul Martinez (Chief Financial Officer and Director of Strategy) [f & g]										
2015	**409,258**	**-**	**-**	**-**	**35,000**	**450,500**	**11,910**	**29,974**	**936,642**	**1.3%**
2014	400,508	-	-	-	25,000	-	2,370	8,175	436,053	0.5%
Tony Spassopoulos (Executive General Manager – East Coast) [h]										
2015	**383,758**	**-**	**-**	**-**	**35,000**	**-**	**13,469**	**35,582**	**467,809**	**2.9%**
2014	361,841	-	-	-	25,091	-	2,674	9,538	399,144	0.7%
Gary Watson (Executive General Manager – West Coast)										
2015	**320,006**	**-**	**-**	**-**	**30,000**	**-**	**5,199**	**8,744**	**363,949**	**1.4%**
Total Remuneration: Executives										
2015	**2,398,519**	**-**	**14,096**	**47,393**	**190,280**	**1,126,628**	**69,680**	**26,816**	**3,873,412**	**-**
2014	2,034,976	-	11,104	62,700	120,883	-	16,054	11,590	2,257,307	-

Refer to note 29 for further details.

a Other represents motor vehicle allowance and novated lease payments.

b Share-based payments represents ordinary shares in Boom Logistics Limited issued for nil consideration. For the purpose of this disclosure, the ordinary shares have been valued at fair value at the grant date being $0.150 per share (2014: $0.201 per share). The share based payment vests over a 3 year period from grant date. Only the expense relating to the period has been recognised in accordance with accounting policy note 3(r).

c Long term annual leave and long service leave amounts represent the net movement in balance sheet leave provisions recognised in the income statement during the financial year.

d Brenden Mitchell's fixed annual remuneration was reduced by 10% as of 1 July 2014.

e Iona MacPherson ceased employment on 30 November 2014. Consequently, all share based payments issued to Ms MacPherson were lapsed as the 3 year vesting condition was not met.

f Malcolm Ross and Paul Martinez received increments in their fixed annual remuneration when they assumed additional roles as a result of the KMP restructure and departure of Iona MacPherson.

g The termination benefits in relation to Rosanna Hammond and Paul Martinez will be paid upon ceasing employment on 30 September 2015. These amounts were recognised in FY2015 as part of the restructuring provision disclosed in note 19.

h Tony Spassopoulos' fixed annual remuneration increased when he assumed the additional role of Executive General Manager – East Coast.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Determining the STIP Outcomes of the Executive KMP

There was no STIP paid during FY2015 in relation to FY2014.

There will be no STIP paid during FY2016 in relation to FY2015.

Determining the LTIP Outcomes of the Executive KMP

As part of the Group's Long Term Incentive Plan, the Company allocated shares to the Executive KMP during the year as set out below:

It is important to note that the LTIP only vests on achievement of the ROCE benchmark. This benchmark is currently 13% and since introducing the ROCE benchmark in financial year 2010, no LTIP Shares have vested.

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date *	Vesting benchmark	Maximum value of grant ^
Brenden Mitchell	**2015**	**29 Oct 14**	**2,025,000**	**29 Oct 17**	**$0.150**	**RoCE of at least 13%**	**$354,375**
	2014	30 Oct 13	1,679,104	30 Oct 16	$0.201	RoCE of at least 13%	$293,843
	2013	29 Oct 12	1,106,557	29 Oct 15	$0.305	RoCE > WACC by 1%	$193,647
Rosanna Hammond	**2015**	**29 Oct 14**	**328,165**	**29 Oct 17**	**$0.150**	**RoCE of at least 13%**	**$57,429**
	2014	30 Oct 13	244,340	30 Oct 16	$0.201	RoCE of at least 13%	$42,760
	2013	29 Oct 12	160,656	29 Oct 15	$0.305	RoCE > WACC by 1%	$28,115
Paul Martinez	**2015**	**29 Oct 14**	**750,833**	**29 Oct 17**	**$0.150**	**RoCE of at least 13%**	**$131,396**
	2014	30 Oct 13	529,229	30 Oct 16	$0.201	RoCE of at least 13%	$92,615
	2013	29 Oct 12	348,770	29 Oct 15	$0.305	RoCE > WACC by 1%	$61,035
Tony Spassopoulos	**2015**	**29 Oct 14**	**850,000**	**29 Oct 17**	**$0.150**	**RoCE of at least 13%**	**$148,750**
	2014	30 Oct 13	597,015	30 Oct 16	$0.201	RoCE of at least 13%	$104,478
	2013	29 Oct 12	295,492	29 Oct 15	$0.305	RoCE > WACC by 1%	$51,711
Gary Watson	**2015**	**29 Oct 14**	**466,667**	**29 Oct 17**	**$0.150**	**RoCE of at least 13%**	**$81,667**

* The fair values per share were assessed as the 5 day volume weighted average market price at the grant dates.

^ The maximum value of grants has been estimated based on a 52 week high in FY2015 of $0.175 per share. The minimum total value of each grant, if the applicable performance conditions are not met is nil.

During the year, the FY2012 shares allocated to the Executive KMP did not vest as the vesting conditions were not met. In accordance with the LTIP rules, the FY2012 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 FY2014
Brenden Mitchell	2012	4 Nov 11	1,057,500	5 Nov 14	$0.300	RoCE > WACC by 1%	$211,500
Rosanna Hammond	2012	4 Nov 11	151,405	5 Nov 14	$0.292	RoCE > WACC by 1%	$30,281
Paul Martinez	2012	4 Nov 11	336,575	5 Nov 14	$0.292	RoCE > WACC by 1%	$67,315
Tony Spassopoulos	2012	4 Nov 11	291,165	5 Nov 14	$0.292	RoCE > WACC by 1%	$58,233

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

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 Director fees since 2007.

Details of non-executive Directors' remuneration for the year ended 30 June 2015 are as follows:

	Short Term				Post Employment		Share-based Payments	Long Term	Total	
	Salary & fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Termination benefits	Shares	Annual & long service leave		Total performance related
Non-Executive Directors										
John Robinson										
2015	**120,000**	**-**	**-**	**-**	**11,400**	**-**	**-**	**-**	**131,400**	**-**
2014	120,000	-	-	-	11,100	-	-	-	131,100	-
Fiona Bennett [1]										
2015	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**-**	**65,700**	**-**
2014	60,000	-	-	-	5,550	-	-	-	65,550	-
Terrence Francis										
2015	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**-**	**65,700**	**-**
2014	60,000	-	-	-	5,550	-	-	-	65,550	-
Terence Hebiton										
2015	**60,000**	**-**	**-**	**-**	**5,700**	**-**	**-**	**-**	**65,700**	**-**
2014	60,000	-	-	-	5,550	-	-	-	65,550	-
Total Remuneration: Non-Executive Directors										
2015	**300,000**	**-**	**-**	**-**	**28,500**	**-**	**-**	**-**	**328,500**	**-**
2014	300,000	-	-	-	27,750	-	-	-	327,750	-
Total Remuneration: Non-Executive Directors and Executives – Group										
2015	**2,698,519**	**-**	**14,096**	**47,393**	**218,780**	**1,126,628**	**69,680**	**26,816**	**4,201,912**	**-**
2014	2,334,976	-	11,104	62,700	148,633	-	16,054	11,590	2,585,057	-

[1] Fiona Bennett resigned on 25 June 2015.

Insurance

Amounts disclosed for remuneration of Directors and Executive KMP exclude insurance premiums paid by the Company in respect of Directors' and Officers' liability insurance. The premium has not been allocated to the individuals covered by the insurance policy as, based on all available information, the Directors believe that no reasonable basis for such allocation exists.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Shareholdings of Directors and Executive KMP

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

Ordinary shares held in Boom Logistics Limited (number) 30 June 2014	Balance 1 July 13	Granted and vested	Net change other (i)	Balance 30 June 14	Granted but not vested
Non-Executive & Executive Directors					
John Robinson	830,000	-	-	**830,000**	-
Brenden Mitchell	3,057,235	-	-	**3,057,235**	3,843,161
Fiona Bennett [a]	151,885	-	-	**151,885**	-
Howard Critchley	150,000	-	n/a	**n/a**	-
Terrence Francis (ii)	185,745	-	-	**185,745**	-
Terence Hebiton	547,995	-	-	**547,995**	-
Executives					
Iona MacPherson [b]	410,071	-	-	**410,071**	1,236,682
Rosanna Hammond	39,196	-	-	**39,196**	556,401
Paul Martinez	190,452	-	-	**190,452**	1,214,574
Tony Spassopoulos	1,081,565	-	-	**1,081,565**	1,183,672
Teresa Withington [c]	20,000	-	-	**20,000**	-
Total	**6,664,144**	**-**	**-**	**6,514,144**	**8,034,490**

(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.

a Fiona Bennett resigned on 25 June 2015.
b Iona MacPherson ceased acting as Chief Financial Officer and Company Secretary on 22 September 2014 and ceased employment on 30 November 2014.
c Teresa Withington resigned on 1 November 2013.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (CONTINUED)

Shareholdings of Directors and Executive KMP (continued)

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Use of Remuneration Consultants

The Nomination and Remuneration Committee engages Hay Group as an independent external remuneration specialist to the Board of Directors to evaluate and benchmark the remuneration of the CEO & Managing Director. As Mr Mitchell's FAR had voluntarily reduced in FY2015 and there will be no change in FY2016, Hay Group was not engaged to provide an independent recommendation on Mr Mitchell's FAR for the current and subsequent financial years.

Remuneration for other members of the KMP is determined with reference to Hay Group data. Hay Group provided benchmarking data through their remuneration database on a subscription basis. Hay Group was paid a total of $14,850 (2014: $14,520) for providing this service.

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

The auditor's independence declaration is set out on page 38 and forms part of the directors' report for the financial year ended 30 June 2015.

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	$42,668
Total remuneration for non-audit services	$42,668

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 Class Order 98/100. The Group is of a kind to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 11 August 2015

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Boom Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 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
Partner

Melbourne

11 August 2015

CONSOLIDATED INCOME STATEMENT

Year Ended 30 June 2015

	Note	2015	2014
		$'000	$'000
Revenue	6	206,629	273,320
Salaries and employee benefits expense	6(c)	(105,419)	(129,064)
Equipment service and supplies expense	6(c)	(59,008)	(73,293)
Operating lease expense		(10,336)	(11,525)
Other expenses		(14,094)	(17,644)
Restructuring expense	19	(5,951)	(8,153)
Depreciation and amortisation expense	6(c)	(24,214)	(28,219)
Impairment expense	6(c)	(20,786)	(80,121)
Loss before financing expenses and income tax		(33,179)	(74,699)
Financing expenses	6(c)	(7,987)	(8,408)
Loss before income tax		(41,166)	(83,107)
Income tax benefit	7(a)	4,292	3,652
Net loss attributable to members of Boom Logistics Limited		(36,874)	(79,455)
Basic losses per share (cents per share)	8	(7.8)	(16.8)
Diluted losses per share (cents per share)	8	(7.8)	(16.8)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Net loss attributable to members of Boom Logistics Limited		(36,874)	(79,455)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges recognised in equity, net of tax		586	361
Other comprehensive income for the year, net of tax		586	361
Total comprehensive loss for the year attributable to members of Boom Logistics Limited		(36,288)	(79,094)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015	2014
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	10(a)	6,995	8,557
Trade and other receivables	11	40,676	55,402
Inventories	12	259	300
Prepayments and other current assets	13	1,924	2,495
Assets classified as held for sale	14	8,810	15,472
Income tax receivable	7(c)	4,449	4,450
TOTAL CURRENT ASSETS		63,113	86,676
NON-CURRENT ASSETS			
Plant and equipment	15	253,257	300,018
Intangible assets	16	1,675	2,682
TOTAL NON-CURRENT ASSETS		254,932	302,700
TOTAL ASSETS		318,045	389,376
CURRENT LIABILITIES			
Trade and other payables	17	16,845	23,073
Interest bearing loans and borrowings	18	25,931	4,166
Provisions	19	12,392	15,154
Derivative financial instruments	20	-	837
Other liabilities	21	5,222	5,633
TOTAL CURRENT LIABILITIES		60,390	48,863
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	18	52,050	93,917
Provisions	19	3,144	4,086
Deferred tax liabilities	7(b)	4,185	8,186
TOTAL NON-CURRENT LIABILITIES		59,379	106,189
TOTAL LIABILITIES		119,769	155,052
NET ASSETS		198,276	234,324
EQUITY			
Contributed equity	22	318,065	318,065
Retained losses	23	(120,475)	(83,601)
Reserves	24	686	(140)
TOTAL EQUITY		198,276	234,324

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2015

	Note	2015	2014
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		239,148	294,947
Payments to suppliers and employees		(224,929)	(262,839)
Interest paid		(5,920)	(7,745)
Interest received		146	156
Income tax received		1	-
Net cash provided by operating activities	10(b)	8,446	24,519
Cash flows from investing activities			
Purchase of plant and equipment		(8,280)	(15,885)
Payment for intangible assets – software development costs		(115)	(34)
Proceeds from the sale of plant and equipment		20,337	17,283
Net cash provided by investing activities		11,942	1,364
Cash flows from financing activities			
Proceeds from borrowings		3,116	118,802
Repayment of borrowings		(25,066)	(139,700)
Net cash (used in) financing activities		(21,950)	(20,898)
Net (decrease) / increase in cash and cash equivalents		(1,562)	4,985
Cash and cash equivalents at the beginning of the period		8,557	3,572
Cash and cash equivalents at the end of the period	10(a)	6,995	8,557

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June 2015

	Note	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Total Equity
		$'000	$'000	$'000	$'000	$'000
At 1 July 2013		318,065	(4,146)	(947)	342	313,314
Loss for the year		-	(79,455)	-	-	(79,455)
Other comprehensive income		-	-	361	-	361
Total comprehensive loss		-	(79,455)	361	-	(79,094)
Transactions with owners in their capacity as owners:						
Cost of share based payments	24	-	-	-	104	104
At 30 June 2014		**318,065**	**(83,601)**	**(586)**	**446**	**234,324**
Loss for the year		**-**	**(36,874)**	**-**	**-**	**(36,874)**
Other comprehensive income		**-**	**-**	**586**	**-**	**586**
Total comprehensive loss		**-**	**(36,874)**	**586**	**-**	**(36,288)**
Transactions with owners in their capacity as owners:						
Cost of share based payments	24	**-**	**-**	**-**	**240**	**240**
At 30 June 2015		**318,065**	**(120,475)**	**-**	**686**	**198,276**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 30 June 2015

1. CORPORATE INFORMATION

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 11 August 2015.

Boom Logistics Limited is a company domiciled in Australia and limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group is a for profit entity and the nature of its operations and principal activities are described in note 5.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Historical cost convention

The financial report has been prepared in accordance with the historical cost convention rounded to the nearest thousand dollars ($'000) in accordance with ASIC Class Order 98/100 unless otherwise stated, except for derivative financial instruments and assets classified as held for sale which are measured at fair value. The financial report is presented in Australian dollars which is the Company's functional currency.

(c) Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Going concern assumption

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

As disclosed in note 18, the Group is funded by a secured loan facility which was revised in June 2015, with changes to key covenants and repayment schedules. The loan facility is due to expire in January 2017, and accordingly that part of the facility that is not due for repayment within 12 months from 30 June 2015 has been classified as a non-current liability. In the normal course of business, the Group would commence the process to renew its debt facility 12 months before the expiry of the existing facility.

Notwithstanding that part of the loan facility is classified as non-current, the ability of the Group to defer payment depends on its ability to remain within the limits of the debt covenants which will be determined by operational trading results, the successful execution of restructuring plans and cash flows from the realisation of assets held for sale and other surplus assets.

The Group incurred a loss after tax for the year ended 30 June 2015 primarily as a result of asset impairments and restructuring charges. The Directors have assessed the forecast trading results and cash flows for the Group, including the impact of restructuring and other initiatives implemented by management to adjust to the changed market conditions. These forecasts are necessarily based on best-estimate assumptions that are subject to influences and events outside of the control of the Group. The current operating environment in some market sectors presents challenges in terms of price pressures and volatile demand patterns. Should trading conditions continue to deteriorate, the Company has the ability to make further adjustments in the normal course of business to compensate. The forecast trading results and cash flows, taking into account reasonably possible changes in trading performance, show that the Group will continue to operate within the level and terms of its debt facilities; however the current market conditions create material uncertainty that may cast doubt on the ability of the Group to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(c) Critical accounting estimates and assumptions (continued)

Going concern assumption (continued)

After making enquiries and considering the matters described above, the Directors have a reasonable expectation that the Group will have adequate resources to continue to meet its obligations as they fall due and remain within the limits of its debt facilities. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial report.

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

Impairment testing of plant and equipment including assets classified as held for sale

The Group tests annually whether plant and equipment have suffered any impairment, in accordance with the accounting policy stated in note 3(m). The recoverable amounts of plant and equipment under their cash-generating units have been determined based on their fair value less costs to sell. Refer to note 15.

Tax balances

Judgement and estimation is required over the calculation and recognition of current and deferred tax balances. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets, liabilities and expense/benefit in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the losses continue to be available having regard to their nature and timing of origination. Utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped.

Useful lives and residual values of plant and equipment

The Group determines the estimated useful lives of assets and related depreciation charges for its plant and equipment based on the accounting policy stated in note 3(j). These estimates are based on projected capital equipment lifecycles for periods up to 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 plant and equipment at the end of its useful life. The achievement of these residual values is dependent upon and could be impacted as a result of the industrial cycle.

Management will increase the depreciation charge where useful lives are less than previously estimated lives or there is indication that residual values can not be achieved.

Assets classified as held for sale measurement

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

Onerous operating lease contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(d) Changes in accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out in note 3. These policies are consistent with those of the previous financial year, with the exception of an amendment to the revenue recognition accounting policy to recognise the revenue treatment of wind farm contracts (refer to note 3(b)).

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

(e) Changes in accounting estimates

Change in discount rate on employee benefits

During the reporting period, the Group changed the discount rate used in its calculation of long service leave provision from the government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimate. This change is the result of new developments in the economy that caused the high quality corporate bond market to be considered deep. The Group has decreased the long service leave provision in the current year upon application of this change by $27,000 with a corresponding reduction in salaries and employee benefits expense recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts in the consolidated financial statements have been reclassified to conform with current year's presentation.

(a) Basis of consolidation

Subsidiaries

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

Subsidiaries are entities (including structured entities) controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the parent company financial statements (refer to note 34), 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.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the hire of lifting/access equipment and other services provided is recognised where the right to be compensated for the services can be reliably measured.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (ie. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the income statement using the effective interest rate method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(d) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the 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 as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

(e) Cash and cash equivalents

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment (refer note 3(m)). Trade receivables are generally due for settlement within 30 – 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an allowance for impairment had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(h) Income tax

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income tax (continued)

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

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

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

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

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

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

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

Tax consolidation legislation

Boom Logistics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Boom Logistics Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Boom Logistics Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Plant and equipment

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.

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

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

Mobile Cranes > 20T	20 Years
Travel Towers	20 Years
Mobile Cranes < 20T	10 Years
Access Equipment	10 Years
Ancillary Equipment	10 Years
Office Equipment	3 to 10 Years
Workshop Equipment	3 to 10 Years
Leasehold Improvements	Lesser of lease term or 10 Years
Vehicles	5 to 10 Years
Computer Equipment	3 to 5 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and at more regular intervals when there is an indicator of impairment or when deemed appropriate.

Gains or losses on sale of plant and equipment are included in the income statement in the year the asset is disposed of.

Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. No depreciation is recognised whilst an asset is held for sale. Interest and other expenses attributable to the assets held for sale continue to be recognised.

(k) Intangible assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets (continued)

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

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

Software Development Costs	
Useful lives	*Finite*
Method used	*Life of software*
Internally generated / Acquired	*Internally generated*
Impairment test / Recoverable amount testing	*Amortisation method reviewed at each financial year end; Reviewed annually for indicators of impairment.*

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(l) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(m) Impairment of assets

Financial assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit or a group of cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units or a group of cash-generating units that are expected to benefit from the synergies of the combination and at the lowest level monitored by management.

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

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

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually payable within 45 days of recognition.

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is probable. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits, accumulating sick leave and rostered days off that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Defined contribution superannuation plans

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution plans are recognised as salaries and employee benefits expense in the income statement in the period in which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(r) Share-based payments

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

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

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

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payments (continued)

If the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

If an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(t) Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(u) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Measurement of each of the non-derivative financial instruments is covered in the respective policy notes – trade and other receivables 3(f), cash and cash equivalents 3(e), interest bearing loans and borrowings 3(o), and trade and other payables 3(n). Refer to note 25 for detailed disclosures.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control and substantially all risks and rewards of the asset.

Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Derivatives and hedging

The Group uses derivative financial instruments, such as forward foreign currency and interest rate swap contracts, to hedge its foreign currency risks and interest rate risks, respectively. Such derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various 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 values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 20. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is a non financial asset (for example, inventory or fixed assets), the amounts taken to equity are transferred to the initial carrying amount of the non financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(x) Segment reporting

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

(y) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are not yet effective and their impacts have not yet been determined nor adopted by the Group in preparing this financial report.

(i) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years commencing on or after 1 January 2016).

(ii) AASB 15 Revenue from Contracts with Customers (effective for financial years commencing on or after 1 January 2018).

(iii) AASB 9 Financial Instruments (effective for financial years commencing on or after 1 January 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

4. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the oversight of the Company's risk management framework including the identification and management of material business, financial and regulatory risks. Management reports regularly to the Risk Committee and the Board of Directors on relevant activities.

Risk management guidelines have been further developed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management guidelines are regularly reviewed to reflect changes in market conditions and the Group's activities.

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

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

The Group's policy is to trade with recognised, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Refer to note 25 for detailed disclosure.

Liquidity risk

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

In light of prevailing market conditions that are impacting the resources and mining services sectors, the Group has taken additional steps to manage liquidity risk. These initiatives include:
- An on-going program of operational restructuring to align cost structures with changes in market demand;
- A fixed cost reduction program to capitalise on efficiencies realised through the standardisation of processes and systems;
- The centralisation of credit review, approval and collections to ensure appropriate management of debtors and accounts receivable;
- In recognition of the availability of underutilised assets in the operating fleet, a reduction in annual capital expenditures supported by asset redeployments to areas of demand and the continuity of maintenance programs for the operating fleet; and
- An on-going review of fleet performance to identify surplus assets for sale.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. At 30 June 2015, the Group's balance sheet gearing ratio was as follows:

	Note	2015	2014
		$'000	$'000
Interest bearing loans and borrowings	18	77,981	98,083
Less: cash and cash equivalents	10(a)	(6,995)	(8,557)
Net debt		70,986	89,526
Total equity		198,276	234,324
Gearing ratio		36%	38%

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. Refer to note 25 for detailed disclosure.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has transactional currency exposures arising from purchases of plant and equipment in currencies other than the functional currency. It is the Group's policy to hedge 100% of its estimated foreign currency purchases. The Group's policy is not to enter into forward currency contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The level of variable rate debt is disclosed in note 25.

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.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to maintain robust capital ratios, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt subject to restrictions disclosed in note 22(a).

The Group monitors capital on the basis of the balance sheet gearing ratio. This ratio is calculated as net debt divided by equity. Refer to above *Liquidity risk* section for the balance sheet gearing ratio. Information regarding compliance with debt facility requirements is disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

5. SEGMENT REPORTING

Description of operating segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resource allocation and to assess performance.

The business is considered from a product perspective and has one reportable segment: "Lifting Solutions", which consists of all lifting activities including the provision of cranes, travel towers, access equipment and all associated services.

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

Transfer prices between operating segments are at cost.

Boom Logistics Limited is domiciled in Australia and all core revenue is derived from external customers within Australia. Revenues of approximately $25.039 million or 12% of total segment revenue (2014: $34.366 million or 13%) are derived from a single external customer. These revenues are attributable to the Lifting Solutions segment.

Segment information

	Lifting Solutions	Other *	Consolidated
	$'000	$'000	$'000
Year ended:		*30 June 2015*	
Segment revenue			
Total external revenue	203,292	-	203,292
Inter-segment revenue	-	-	-
Revenue from external customers	203,292	-	203,292
Other income	3,191	-	3,191
Total segment revenue	206,483	-	206,483
Interest income from other persons/corporations			146
Total revenue			206,629
Segment result			
Operating result	27,702	(10,076)	17,626
Depreciation and amortisation	(22,552)	(1,662)	(24,214)
Restructuring expense	(2,363)	(3,588)	(5,951)
Impairment of plant and equipment	(14,492)	-	(14,492)
Impairment of assets classified as held for sale	(6,294)	-	(6,294)
Loss before net interest and tax	(17,999)	(15,326)	(33,325)
Net interest			(7,841)
Income tax benefit			4,292
Loss from continuing operations			(36,874)
Segment assets and liabilities			
Segment assets	305,355	12,690	318,045
Segment liabilities	109,359	10,410	119,769
Additions to non-current assets	8,083	312	8,395

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

5. SEGMENT REPORTING (CONTINUED)

Segment information (continued)

	Lifting Solutions	Other *	Consolidated
	$'000	$'000	$'000
Year ended:		*30 June 2014*	
Segment revenue			
Total external revenue	267,292	900	268,192
Inter-segment revenue	-	-	-
Revenue from external customers	267,292	900	268,192
Other income	4,972	-	4,972
Total segment revenue	272,264	900	273,164
Interest income from other persons/corporations			156
Total revenue			273,320
Segment result			
Operating result	52,107	(10,469)	41,638
Depreciation and amortisation	(26,647)	(1,572)	(28,219)
Restructuring expense	(7,906)	(247)	(8,153)
Impairment of plant and equipment	(4,798)	-	(4,798)
Impairment of assets classified as held for sale	(4,513)	-	(4,513)
Impairment of goodwill	(70,810)	-	(70,810)
Loss before net interest and tax	(62,567)	(12,288)	(74,855)
Net interest			(8,252)
Income tax expense			3,652
Loss from continuing operations			(79,455)
Segment assets and liabilities			
Segment assets	377,014	12,362	389,376
Segment liabilities	142,220	12,832	155,052
Additions to non-current assets	15,633	1,223	16,856

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

		Note	2015 $'000	2014 $'000
6.	**REVENUE AND EXPENSES**			
(a)	**Revenue from continuing operations**			
	Revenue from services		203,292	268,192
	Interest income from other persons/corporations		146	156
			203,438	268,348
(b)	**Other income**			
	Net profit on disposal of plant and equipment		3,191	4,972
			3,191	4,972
	Total revenue		206,629	273,320
(c)	**Expenses**			
	Salaries and employee benefits		98,629	121,066
	Defined contribution plan expense		6,790	7,998
	Total salaries and employee benefits expense		105,419	129,064
	External equipment hire		13,386	17,965
	External labour hire		7,833	8,164
	Maintenance		12,437	16,382
	Fuel		5,461	6,690
	External transport		8,153	8,199
	Employee travel and housing		3,580	5,920
	Other reimbursable costs (on-charged to customers)		2,304	4,326
	Other equipment services and supplies		5,854	5,647
	Total equipment services and supplies expense		59,008	73,293
	Depreciation of plant and equipment		23,092	27,041
	Amortisation of intangible assets – software development costs	16	1,122	1,178
	Total depreciation and amortisation expense		24,214	28,219
	Impairment of plant and equipment	15	14,492	4,798
	Impairment of assets classified as held for sale	15	6,294	4,513
	Impairment of goodwill	16	-	70,810
	Total impairment expense		20,786	80,121
	Interest expense		5,503	6,343
	Borrowing costs – amortisation (non-cash)		2,067	663
	Borrowing costs – other		417	1,402
	Total financing expenses		7,987	8,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

		2015 $'000	2014 $'000
7.	**INCOME TAX**		
	The major components of income tax benefit are:		
(a)	**Income tax benefit**		
	Current income tax		
	Current income tax (benefit) / expense	115	(11)
	Adjustments in respect of current income tax of previous years	(155)	(24)
	Deferred income tax		
	Relating to origination and reversal of temporary differences	(4,252)	(3,617)
		(4,292)	(3,652)
	A reconciliation between tax benefit and the accounting loss before income tax (multiplied by the Group's applicable income tax rate) is as follows:		
	Accounting loss before tax from continuing operations	(41,166)	(83,107)
	At the Group's statutory income tax rate of 30% (2014: 30%)	(12,350)	(24,932)
	Expenditure not allowable for income tax purposes	25	61
	Goodwill impairment not allowable for income tax purposes	-	21,243
	Adjustments in respect of current income tax of previous years	(155)	(24)
	Current year losses for which no deferred tax asset is recognised	8,188	-
	Income tax benefit reported in the consolidated income statement	(4,292)	(3,652)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	BALANCE SHEET		INCOME STATEMENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
7. INCOME TAX (CONTINUED)				
(b) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax assets				
– Employee leave provisions	2,866	3,678	812	339
– Allowance for impairment on financial assets	94	237	143	(31)
– Liability accruals	638	793	155	(666)
– Restructuring provisions	886	1,099	213	19
– Tax losses	9,410	8,981	(429)	(2,308)
– Cash flow hedges (recognised in other comprehensive income)	-	251		
Gross deferred income tax assets	13,894	15,039		
Deferred tax liabilities				
– Plant and equipment	(18,079)	(23,225)	(5,146)	(970)
Gross deferred income tax liabilities	(18,079)	(23,225)		
Net deferred tax liabilities	(4,185)	(8,186)		
Deferred tax benefit			(4,252)	(3,617)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
7. INCOME TAX (CONTINUED)			
(c) Income tax (receivable) / payable			
Income tax receivable		**(4,449)**	(4,450)

Income tax receivable represents the anticipated tax refund in respect of the FY2015 year of $4.449 million (2014: $4.450 million) which was paid prior to 30 June 2015 to offset a franking deficit position at the time. The prepayment of tax instalments will continue until the franking deficit is permanently extinguished.

(d) Tax losses

The Group has unused tax losses of $8.188 million (2014: $nil) that have not been recognised as a deferred tax asset based on an assessment of the probability that sufficient taxable profit will be available to allow the tax losses to be utilised in the near future. The unused tax losses remain available indefinitely.

The Group has recognised $9.410 million (2014: $8.981 million) of unused tax losses where it was deemed sufficient taxable profit will be available to allow the tax losses to be utilised in the near future.

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

	2015 $'000	2014 $'000
Net loss after tax	**(36,874)**	(79,455)

	No. of shares	
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**474,868,764**	473,441,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

9. DIVIDENDS PAID AND PROPOSED

(a) Dividends paid during the year

There were no dividends paid during the year.

(b) Dividends proposed and not recognised as a liability

There were no dividends proposed and not recognised as a liability as the Directors of Boom Logistics Limited have declared that no final dividend would be paid for the financial year ended 30 June 2015.

(c) Franking credit balance

	Note	2015 $'000	2014 $'000
The amount of franking credits available for the subsequent financial year are:			
– Franking credits as at the end of the financial year at 30% (2014: 30%)		2	3
– Franking (deficits) / credits that will arise from the payment / (receipt) of income tax payable / (receivable) as at the end of the financial year	7(c)	(4,449)	(4,450)
		(4,447)	(4,447)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
10. CASH AND CASH EQUIVALENTS			
(a) Reconciliation of cash			
Cash at bank and on hand		6,995	8,557
Closing cash balance		6,995	8,557

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

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

	Note	2015 $'000	2014 $'000
Net loss after tax		(36,874)	(79,455)
Non cash items			
Depreciation and amortisation of non-current assets	6(c)	24,214	28,219
Impairment of plant and equipment	6(c)	20,786	9,311
Impairment of goodwill	6(c)	-	70,810
Net profit on disposal of plant and equipment	6(b)	(3,191)	(4,972)
Share based payments	24	240	104
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		14,726	38
(Increase)/decrease in inventories		41	207
(Increase)/decrease in prepayments and other assets		571	348
(Increase)/decrease in current tax receivables		1	-
(Decrease)/increase in trade and other payables		(6,228)	2,683
(Decrease)/increase in deferred tax liabilities		(4,001)	(3,463)
(Decrease)/increase in provisions		(3,704)	2,058
(Decrease)/increase in other liabilities		1,865	(1,369)
Net cash flow from operating activities		8,446	24,519

11. TRADE AND OTHER RECEIVABLES

	Note	2015 $'000	2014 $'000
Trade receivables	(i)	39,150	52,436
Allowance for impairment	25(a)	(314)	(789)
		38,836	51,647
Other receivables		1,840	3,755
Total trade and other receivables		40,676	55,402

(i) Trade receivables are non interest bearing and are generally on 30 – 60 day terms. An allowance for impairment is made when there is objective evidence that a trade receivable is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	2015 $'000	2014 $'000
12. INVENTORIES		
Stock on hand at cost	259	300
Total inventories	259	300
13. PREPAYMENTS AND OTHER CURRENT ASSETS		
Prepayments	1,557	1,764
Other current assets	367	731
Total prepayments and other current assets	1,924	2,495
14. ASSETS CLASSIFIED AS HELD FOR SALE		
Plant and equipment	8,810	15,472
Total assets classified as held for sale	8,810	15,472

Assets classified as held for sale at year end consists of cranes, plant & equipment, travel towers and access equipment in the Lifting Solutions segment that are no longer in use and are available for immediate sale.

All assets held for sale are measured at their fair value less cost to sell. Fair value was determined from a valuation obtained from an independent valuer in April 2015 together with the Group's sales history of comparable assets. To provide an indication about the reliability of the inputs when determining fair value, the Group has classified its assets held for sale as level 2 in the fair value hierarchy where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

At the end of each reporting period the Directors update their assessment of the fair value of assets held for sale by considering information from a variety of sources including any independent valuations obtained during the year and current prices in an active market for similar assets.

The balance in the Group's assets classified as held for sale account at 30 June 2015 is $8.810 million. All assets classified as assets held for sale have been reviewed to ensure they are being carried at their recoverable amount less any selling costs. An impairment charge of $6.294 million (2014: $4.513 million) has been recorded in profit and loss in respect of these assets, which are targeted for sale in FY2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	Rental Equipment	Motor Vehicles*	Machinery, Furniture, Fittings & Equipment	Freehold Land & Buildings **	Total
		$'000	$'000	$'000	$'000	$'000
15. PLANT AND EQUIPMENT						
Closing balance at 30 June 2014						
At cost		413,113	34,863	16,148	-	464,124
Accumulated depreciation		(136,157)	(16,694)	(11,255)	-	(164,106)
Net carrying amount		276,956	18,169	4,893	-	300,018
Year ended 30 June 2015						
Carrying amount at beginning net of accumulated depreciation and impairment		**276,956**	**18,169**	**4,893**	**-**	**300,018**
Additions		**6,168**	**14**	**383**	**1,715**	**8,280**
Disposals	(i)	**(17,278)**	**(303)**	**(74)**	**-**	**(17,655)**
Transfers		**2,601**	**5**	**(3,638)**	**1,032**	**-**
Transfer to / from assets held for sale		**6,377**	**107**	**8**	**-**	**6,492**
Impairment	6(c)	**(20,719)**	**(67)**	**-**	**-**	**(20,786)**
Depreciation charge for the year		**(19,343)**	**(2,697)**	**(1,052)**	**-**	**(23,092)**
Carrying amount at end net of accumulated depreciation and impairment		**234,762**	**15,228**	**520**	**2,747**	**253,257**
Closing balance at 30 June 2015						
At cost		**378,229**	**33,595**	**5,427**	**2,747**	**419,998**
Accumulated depreciation		**(143,467)**	**(18,367)**	**(4,907)**	**-**	**(166,741)**
Net carrying amount		**234,762**	**15,228**	**520**	**2,747**	**253,257**

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

** *Freehold land and buildings represents construction of the Newman depot in Western Australia which was in progress at year end.*

(i) Disposals include assets classified as held for sale that were disposed during the year.

Plant and equipment with a carrying amount of $253.257 million (2014: $300.018 million) is pledged as securities for current and non current interest bearing loans and borrowings as disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	Rental Equipment	Motor Vehicles*	Machinery, Furniture, Fittings & Equipment	Total
		$'000	$'000	$'000	$'000
15. PLANT AND EQUIPMENT (CONTINUED)					
Opening balance at 1 July 2013					
At cost		468,601	36,385	18,648	523,634
Accumulated depreciation		(155,931)	(15,109)	(15,916)	(186,956)
Net carrying amount		312,670	21,276	2,732	336,678
Year ended 30 June 2014					
Carrying amount at beginning net of accumulated depreciation and impairment		312,670	21,276	2,732	336,678
Additions		15,180	153	1,489	16,822
Disposals		(9,925)	(1,908)	(478)	(12,311)
Transfers		(3,576)	188	3,142	(246)
Transfer to / from assets held for sale		(10,544)	1,447	11	(9,086)
Impairment		(4,798)	-	-	(4,798)
Depreciation charge for the year		(22,051)	(2,987)	(2,003)	(27,041)
Carrying amount at end net of accumulated depreciation and impairment		276,956	18,169	4,893	300,018
Closing balance at 30 June 2014					
At cost		413,113	34,863	16,148	464,124
Accumulated depreciation		(136,157)	(16,694)	(11,255)	(164,106)
Net carrying amount		276,956	18,169	4,893	300,018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

15. PLANT AND EQUIPMENT (CONTINUED)

Impairment

The carrying value of the Group's fixed assets was tested at 30 June 2015 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 in April 2015.

The tough external economic environment prevalent in the Group's key markets has lead to a decline in asset values across the sector. As such a total fixed asset impairment loss of $20.786 million (2014: $9.311 million) was recognised across the Group's fixed asset base. This impairment included:

Plant and Equipment

Under the requirements of AASB 136: Impairment Testing an impairment charge is required to be recognised when the carrying value of assets is greater than their recoverable amount for any particular Cash Generating Unit ("CGU"). Cash Generating Units are measured on a state based operational level. As a consequence, an impairment charge of $14.492 million has been recognised against the value of cranes and travel towers held in the following Cash Generating Units:

	Impairment charge	Post impairment Net book value
	$m	$m
New South Wales CGU	4.441	61.166
Queensland CGU	0.429	38.427
South Australia CGU	0.147	32.137
Western Australia CGU	9.475	94.697
	14.492	226.427

When conducting the 30 June 2015 impairment testing, the Group utilised an independent valuation of the assets as the primary source of reference. The Group did not make any allowance for costs to sell as they were deemed immaterial given the Group's in house expertise and track record of successful asset sales. The Group has classified the assessment as Level 2 in the fair value hierarchy where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

Assets Classified As Held For Sale

An impairment charge of $6.294 million has been recognised against assets classified as held for sale. Refer to note 14 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
16. INTANGIBLE ASSETS			
Goodwill			
Carrying amount at beginning of year net of impairment		-	70,810
Impairment	6(c)	-	(70,810)
Carrying amount at end of year net of impairment		-	-
Represented by:			
Cost (gross carrying amount)		-	111,496
Accumulated impairment		-	(111,496)
Net carrying amount		-	-
Software development costs			
Carrying amount at beginning net of accumulated amortisation and impairment		2,682	3,826
Additions – internal development		115	34
Amortisation charge for the year	6(c)	(1,122)	(1,178)
Carrying amount at end net of accumulated amortisation and impairment		1,675	2,682
Represented by:			
Cost (gross carrying amount)		5,958	5,843
Accumulated amortisation and impairment		(4,283)	(3,161)
Net carrying amount		1,675	2,682
Goodwill		-	-
Software development costs (net carrying amount)		1,675	2,682
Total intangible assets		1,675	2,682
17. TRADE AND OTHER PAYABLES			
Current			
Trade payables – creditors		15,908	20,468
Other payables		937	2,605
Total current trade and other payables		16,845	23,073

Trade payables are non-interest bearing and are normally subject to settlement within 45 day terms.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
18. INTEREST BEARING LOANS AND BORROWINGS			
Secured bank loans – current		25,931	4,166
Secured bank loans – non-current		52,050	93,917
Total interest bearing liabilities	25(d)	77,981	98,083

Covenant position

The Group was in compliance with all financial and non-financial banking covenants throughout the financial year and as at 30 June 2015.

Syndicated debt facility refinancing

The Group has successfully renegotiated new terms and conditions under its syndicated debt facility agreement with National Australia Bank, GE Capital and ANZ Bank. The current facility limit is $82.5 million and the facility will amortise by $7.5 million per quarter to $37.5 million over its remaining life. The facility has an expiry date of January 2017.

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity	Carrying amount	
Secured bank loans	AUD	6.3%	amortise to Jan 2017	78,431	99,931
Prepaid borrowing costs				(450)	(1,848)
Total interest bearing liabilities				77,981	98,083

Refer to note 25(e) for disclosure of fair value versus carrying value.

Financing facilities available

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

	Note	2015 $'000	2014 $'000
Total facilities:			
– bank overdraft		1,000	1,000
– bank loans and borrowings		82,500	105,000
		83,500	106,000
Facilities drawn at reporting date:			
– bank overdraft		-	-
– bank loans and borrowings		78,431	99,931
		78,431	99,931
Facilities undrawn at reporting date:			
– bank overdraft		1,000	1,000
– bank loans and borrowings		4,069	5,069
		5,069	6,069

In addition, the Group has an existing $9 million working capital facility arrangement with National Australia Bank for letters of credits and bank guarantees. As at 30 June 2015, $6.261 million (2014: $5.855 million) was utilised.

Assets pledged as security

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
19. PROVISIONS			
Current			
Employee related provisions		**8,617**	10,700
Property leases		**823**	790
Restructuring		**2,952**	3,664
Total current provisions		**12,392**	15,154
Non-current			
Employee related provisions		**938**	1,559
Property leases		**2,206**	2,527
Total non-current provisions		**3,144**	4,086
Total provisions		**15,536**	19,240

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

		Restructuring $'000	Property lease $'000	Total $'000
At 1 July		3,664	3,317	**6,981**
Arising during the year	(i)	6,048	390	**6,438**
Utilised		(6,273)	(678)	**(6,951)**
Unused amounts reversed	(i)	(487)	-	**(487)**
At 30 June		**2,952**	**3,029**	**5,981**

(i) The net amount of $5.951 million represents the restructuring costs incurred during the year.

Employee related provisions

Employee related provisions include accrued annual leave, vesting sick leave, rostered days off, long service leave and bonus provisions.

Property leases

The provision for property leases includes make good and surplus leased space provisions.

Restructuring

During the financial year, several restructuring programs were undertaken throughout the Group. Restructuring costs incurred during the year totalled $5.951 million, of which $2.952 million had yet to be utilised at year end. The restructuring costs relate to employee termination benefits based on employment contracts and other restructuring expenses. The remaining restructuring provision is expected to be fully utilised by the first half of FY2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 $'000	2014 $'000
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	-	309
Interest rate swap contracts – cash flow hedges	-	528
Total current derivative financial instruments	-	837

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 4).

Forward foreign exchange contracts – cash flow hedges

The Group imports plant and equipment from various overseas countries. In order to protect against exchange rate movements, the Group enters into forward exchange contracts to purchase the foreign currencies. These contracts are hedging highly probable forecasted purchases and are timed to mature when payments are scheduled to be made.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

There was no hedge ineffectiveness in the current or prior year. As at 30 June 2015, there were no forward foreign exchange contracts outstanding.

Interest rate swap contracts – cash flow hedges

Secured bank loans of the group are currently charged at variable interest rates. Historically, the Group had entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. As at 30 June 2015, all interest rate swap contracts have expired and were not renewed.

During the period the interest rate swap contracts were held, the fixed interest rates range between 3.2% and 4.0% (2014: between 3.2% and 4.0%) and the variable rates are between 2.2% and 2.7% (2014: between 2.6% and 2.9%). The contracts are settled on a net basis and coincide with the dates on which interest is payable on the underlying debt.

All swaps are matched directly against the hedged item and as such are considered highly effective. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

Risk exposures

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 4. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	2015 $'000	2014 $'000
21. OTHER LIABILITIES		
Current		
PAYG tax withheld	**310**	412
Goods and services tax	**1,701**	1,567
Other accrued expenses	**3,211**	3,654
Total other current liabilities	**5,222**	5,633

22. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2015 $'000	2014 $'000
Ordinary shares fully paid	**318,065**	318,065

Ordinary shares have no par value and the company does not have a limited amount of authorised capital. All issued shares are fully paid. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

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

	Note	2015 No. of shares	2015 $'000	2014 No. of shares	2014 $'000
(b) Movements in shares on issue					
Beginning of the financial year		**474,868,764**	**318,065**	470,598,576	318,065
Issued during the year:					
– employee share incentive schemes	(i)	**-**	**-**	4,270,188	-
Total issued during the year		**-**	**-**	4,270,188	-
End of the financial year		**474,868,764**	**318,065**	474,868,764	318,065

(i) There was no issue of ordinary shares to employees as part of the employee share incentive schemes during the financial year as there was sufficient unallocated ordinary shares in the employee share incentive schemes to cover the FY2015 allotments. Refer to note 28 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
23. RETAINED EARNINGS			
Balance at the beginning of year		(83,601)	(4,146)
Net loss for the year		(36,874)	(79,455)
Total		(120,475)	(83,601)
Dividends paid	9(a)	-	-
Balance at end of year		(120,475)	(83,601)
24. RESERVES			
Employee equity benefits reserve			
Balance at the beginning of year		446	342
Share based payments	(i)	240	104
Balance at end of year		686	446
Cash flow hedge reserve			
Balance at the beginning of year		(586)	(947)
Revaluation	(ii)	332	(480)
Deferred tax		(251)	(154)
Transfer to profit and loss		505	995
Balance at end of year		-	(586)
Total reserves		686	(140)

(i) The employee equity benefits reserve is used to record the value of share based payments to employees, including key management personnel, as part of their remuneration. Refer to note 28 for further details of these plans.

(ii) The cash flow hedge reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000

25. FINANCIAL INSTRUMENTS

(a) Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2015 $'000	2014 $'000
Cash and cash equivalents	10	6,995	8,557
Trade and other receivables	11	40,676	55,402
		47,671	63,959

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

The Group has no customers that owed more than $10 million of the total trade receivables as at 30 June 2015 (2014: none). The Group's credit risk is predominately concentrated in the mining, resources, energy, utilities and infrastructure sectors which have a geographical spread across Australia.

Impairment losses

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A net impairment decrease of $475,000 (2014: $102,000) has been recognised by the Group in the current year. These amounts have been included in other expenses in the Consolidated Income Statement.

Movements in the allowance for impairment losses were as follows:

	Note	2015 $'000	2014 $'000
Balance at 1 July		789	687
Impairment loss recognised		475	1,249
Amounts written-off and/or written back		(950)	(1,147)
Balance at 30 June	11	314	789

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)
2015	**39,150**	**19,108**	**9,436**	**-**	**10,292**	**314**
2014	52,436	39,573	2,923	19	8,900	1,022

* 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 2015, current trade receivables of the Group with a nominal value of $314,000 (2014:$1,041,000) were considered impaired and provided for accordingly.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. There are no receivables that would otherwise be past due or impaired whose terms have been renegotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The tables below analyse the Group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 2015	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities							
Trade and other payables	16,845	(16,845)	(16,845)	-	-	-	-
Secured bank loans	78,431	(85,032)	(13,052)	(17,121)	(54,859)	-	-
Derivative financial liabilities							
Forward exchange contracts used for hedging purchases	-	-	-	-	-	-	-
Interest rate swaps – net settled	-	-	-	-	-	-	-
	95,276	(101,877)	(29,897)	(17,121)	(54,859)	-	-

30 June 2014	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities							
Trade and other payables	23,073	(23,073)	(23,073)	-	-	-	-
Secured bank loans	99,931	(115,138)	(5,656)	(5,656)	(21,041)	(82,785)	-
Derivative financial liabilities							
Forward exchange contracts used for hedging purchases	309	(309)	(309)	-	-	-	-
Interest rate swaps – net settled	528	(528)	(220)	(308)	-	-	-
	123,841	(139,048)	(29,258)	(5,964)	(21,041)	(82,785)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk

Foreign exchange risk

The Group imports fixed assets from various overseas countries. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase the foreign currencies. These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made. The risk is monitored using sensitivity analysis and cash flow.

The forward foreign currency contracts are considered to be fully effective cash flow hedges as they are matched against fixed asset purchases and any gain or loss on the contracts is taken directly to equity. When the asset is delivered, the amount recognised in equity is transferred to the fixed asset account in the balance sheet. In calculating the effectiveness of the forward foreign currency 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 currency risk at reporting date, expressed in Australian dollars, was Euro $nil (2014: Euro $390,000).

Sensitivity analysis for currency risk

A 10 percent (2014: 10 percent) strengthening of the Australian dollar against the following currencies at 30 June would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity	Profit or Loss
	$'000	$'000
2015		
€uro	-	-
2014		
€uro	429	-

A 10 percent (2014: 10 percent) weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

Profile

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

	Note	Carrying amount 2015	2014
		$'000	$'000
Fixed rate instruments			
Financial liabilities	(i)	-	(100,000)
		-	(100,000)
Variable rate instruments			
Financial assets – cash at bank and on hand	10	6,995	8,557
Financial liabilities	(i)	(77,981)	-
		(70,986)	8,557

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of $77,981,000 (2014: $98,083,000) per note 18.

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

The Group is exposed to interest rate risk when funds are borrowed at floating interest rates. This risk is managed by taking into consideration the current and expected future debt profile, expectations regarding future interest rate movements and the potential to hedge against negative outcomes by entering into interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Group's exposures to interest rates on financial liabilities are detailed in note 18.

Sensitivity analysis for interest rate risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit and loss in respect of fixed rate instruments.

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 by $709,860 (2014: $86,000).

(e) Fair values

Fair value estimation
The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group holds no financial instruments for trading purposes.

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair values of forward exchange contracts (designated as cash flow hedges) are determined using forward exchange market rates at the reporting date.

The fair values of interest rate swap contracts (designated as cash flow hedges) are determined using forward interest market rates at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values (continued)

Fair values versus carrying amounts
The fair value of all borrowings equals their carrying amount at 30 June 2015. The Group's fixed rate instruments attract interest at a rate that is consistent with current market rates.

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2015				
Financial liabilities				
– Foreign exchange contracts	-	-	-	-
– Interest rate swap contracts	-	-	-	-
	-	-	-	-
30 June 2014				
Financial liabilities				
– Foreign exchange contracts	-	309	-	309
– Interest rate swap contracts	-	528	-	528
	-	837	-	837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
26. COMMITMENTS			
(a) Operating leases commitments			
The Group has entered into commercial leases on certain plant and equipment, motor vehicles and property. These leases have terms ranging from 1 to 10 years.			
Minimum lease payments			
– within one year		5,960	8,606
– after one year but not more than five years		10,150	9,698
– more than five years		1,370	60
Aggregate operating lease expenditure contracted for at reporting date		17,480	18,364
(b) Interest bearing loans and borrowings commitments			
The Group has interest bearing loans and borrowings for various items of plant and equipment for periods of between 1 to 5 years.			
– within one year		30,173	11,312
– after one year but not more than five years		54,859	103,826
Total minimum payments		85,032	115,138
– future finance charges		(6,601)	(15,207)
Net liability		78,431	99,931
– current liability		25,931	4,166
– non-current liability		52,500	95,765
		78,431	99,931

The Company has provided guarantees in respect of interest bearing loans and borrowings as disclosed in note 31.

	Note	2015 $'000	2014 $'000
(c) Capital commitments			
Capital expenditure contracted for at reporting date but not recognised as liabilities are as follows:			
Plant and equipment			
– within one year		197	7,350
		197	7,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

27. CONTINGENCIES

There are no contingent assets and liabilities identified at 30 June 2015.

	2015	2014
	$'000	$'000
28. EMPLOYEE BENEFITS		
(a) Employee benefits		
The aggregate employee benefit liability is comprised of:		
– accrued salaries, wages and on costs	2,838	2,952
– provisions (current)	11,569	12,046
– provisions (non-current)	938	1,559
	15,345	16,557

(b) Employee incentive schemes

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

- Exempt Share Plan (ESP); and
- Employee Share Trust (EST).

The terms and conditions of the schemes are summarised as follow:

Exempt share plan (ESP)

Under this scheme, all permanent employees (excluding Directors and executives) of Boom Logistics Limited with twelve months continuous service were offered 1,000 ordinary shares in October 2003 and $1,000 worth of ordinary shares in October/November 2004 in Boom Logistics Limited for nil consideration. The ordinary shares issued were held in trust for the requisite three years restrictive period or released earlier in the event of cessation of employment. The ordinary shares issued rank equally with and have the same rights as other fully paid ordinary shares of Boom Logistics Limited. This scheme has subsequently been discontinued with only the ordinary shares issued in previous financial years remaining in the share plan.

Employee share trust (EST)

Under this scheme, certain employees (excluding non-executive Directors) approved by the Board of Directors are offered ordinary shares in Boom Logistics Limited by way of Share Units issued by the Share Plan Trustee. The Share Units are funded by way of an interest free loan provided by the Share Plan Trustee. The ordinary shares issued rank equally with and have the same rights as other fully paid ordinary shares of Boom Logistics Limited.

In June 2011, the Board of Directors approved the establishment of a Key Employee Retention Program (KERP). Participation in the program is at the discretion of the Board of Directors, on recommendation by the Managing Director. Directors and executives are not eligible for this program. KERP will be administered under the Employee Share Trust with the offer of ordinary shares in Boom Logistics Limited having the same terms and conditions, except for the vesting conditions which is only limited to a three year continuous service period.

The fair value of shares issued under the employee share incentive schemes is determined based on the 5 day volume weighted average market price at grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

28. EMPLOYEE BENEFITS (CONTINUED)

(b) Employee incentive schemes (continued)

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

	2015 Number of shares	2014 Number of shares
Balance at beginning of year	**14,475,487**	11,942,233
– issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	**6,110,050**	6,972,196
– sold / transferred during the year	**(792,095)**	(408,305)
– forfeited during the year	**(5,242,651)**	(4,030,637)
Balance at end of year	**14,550,791**	14,475,487

(c) Expenses/(income) arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Note	2015	2014
		$'000	$'000
Shares issued under employee share schemes	24	**240**	104
		240	104

29. KEY MANAGEMENT PERSONNEL

(a) Details of directors

Non-executive Directors

John Robinson	Chairman (non-executive)
Fiona Bennett	Director (non-executive) (resigned 25 June 2015)
Terrence Francis	Director (non-executive)
Terence Hebiton	Director (non-executive)

Executive Directors

Brenden Mitchell	Managing Director and Chief Executive Officer

(b) Details of other key management personnel

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Iona MacPherson	Chief Financial Officer and Company Secretary (ceased acting as Chief Financial Officer and Company Secretary 22 September 2014 and ceased employment 30 November 2014)
Malcolm Ross	General Counsel and Company Secretary (appointed Company Secretary 22 September 2014)
Rosanna Hammond	General Manager – Human Resources (will cease employment on 30 September 2015)
Paul Martinez	Chief Financial Officer and Director of Strategy (appointed Chief Financial Officer 22 September 2014) (will cease employment on 30 September 2015)
Tony Spassopoulos	Executive General Manager – East Coast
Gary Watson	Executive General Manager – West Coast (appointed 1 July 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

29. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Summarised compensation of key management personnel

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

	2015 $	2014 $
Short-term employee benefits	**2,760,008**	2,408,780
Post employment benefits	**218,780**	148,633
Other long term benefits	**26,816**	11,590
Termination benefits	**1,126,628**	-
Share based payments	**69,680**	16,054
Total compensation	**4,201,912**	2,585,057

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

(d) Loans to key management personnel

In 2015, there were no loans to individual key management personnel at any time (2014: Nil).

No write-downs or allowance for doubtful receivables have been recognised in relation to any loans made to key management personnel.

(e) Other transactions and balances with key management personnel

There were no other transactions with key management personnel during the financial year (2014: Nil).

30. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Boom Logistics Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest 2015 %	Equity interest 2014 %	Investment 2015 $'000	Investment 2014 $'000
AKN Pty Ltd *	Australia	**100**	100	**-**	-
Sherrin Hire Pty Ltd	Australia	**100**	100	**32,664**	32,664
Boom Logistics (QLD) Pty Ltd	Australia	**100**	100	**13,315**	13,315
Boom Logistics (VIC) Pty Ltd	Australia	**100**	100	**374**	374
Total investment in subsidiaries				**46,353**	46,353

* AKN Pty Ltd changed its name from James Equipment Pty Ltd on 1 October 2014.

Boom Logistics Limited is the ultimate parent company.

Details relating to key management personnel, including remuneration paid, are included in the Remuneration Report on pages 25 to 36.

Sales to and purchases from related parties are made at arm's length both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured.

No allowance for impairment of debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or impaired debts due from related parties.

Terms and conditions of the tax funding arrangement are set out in note 3(h).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

31. DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418 (as amended), the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' report.

It is a condition of the Class Order that Boom Logistics Limited and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that Boom Logistics Limited guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. The subsidiaries have also given similar guarantees in the event that Boom Logistics Limited is wound up.

The subsidiaries subject to the Deed are:
- Sherrin Hire Pty Ltd (party to the Deed on 6 December 2005);
- AKN Pty Ltd (party to the Deed on 3 November 2006 by virtue of a Deed of Assumption);
- Boom Logistics (QLD) Pty Ltd (party to the Deed on 23 November 2007 by virtue of a Deed of Assumption);

and together with Boom Logistics Limited, represent a "Closed Group" for the purposes of the Class Order.

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

	CLOSED GROUP	
	2015	2014
	$'000	$'000
Consolidated Income Statement		
Revenue	192,286	263,483
Salaries and employee benefits expense	(101,830)	(125,207)
Equipment service and supplies expense	(55,982)	(72,584)
Operating lease expense	(10,449)	(14,294)
Other expenses	(7,738)	(18,768)
Restructuring expense	(5,942)	140
Depreciation and amortisation expense	(23,573)	(27,637)
Impairment expense	(20,571)	(79,596)
Financing expenses	(8,226)	(8,656)
Loss before income tax	(42,025)	(83,119)
Income tax benefit	4,552	3,798
Net loss for the year	(37,473)	(79,321)
Retained losses at the beginning of the year	(92,804)	(13,483)
Retained losses at the end of the year	(130,277)	(92,804)
Consolidated Statement of Comprehensive Income		
Loss for the year	(37,473)	(79,321)
Other comprehensive income		
Cash flow hedges recognised in equity	586	361
Other comprehensive income for the year, net of tax	586	361
Total comprehensive loss for the year	(36,887)	(78,960)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

31. DEED OF CROSS GUARANTEE (CONTINUED)

Consolidated Balance Sheet

	CLOSED GROUP	
	2015	2014
	$'000	$'000
Current assets		
Cash and cash equivalents	6,982	8,513
Trade and other receivables	37,287	51,122
Inventories	230	254
Prepayments and other current assets	1,929	2,494
Assets classified as held for sale	8,590	15,362
Income tax receivable	4,449	4,450
Total current assets	59,467	82,195
Non-current assets		
Investments	599	599
Plant and equipment	245,034	291,386
Intangible assets	1,675	2,682
Total non-current assets	247,308	294,667
Total assets	306,775	376,862
Current liabilities		
Trade and other payables	16,329	22,116
Derivative financial instruments	-	837
Interest bearing loans and borrowings	25,931	4,166
Provisions	11,554	14,226
Other liabilities	4,715	5,338
Total current liabilities	58,529	46,683
Non-current liabilities		
Payables	5,119	2,737
Interest bearing loans and borrowings	52,050	93,917
Provisions	3,136	4,072
Deferred tax liabilities	(533)	4,332
Total non-current liabilities	59,772	105,058
Total liabilities	118,301	151,741
Net assets	188,474	225,121
Equity		
Contributed equity	318,065	318,065
Retained earnings	(130,277)	(92,804)
Reserves	686	(140)
Total equity	188,474	225,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

	2015	2014
	$	$
32. AUDITOR'S REMUNERATION		
During the year the following fees were paid or payable for services provided by KPMG Australia:		
Audit services		
– audit and review of financial statements	235,000	250,000
Taxation, due diligence and other services		
– taxation services	42,668	21,950
– other services	-	12,890
Total taxation and other services	42,668	34,840
Total remuneration of KPMG Australia	277,668	284,840

33. EVENTS AFTER THE BALANCE SHEET DATE

Dividend

On 11 August 2015, the Directors of Boom Logistics Limited declared that no final dividend would be paid for the financial year ended 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year Ended 30 June 2015

34. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2015 $'000	2014 $'000
Statement of financial position		
Current assets	51,469	67,236
Total assets	327,384	340,731
Current liabilities	52,934	38,405
Total liabilities	148,453	125,457
Equity		
Contributed equity	318,065	318,065
Employee equity benefits reserve	686	446
Cash flow hedge reserve	-	(586)
Retained losses	(139,820)	(102,651)
	178,931	215,274
Net loss after tax for the year	(37,169)	(81,820)
Total comprehensive income/(loss) for the year	(36,583)	(81,459)

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

	2015 $'000	2014 $'000
Plant and equipment		
– within one year	197	2,005
	197	2,005

(c) Guarantees entered into by the parent entity

The parent entity has entered into a Deed of Cross Guarantee with the effect that the parent entity guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 31.

Guarantees provided by the parent entity in respect of loans of subsidiaries are disclosed in note 30.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

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 39 to 87, and the Remuneration Report in the Directors' Report, set out on pages 25 to 36, 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 2015 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors draw attention to note 2(a) to the Consolidated Financial Statements which includes a statement of compliance with International Financial Reporting Standards.

3 There are reasonable grounds to believe that the Company and the group entities identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

4 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors:

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 11 August 2015

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

Report on the financial report

We have audited the accompanying financial report of Boom Logistics Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

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

Material uncertainty regarding the ability of the Group to continue as a going concern

Without qualifying our opinion, we draw attention to Note 2(c) to the financial report which describes the going concern basis of preparation of the financial report and the difficult trading conditions, debt covenants and management's planned initiatives to respond to changed market conditions. These matters indicate the existence of a material uncertainty which may cast doubt over the Group's ability to continue as a going concern and recover the value of operating assets in the ordinary course of trading and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 36 of the Directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Boom Logistics Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG
KPMG

Paul J McDonald
Partner

Melbourne
11 August 2015

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 14 August 2015.

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	1,033	426,472
1,001	-	5,000	1,590	4,458,972
5,001	-	10,000	801	6,251,763
10,001	-	100,000	1,779	63,856,800
100,001	and over		379	399,874,757
			5,582	**474,868,764**
The number of shareholders holding less than a marketable parcel of shares are:			2,377	3,687,764

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	National Nominees Limited	82,917,747	17.5%
2	J P Morgan Nominees Australia Limited	66,299,013	14.0%
3	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	21,550,728	4.5%
4	HSBC Custody Nominees (Australia) Limited	19,904,436	4.2%
5	Citicorp Nominees Pty Limited	17,929,533	3.8%
6	Boom Logistics Employee Share Plans Pty Ltd <Boom Logistics Exec Plan A/C>	15,109,288	3.2%
7	Mr Nikolaus Jakob Woloszczuk	8,188,000	1.7%
8	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	7,290,989	1.5%
9	Horrie Pty Ltd	6,663,000	1.4%
10	Bond Street Custodians Limited <Forager Wholesale Value FD>	5,458,833	1.1%
11	Mestjo Pty Ltd	5,000,000	1.1%
12	Mr Hong Keong Chiu & Ms Yok Kee Khoo	3,953,850	0.8%
13	BNP Paribas Noms (NZ) Ltd <DRP>	3,563,950	0.8%
14	Hillmorton Custodians Pty Ltd <The Lennox Unit A/C>	3,533,000	0.7%
15	Mr Bernard Francis O'Neill <Wynflo Superannuation A/C>	3,246,073	0.7%
16	Tarni Investments Pty Ltd <HA & AR Morris Family A/C>	2,687,538	0.6%
17	Professor Kerry Owen Cox	2,500,000	0.5%
18	Stilwood Custodians Pty Ltd	2,371,000	0.5%
19	Mr Leslie Walter Ramsay & Mrs Maureen Elizabeth Ramsay <Les Ramsay S/F A/C>	2,350,000	0.5%
20	Summerview Management Pty Ltd <R W PSF A/C>	2,331,430	0.5%
Top twenty shareholders		282,848,408	59.6%
Remainder		192,020,356	40.4%
Total		**474,868,764**	**100.0%**

ASX ADDITIONAL INFORMATION (continued)

(c) Substantial Holders

Substantial holders in the company are set out below:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
National Nominees Limited	82,917,747	17.5%
J P Morgan Nominees Australia Limited	66,299,013	14.0%

(d) Voting Rights

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

Level 6, 55 Southbank Boulevard
SOUTHBANK VIC 3006
Telephone (03) 9207 2500
Fax (03) 9207 2400
www.boomlogistics.com.au

BOOM
LOGISTICS