BOOM LOGISTICS

ABN 28 095 466 961

Half-Year Financial Report
for the six months ended 31 December 2010

ABN 28 095 466 961

CONTENTS

Directors' Report

Your directors present their report on the consolidated entity consisting of Boom Logistics Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

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

Mr Rodney John Robinson	(Chairman)
Mr Brenden Clive Mitchell	(Managing Director)
Mr Terrance Alexander Hebiton	(Non Executive Director)
Dr Huw Geraint Davies	(Non Executive Director)
Mr Terrence Charles Francis	(Non Executive Director)
Ms Fiona Rosalyn Vivienne Bennett	(Non Executive Director)

Review and Results of Operations

The Company reported an after tax profit of $2,799,307 for the half year (1H10: $414,000).

The 1H11 performance was underpinned by improving market conditions for the core crane logistics business, particularly in the Bowen Basin (QLD) and the Hunter Valley region (NSW).

Of significance during the period has been:

- A 22% increase in crane logistics revenue compared with the prior corresponding period (1H10);

- Commencement of the orderly exit of the James Equipment business which resulted in $2.0m of restructuring expense. Exit procedures commenced during November 2010 and remain ongoing at the time of this report. The restructuring provision recognised at 31 December 2010 is expected to be adequate to meet all future exit costs;

- Restructuring in Melbourne, Brisbane and Port Kembla, with equipment relocated to support key customers in the mining, resources, energy and utilities sectors;

- Some restructuring and consolidation of facilities in the Boom Sherrin business; and

- As advised to the market in January, severe Queensland weather in December 2010 impacted results by approximately $1.2m EBIT across Brisbane and the Bowen Basin in the crane business and the Boom Sherrin operations throughout Queensland.

The Group's existing syndicated debt facility expires on 10 September 2011. As this is within the next 12 months, the total syndicated debt of $70.2m is classified as a current liability. This results in current liabilities exceeding current assets as at 31 December 2010. This debt will be reclassified as non-current following the refinancing of the syndicated debt facility.

The Group is well progressed with its debt refinancing process. The National Australia Bank has been appointed as the Mandated Lead Arranger and Bookrunner and is currently working through its credit approval process. Full syndication of the debt facility is expected to be completed well ahead of the current facility's September expiry.

The Company has maintained its gearing ratio (debt / debt plus equity) of 28% at 31 December 2010 whilst drawing down $19.7m of debt for capital expenditure during the six month period.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding
The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

John Robinson	Brenden Mitchell
Chairman	**Managing Director**

Melbourne, 25 February 2011

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

To: the directors of Boom Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Michael Bray
Partner

Melbourne

25 February 2011

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

Income Statement for the half-year ended 31 December 2010

	Note	CONSOLIDATED 2010 $'000	2009 $'000
Revenue from continuing operations	4	**170,996**	162,814
Salaries and employee benefits expense	4	**(73,798)**	(70,132)
Equipment service and supplies expense		**(44,556)**	(36,269)
Cost of sales associated with cranes	4	**(1,697)**	(15,672)
Operating lease expense		**(6,402)**	(6,485)
Other expenses		**(13,312)**	(11,834)
Profit before restructuring expense, financing expense, depreciation and amortisation, and income tax		**31,231**	22,422
Restructuring expense		**(3,273)**	(94)
Profit before financing expense, depreciation and amortisation, and income tax		**27,958**	22,328
Depreciation and amortisation expense	4	**(16,352)**	(15,160)
Profit before financing expense and income tax		**11,606**	7,168
Financing expense		**(7,771)**	(9,837)
Profit / (loss) before income tax		**3,835**	(2,669)
Income tax (expense) / benefit		**(1,036)**	3,083
Net profit / (loss) attributable to members of Boom Logistics Limited		**2,799**	414
Basic earnings per share (cents per share)		**0.6**	0.2
Diluted earnings per share (cents per share)		**0.6**	0.2
Franked dividends per share (cents per share)		**0.0**	0.0

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

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

Statement of Comprehensive Income for the half-year ended 31 December 2010

	CONSOLIDATED	
	2010	2009
	$'000	$'000
Net profit / (loss) attributable to members of Boom Logistics Limited	**2,799**	414
Other comprehensive income		
Cash flow hedges recognised in equity	**(10)**	-
Other comprehensive income for the year, net of tax	**(10)**	-
Total comprehensive income for the half-year attributable to members of Boom Logistics Limited	**2,789**	414

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

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

Statement of Financial Position as at 31 December 2010

	Note	CONSOLIDATED 31 December 2010 $'000	30 June 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents		**9,499**	10,134
Trade and other receivables		**56,521**	59,317
Inventories		**3,325**	9,074
Prepayments and other current assets		**4,786**	6,523
Assets classified as held for sale		**7,493**	5,336
Income tax receivable		**4,733**	3,977
TOTAL CURRENT ASSETS		**86,357**	94,361
NON-CURRENT ASSETS			
Plant and equipment		**359,975**	367,042
Intangible assets		**90,433**	90,433
TOTAL NON-CURRENT ASSETS		**450,408**	457,475
TOTAL ASSETS		**536,765**	551,836
CURRENT LIABILITIES			
Trade and other payables	6	**27,570**	43,143
Interest bearing loans and borrowings	8	**103,366**	35,161
Provisions		**11,407**	11,513
Derivative financial instruments		**-**	395
Other liabilities		**6,955**	8,168
TOTAL CURRENT LIABILITIES		**149,298**	98,380
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	8	**30,139**	99,894
Provisions		**802**	755
Deferred tax liabilities		**18,704**	17,911
TOTAL NON-CURRENT LIABILITIES		**49,645**	118,560
TOTAL LIABILITIES		**198,943**	216,940
NET ASSETS		**337,822**	334,896
EQUITY			
Contributed equity		**318,065**	318,065
Retained earnings		**19,172**	16,373
Reserves		**585**	458
TOTAL EQUITY		**337,822**	334,896

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

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

Statement of Cash Flows
for the half-year ended
31 December 2010

	Note	CONSOLIDATED 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers		**190,107**	183,411
Payments to suppliers and employees	*(i)*	**(162,917)**	(162,803)
Interest paid		**(7,771)**	(9,931)
Interest received		**165**	743
Income tax (paid) / received		**(1,000)**	14,146
Net cash provided by operating activities		**18,584**	25,566
Cash flows from investing activities			
Purchase of plant and equipment		**(21,141)**	(14,334)
Proceeds from the sale of plant and equipment		**2,712**	4,959
Net cash used in investing activities		**(18,429)**	(9,375)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	66,830
Payments for issuing shares		**-**	(1,813)
Proceeds from borrowings		**19,652**	2,847
Repayment of borrowings		**(20,442)**	(85,688)
Net cash used in financing activities		**(790)**	(17,824)
Net (decrease) in cash and cash equivalents		**(635)**	(1,633)
Cash and cash equivalents at the beginning of the period		**10,134**	10,588
Cash and cash equivalents at the end of the period		**9,499**	8,955

(i) Includes the settlement of Trade Finance and Letters of Credit associated with the purchase of inventory in the Crane Sales & Service`segment. This is classified as an operating activity rather than a financing activity to reflect the nature of the transaction.

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

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

Statement of Changes in Equity for the half-year ended 31 December 2010

CONSOLIDATED

	Note	Issued Capital $'000	Retained Earnings $'000	Cash flow Hedge Reserve $'000	Employee Benefits Reserve $'000	Total Equity $'000
At 1 July 2010		**318,065**	**16,373**	**10**	**448**	**334,896**
Profit for the half-year		**-**	**2,799**	**-**	**-**	**2,799**
Other comprehensive income		**-**	**-**	**(10)**	**-**	**(10)**
Total comprehensive income		**-**	**2,799**	**(10)**	**-**	**2,789**
Transactions with owners in their capacity as owners:						
Cost of share based payments		**-**	**-**	**-**	**137**	**137**
Equity dividends		**-**	**-**	**-**	**-**	**-**
At 31 December 2010		**318,065**	**19,172**	**-**	**585**	**337,822**
At 1 July 2009		234,476	9,832	-	413	244,721
Profit for the half-year		-	414	-	-	414
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	414	-	-	414
Transactions with owners in their capacity as owners:						
Shares issued		66,830	-	-	-	66,830
Transaction costs on share issue net of tax		(2,881)	-	-	-	(2,881)
Cost of share based payments		-	-	-	(97)	(97)
Equity dividends		-	-	-	-	-
At 31 December 2009		298,425	10,246	-	316	308,987

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

1. Corporate Information

The financial report of Boom Logistics Limited ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 25 February 2011.

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

During the period, the principal activity of the Group was the provision of lifting solutions, the sale of mobile cranes and associated spare parts and after sales service. Following the downturn in the capital equipment market, the Board made the decision to exit the James Equipment business during the half-year ended 31 December 2010. Refer to note 7 (a) for further details.

2. Basis of Preparation and Accounting Policies

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Boom Logistics Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period with the exception of borrowing costs associated with the syndicated debt facility. These costs have been reclassified as financing expense and were previously recognised in other expenses. Prior period comparatives have been adjusted to reflect this treatment where impacted. The impact of the restatement was to increase financing expense by $3.2m (2009: $2.4m) and decrease other expenses by the same amount.

A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

The Group's existing syndicated debt facility expires on 10 September 2011. As this is within the next 12 months, the total syndicated debt of $70.2m is classified as a current liability. This results in current liabilities exceeding current assets as at 31 December 2010. This debt will be reclassified as non-current following the refinancing of the syndicated debt facility.

The Group is well progressed with its debt refinancing process. The National Australia Bank has been appointed as the Mandated Lead Arranger and Bookrunner and is currently working through its credit approval process. Full syndication of the debt facility is expected to be completed well ahead of the current facility's September expiry.

2. Basis of Preparation and Accounting Policies (continued)

The Group has commenced its refinancing process with a significantly improved and more conservative capital structure to that in September 2008 when the original deal was executed. As at 31 December 2010, the Group's net debt to equity ratio was 37% (30 September 2008: 91%) and its asset coverage (net trading assets/gross debt) was 3.0 times (30 September 2008: 1.8 times). The likelihood of a successful refinancing process is further supported by the earnings recovery that commenced in the quarter ended 30 June 2010 and is further reflected in the half year result. Importantly, as at 31 December 2010, the Group is in compliance with all banking covenant levels and is forecast to be in compliance for the duration of the existing facility and beyond. The Group has, at all times, met all required payments under its Syndicated Facility Agreement, all scheduled principal and interest payments under its finance leases and all scheduled payments under its operating leases.

The Directors have considered the refinancing process in light of the improvements in the banking markets and the factors set out above and have a high expectation that the Group will successfully refinance its debt facilities in advance of the expiry of the current arrangements in September 2011. Accordingly the financial statements have been prepared on a going concern basis.

3. Critical Accounting Estimates and Judgements

The preparation of the condensed financial statements for the half-year ended 31 December 2010 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

The significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2010.

	CONSOLIDATED 2010 $'000	2009 $'000
4. Revenue And Expenses From Continuing Operations		
(a) Revenue		
Revenue from services	**167,845**	145,212
Revenue from sale of goods	**2,583**	17,232
Interest income from other persons/corporations	**165**	201
Net gains/(losses) on disposal of plant and equipment	**403**	169
	170,996	162,814
(b) Expenses		
Salaries and employee benefits	**69,638**	66,140
Defined contribution plan expense	**4,160**	3,992
	73,798	70,132
Depreciation of plant and equipment	**16,352**	14,622
Amortisation of intangible assets	**-**	538
	16,352	15,160
Cost of sales associated with cranes	**1,697**	15,672

5. Dividends Paid And Proposed

	2010 $'000	2009 $'000
(a) Dividends paid during the half-year		
Fully franked final dividends for 30 June 2010: nil (2009: nil)	**-**	-
(b) Dividends proposed and not recognised as a liability		
Fully franked interim dividends for financial year 30 June 2011: nil (2010: nil)	**-**	-

6. Trade and Other Payables

Trade and other payables includes payables of $4.9m (30 June 2010: $16.8m) representing a Letter of Credit associated with the acquisition of plant & equipment on deferred payment terms. This classification is appropriate as Boom is contractually obligated to settle the Letter of Credit within 12 months. At the time of settling the Letter of Credit, an equivalent amount will be drawn under the Syndicated Facility Agreement. During the period, $11.9m of Letters of Credit associated with the acquisition of plant & equipment on deferred payment terms were settled.

7. Segment Reporting

(a) 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 two reportable segments. Lifting Solutions consists of all lifting activities including the provision of cranes, travel towers and access equipment whilst Crane Sales and Service captures all activity regarding the sales of cranes, crane parts and all repairs and maintenance undertakings.

Following the downturn in the capital equipment market, the Board made the decision to exit the James Equipment business during the half-year ended 31 December 2010. Exit procedures commenced during November 2010 and remain ongoing at the time of this report. The restructuring provision recognised at 31 December 2010 in respect of the James Equipment exit is expected to be adequate to meet all future exit costs. Segment information relating to James Equipment is reported within the Crane Sales and Service segment.

(b) Segment information provided to the CODM

	Lifting Solutions $'000	Crane Sales and Service $'000	All other segments $'000	Consolidated $'000
Half-year ended: 31 December 2010				
Segment revenue				
Total external revenue	**169,406**	**9,093**	**-**	**178,499**
Inter-segment revenue	**(1,698)**	**(6,373)**	**-**	**(8,071)**
Revenue from external customers	**167,708**	**2,720**	**-**	**170,428**
Segment result				
Earnings before interest and tax	**22,347**	**(3,059)**	**(7,847)**	**11,441**
Depreciation and amortisation	**(15,894)**	**(86)**	**(372)**	**(16,352)**
Income tax expense				**(1,036)**
Segment assets and liabilities				
Segment assets	**522,148**	**5,906**	**3,978**	**532,032**
Total assets includes:				
Additions to non-current assets	**13,854**	**-**	**15**	**13,869**
Segment liabilities	**42,051**	**2,354**	**2,329**	**46,734**

7. Segment Reporting (continued)

(b) Segment information provided to the CODM (continued)

	Lifting Solutions $'000	Crane Sales and Service $'000	All other segments $'000	Consolidated $'000
Half-year ended: 31 December 2009				
Segment revenue				
Total external revenue	146,794	29,891	-	176,685
Inter-segment revenue	(1,656)	(12,585)	-	(14,241)
Revenue from external customers	145,138	17,306	-	162,444
Segment result				
Earnings before interest and tax	14,370	(649)	(6,754)	6,967
Depreciation and amortisation	14,720	115	325	15,160
Income tax expense				3,083
Year ended: 30 June 2010				
Segment assets and liabilities				
Segment assets	529,900	12,442	5,517	547,859
Total assets includes:				
Additions to non-current assets	48,989	-	207	49,196
Segment liabilities	59,180	1,864	2,930	63,974

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

The revenues from external customers disclosed previously in note 4(a) are based on the financial information used to produce the Group's financial statements.

7. Segment Reporting (continued)

(c) Other segment information (continued)

(i) Segment revenue (continued)

Segment revenue reconciles to total revenue from continuing operations as follows:

	CONSOLIDATED	
	2010	2009
	$'000	$'000
Total segment revenue	**170,428**	162,444
Interest income	**165**	201
Other revenue	**403**	169
Total revenue from continuing operations	**170,996**	162,814

Boom Logistics Limited is domiciled in Australia and all revenue is derived from external customers within Australia. The consolidated entity is not reliant on any one customer for over 10% of its revenue generation.

(ii) Segment results

The CODM assesses the performance of the operating segments based on earnings before interest and tax. Interest income and financing expenditure are not allocated to segments as this type of activity is driven by the National Office treasury function which manages the cash and debt positon of the Group.

A reconciliation of earnings before interest and tax to operating profit / (loss) before income tax is provided as follows:

Earnings before interest and tax	**11,441**	6,967
Interest income	**165**	201
Financing expenses	**(7,771)**	(9,837)
Profit / (loss) before income tax from continuing operations	**3,835**	(2,669)

(iii) Segment assets

The balances provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Tax and any derivative related assets are not considered to be segment assets.

All assets are located within Australia.

7. Segment Reporting (continued)

(c) Other segment information (continued)

(iii) Segment assets (continued)

Reportable segment assets are reconciled as follows:

	CONSOLIDATED	
	31 December 2010 $'000	30 June 2010 $'000
Segment assets	**532,032**	547,859
Unallocated:		
- Income tax receivable	**4,733**	3,977
Total assets per the statement of financial position	**536,765**	551,836

(iv) Segment liabilities

The balances provided to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings, tax and any derivative financial instruments are not considered to be segment liabilities as they are managed by the National Office treasury function.

Reportable segment liabilities are reconciled as follows:

	31 December 2010 $'000	30 June 2010 $'000
Segment liabilities	**46,734**	63,974
Unallocated:		
- Net deferred tax liability	**18,704**	17,911
- Current interest bearing loans and borrowings	**103,366**	35,161
- Non-current interest bearing loans and borrowings	**30,139**	99,894
Total liabilities per the statement of financial position	**198,943**	216,940

(v) All other segments

The balances provided to the CODM with respect to all other segments are measured in a manner consistent with that of the financial statements. Some of the expenses recognised in this category are incurred by other reportable segments, however, they are captured and reported internally within the "All other segments" category.

8. Interest Bearing Loans And Borrowings

Syndicated debt facility refinance
The Group's existing syndicated debt facility expires on 10 September 2011. As this is within the next 12 months, the total syndicated debt of $70.2m is classified as a current liability. This results in current liabilities exceeding current assets as at 31 December 2010. This debt will be reclassified as non-current following the refinancing of the syndicated debt facility.

The Group is well progressed with its debt refinancing process. The National Australia Bank has been appointed as the Mandated Lead Arranger and Bookrunner and is currently working through its credit approval process. Full syndication of the debt facility is expected to be completed well ahead of the current facility's September expiry.

Debt repayment
The Group has maintained its gearing ratio (debt / debt plus equity) of 28% at 31 December 2010 whilst drawing down $19.7m of debt for capital expenditure during the six months period.

	CONSOLIDATED	
	31 December 2010 $'000	30 June 2010 $'000
Current		
Obligations under finance leases and hire purchase contracts	**31,182**	21,919
Secured bank loans	**70,199**	9,272
Other loans - secured	**1,985**	3,970
Total current interest bearing liabilities	**103,366**	35,161
Non current		
Obligations under finance leases and hire purchase contracts	**30,139**	52,316
Secured bank loans	**-**	47,578
Total non-current interest bearing liabilities	**30,139**	99,894
Total interest bearing liabilities	**133,505**	135,055

The following changes in interest bearing liabilities occurred during the half-year ended 31 December 2010:

Balance at 1 July 2010	**135,055**
Drawdown	
Syndicated bank loan	**19,652**
Repayments	
Finance leases and hire purchase contracts	**(20,442)**
Other movements	
Net movement in other interest bearing liabilities	**(1,984)**
Amortisation of finance costs	**1,224**
Balance as at 31 December 2010	**133,505**

As at 31 December 2010 the Group was in compliance with all banking covenants.

		CONSOLIDATED	
		31 December 2010 $'000	30 June 2010 $'000
9. Contributed Equity			
Issued and fully paid ordinary shares		**318,065**	318,065

		31 December 2010	
	Note	**No. of shares**	**$'000**
Movements in ordinary shares on issue			
At 1 July 2010		**460,795,156**	**318,065**
Issued during the period:			
- employee share incentive schemes	(i)	**705,556**	**-**
At 31 December 2010		**461,500,712**	**318,065**

(i) This amount represents the issue of 705,556 ordinary shares to an employee as part of the employee share incentive schemes for nil consideration during the period.

10. Commitments And Contingencies

Commitments
At 31 December 2010, the Group has capital commitments of $1.6m for the purchase of plant and equipment (31 December 2009: $19 million).

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

11. Events After The Balance Sheet Date

Dividend
On 25 February 2011, the directors of Boom Logistics Limited declared that no interim dividend would be issued for the half-year ended 31 December 2010.

Weather Impacts
The Group has experienced further business disruptions due to the abnormal weather events in Queensland and Western Australia during January and February.

Whilst some Boom employees were personally impacted, none were harmed and there was virtually no damage to Boom's facilities and equipment.

Whilst these abnormal weather events will impact on the third quarter result, the impact on the full year is uncertain as increased demand is likely through recovery efforts and to compensate for lost production.

Directors' Declaration

In accordance with a resolution of the directors of Boom Logistics Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with: the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and the performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

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

On behalf of the Board

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 25 February 2011

KPMG

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

Report on the financial report

We have reviewed the accompanying half-year financial report of Boom Logistics Limited, which comprises the consolidated statement of financial position as at 31 December 2010, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Boom Logistics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Significant uncertainty regarding continuation as a going concern

Without qualification to the conclusion provided above, we draw attention to note 2 to the half-year financial report which sets out the status of the Group's refinancing of its syndicated facility agreement. Under the terms of its syndicated facility agreement, the Group is required to refinance or repay the amount outstanding under the facility agreement ($70.2 million) by 10 September 2011. Given the incomplete status of discussions with lenders at the date of this report, the ability of the Group to meet its obligations to repay this amount cannot be determined with certainty, although as outlined in note 2 the Directors have a high expectation that the Group will be able to complete the refinancing with its lenders and accordingly the financial report has been prepared on a going concern basis.

These conditions indicate the existence of a significant uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

Michael Bray
Partner

Melbourne

25 February 2011