BOOM LOGISTICS LIMITED

ABN 28 095 466 961

Annual Financial Report
for the year ended 30 June 2011

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Boom Logistics Limited and the entities it controlled for the financial year ended 30 June 2011.

Directors

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

Rodney John Robinson BSc, MGSc, F Aus IMM (Non-executive Chairman) (appointed 15 November 2002)

Mr. Robinson was formerly Managing Director and CEO of Ashton Mining Limited. He is currently Chairman of Global Mining Investments Limited. During the past three years, Mr. Robinson holds another ASX listed public company directorship with Global Mining Investments Limited (appointed 9 December 2005) . Mr. Robinson is Chairman of the Boom Logistics Nomination & Remuneration Committee and the Occupational Health, Safety, Environment & Quality Committee.

Brenden Clive Mitchell B.Sc (Chem), B.Bus (Multidiscipline) (Managing Director) (appointed 1 May 2008)

Mr. Mitchell worked for over ten years leading multifaceted and multi-location businesses for Brambles in Australia and the UK . He has previous experience in the fast moving consumer goods (FMCG) 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 6000 employees. During the past three years, Mr. Mitchell has not held any other ASX listed public company directorships.

Terrance 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. He was a principal of Alpha Crane Hire, one of the founding entities of Boom Logistics. Mr. Hebiton was the CEO of Boom 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.

Dr. Huw Geraint Davies BSc (Hons), PhD (Geology) (Non-executive Director) (appointed 15 November 2002)

Dr. Davies was a Group Chief Executive and Director of BTR Nylex until his retirement in 1994. Since that time he has been involved in restructuring of manufacturing and service businesses and in the electricity and gas industries, together with distribution / trading project assignments in Asia. He has extensive experience as both an executive and non executive director of public, private and government businesses. He is currently the Administrator of the SECV and Chair of its Executive Committee. During the past three years, Dr. Davies has not held any other ASX listed public company directorships.

Terrence Charles Francis B.E (Civil), MBA, FIE Aust, FAICD, F Fin, SME (Non-executive Director) (appointed 13 January 2005)

Mr. Francis is currently a non-executive director of the Emergency Services Telecommunications Authority, ANZ Specialist Asset Management Limited, and NBN Company Limited. 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 held another ASX listed public company directorship with Nylex Limited (appointed 30 October 2003, retired October 2008).

Fiona Rosalyn Viviene Bennett BA (Hons), FCA, FAICD, FAIM (Non-executive Director) (appointed 29 March 2010)

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 a Director of the Institute of Chartered Accountants in Australia and serves on a number of State Government boards. During the past three years, Ms. Bennett holds another ASX listed public company directorship with Hills Holdings Limited (appointed 31 May 2010). Ms. Bennett is Chairman of the Boom Logistics Audit and Risk Committee.

DIRECTORS' REPORT (continued)

Company Secretary

Iona MacPherson BA, CA (appointed 30 June 2007)

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 17 years.

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	600,000
T.A. Hebiton	547,995
H.G. Davies	291,547
T.C. Francis	185,745
F.R.V. Bennett	96,385
B.C. Mitchell	1,659,235

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 were as follows:

Name of director	*Board of Directors*		*Audit & Risk Committee*		*Nomination and Remuneration Committee*		*Occupational, Health, Safety, Environment & Quality Committee*	
	Held	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*
R.J. Robinson	13	13	-	-	2	2	4	4
T.A. Hebiton	13	12	-	-	-	-	4	3
H.G. Davies	13	12	8	8	2	2	-	-
T.C. Francis	13	13	8	8	-	-	4	4
F.R.V. Bennett	13	13	8	8	2	1	-	-
B.C. Mitchell	13	13	8	7	-	-	4	4

Corporate Structure

Boom Logistics Limited 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 31 of the financial statements.

Indemnification and Insurance

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

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

Nature of Operations and Principal Activities

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

DIRECTORS' REPORT (continued)

Operating and Financial Review

The Group reported an after tax loss of $37.748 million for the financial year.

This result included one-off restructuring costs and non-cash impairments after tax of $43.133 million. When added back, this results in a trading net profit after tax of $5.385 million.

Crane logistics

The crane logistics business experienced continued strong demand in its key market segments of resources, energy, utilities and infrastructure. The Group's core business is largely aligned with the fastest growing sectors of our economy with an established national footprint including the Bowen Basin, Hunter Valley and the North West. Momentum in these regions is underpinned by the Group's exposure to major expansion plans and projects through blue chip customers including Rio, BHP and Gorgon.

The Group's core business of crane logistics showed continuing improvement despite the impacts of severe weather events in Queensland and Western Australia. Revenue increased by 17% compared to the prior year with a corresponding 52% increase in earnings before interest and tax.

Key events during the year included:

=> 27% and 47% revenue growth in the resources and energy markets, respectively;
=> The re-signing of key contracts including BHP Mitsubishi Alliance "BMA". BMA is the Group's largest customer and this 3 year contract is for an expanded range of services;
=> Increased revenue in the energy sector with progress in both LNG and wind. This years successes included the early completion of the Suzlon AGL Oaklands Hill wind farm, the Group's first major wind farm construction project; and
=> Severe weather events impacted cash flows and restricted capital. This required cross hire to meet work commitments resulting in reduced margins.

Strategic focus continues

The Group's continued focus on its core business and the associated capital investment discipline has led to restructuring and one-off non-cash impairments in other business units as noted below. All restructuring and one-off non-cash impairments set out below are stated pre-tax.

Boom Sherrin

The Boom Sherrin business is being restructured to deliver a stronger outcome for the Group. The company's investment focus on the core business of cranes and travel towers means that future investment in the low end access and general hire business will be minimal. Given the declining asset base associated with low end access and general hire equipment significant non-cash impairments have been recognised.

These non-cash impairments are as follows:

=> An impairment of goodwill within Boom Sherrin of $18.269 million; and
=> An impairment of assets of $19.142 million.

The investment in travel towers will continue with new investment targeted to deliver a return on capital of greater than 20%.

Looking to the future, Boom Sherrin will seek to maximise cash flows from low end access and general equipment hire in a zero capital investment environment by:

=> aligning infrastructure with the reduced asset base;
=> re-deploying productive assets to higher yield areas; and
=> disposing of unproductive assets to maximise cash flow contribution.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Boom Sherrin (continued)

Other asset impairments within Boom Sherrin related to:

=> Assets scheduled for sale of $1.659 million; and
=> The write down of damaged components within the 18m Glove & Barrier Insulated Elevated Work Platforms (G&B Units) of $3.727 million.

As a consequence of the write down of the damaged components within the G&B Unit fleet, the repair costs incurred in 2012 and beyond will be capitalised when they are incurred as they will result in future economic benefits.

James Group - Crane Sales and Services

The James Group comprised the Group’s crane sales and maintenance businesses through the James Equipment and GM Baden entities.

The exit of the James Equipment crane sales business was announced on 29 October 2010 and the exit has been successfully completed with associated restructuring costs of $2.047 million recognised during the financial year. The James Equipment business is disclosed as a discontinued operation in these financial statements with prior period comparatives adjusted where required (refer notes 3(aa) and 36 to the consolidated financial statements).

The Group has also made the decision to exit the GM Baden maintenance business and it is expected that the exit of this business will be completed by September 2011. This has resulted in the write off of goodwill in GM Baden of $1.354 million, impairment of fixed assets of $0.113 million and a provision for restructuring costs of $1.515 million, which have been recognised during the financial year.

Other restructuring and non-cash impairments

The other restructuring and non-cash impairments reflected in the financial results are:

=> the Melbourne Mobile exit announced in first half of FY2011 - $0.541 million;
=> other restructuring costs announced in first half of FY2011 - $0.436 million; and
=> assets scheduled for sale of $3.366 million.

National office restructure

Over the last three years the National Office team has worked to improve processes and systems devolving increased capabilities to the business units. The successful progress of these initiatives has led to a review of National Office structure and its headcount. General Managers in the business will now report directly through to the Chief Executive Officer. A flattening of the business structure will deliver indirect labour cost savings of $1.5m per annum.

This change brings the total redundancy and restructuring costs associated with National Office to $1.039 million for the financial year.

Successful debt refinancing

The Group has successfully obtained financing approval for a $150 million 3 year revolving debt facility on 30 June 2011. The facility is provided by the Group’s existing banking syndicate, National Australia Bank, GE Capital and BankWest, and was executed and drawn down on 17 August 2011.

The financing facility has been structured to allow the Group to retain its $37.7 million of existing equipment lease finance and hire purchase facilities with non-participating banks, which will amortise down to zero by the end of FY2013.

DIRECTORS' REPORT (continued)

Operating and Financial Review (continued)

Successful debt refinancing (continued)

After the refinancing, the Group's overall cost of debt is expected to average around 9% for the 2012 financial year (2011 – 11.8%).

This facility ensures the Group is well placed to support ongoing growth initiatives in the coming years.

Significant Changes in the State of Affairs

James Equipment discontinued operation
On 29 October 2010, the Group announced the decision to exit the James Equipment crane sales business which is part of the Crane Sales and Service operating segment. James Equipment ceased trading in the second half of the finacial year. The disclosures relating to the discontinuance of the James Equipment business are set out in note 36 of the financial statements.

Boom Sherrin low end access and general hire business
On 19 May 2011, the Group announced the decision to discontinue future investment in the low end access and general hire business of Boom Sherrin and focus on the core business of cranes and travel towers as these assets deliver superior returns. The impact of this decision resulted in $18.269 million of goodwill written off and $19.142 million of assets impaired within the Boom Sherrin business. Refer to note 14 and 16 of the financial statements for further details.

Significant Events After the Balance Date

Dividend
On 22 August 2011, the Directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2011.

Syndicated debt facility refinancing
On 17 August 2011, the Group completed all documentation associated with the refinacing of the syndicated debt facility and completed the first draw under the facility. The refinanced facility of $150 million over 3 years is provided by the Group's existing banking syndicate, National Australia Bank, GE Capital and BankWest. Consequently, the current asset deficiency resulting from the current liability classification of the debt balance of $75.391 million at 30 June 2011 no longer exists as the syndicated debt was reclassified as a non-current liability.

Likely Developments and Expected Results

The Directors expect that the Company will materially improve its profitability during the next financial year.

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

DIRECTORS' REPORT (continued)

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.

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for directors and executives of Boom Logistics Limited and the Group.

Nomination and Remuneration Committee

This Committee has responsibility for advising the Board of Directors on remuneration policy and related matters, including:

=> Reviewing and making recommendations with regard to remuneration policies applicable to Directors, senior executives and employees generally;
=> Reviewing and making recommendations in relation to the remuneration of non-executive Directors, CEO and other senior executives;
=> 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, the CEO and senior executives;
=> Reviewing and making recommendations in relation to the Company's superannuation arrangements; and
=> Reviewing and approving an annual remuneration report and make recommendations to the Board of Directors for the inclusion of the Remuneration Report in the Company's annual report.

The Committee comprises only independent non-executive Directors and is chaired by the Chairman of the Board of Directors. The Committee draws upon advice and market survey data from external consultants in discharging its responsibilities.

Executive remuneration policy

Executive remuneration is based upon the following principles:

=> External competitiveness, using appropriate independent market survey data comparing the Group's remuneration levels against industry peers in terms of comparable job size and responsibilities;
=> Internal equity, ensuring that executive remuneration across the Group is based upon a clear view of the scope of individual positions and the respective responsibilities, with motivation for continual improvement;
=> A meaningful component of executive remuneration is "at risk" with entitlement dependent upon achievement of group and individual performance targets set by the Board of Directors and linked to increasing shareholder value; and
=> Reward for performance represents a balance of annual and longer term targets.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Executive remuneration components

There are two primary elements to the Group's remuneration structure:

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 using external survey data provided by independent external consultants.

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.

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

Variable remuneration

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

(a) *Short term incentive plan*

The short term reward is determined by the Group's Short Term Incentive Plan (STIP). The objectives of this plan are:

=> To focus senior executives 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 annual audit of the Group's results and a review of individual performance against agreed targets set at the beginning of each financial year. Any payments made under the Plan occur in September and the incentive cost is deducted from the financial results before determining the performance reward. No payment is made should results fall short of individual targets. Individual performance measures are reset each year and are determined by the business drivers appropriate to each position.

(b) *Long term incentive plan*

The Group's Long Term Incentive Plan (LTIP) was established to provide reward for consistent performance over a rolling three year period with Total Shareholder Return (TSR) as the target for LTIP established prior to 30 June 2009. LTIP established post 30 June 2009 has a Return on Capital Employed (RoCE) compared to the after tax Weighted Average Cost of Capital (WACC) target.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Executive remuneration components (continued)

Variable remuneration (continued)

(b) *Long term incentive plan (continued)*

TSR is determined on the basis of combined dividend and share price growth. As with the STIP the level of reward available under the LTIP is determined on the basis of market survey data provided by independent consultants. 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 among the senior executive group.

RoCE is determined as operating earnings before interest and tax over gross capital employed. The Group's WACC is determined based upon independent advice and benchmarked against market.

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. The grant date is typically 5 business days following the Company's Annual General Meeting to ensure time for the market to adjust to the released information. The benefit does not vest until three years from grant date. Vesting requires continued full time employment with the Group over the three year period and either:

=> An average minimum annual TSR of 15% per annum over the three year period for LTIP established pre 30 June 2009; or

=> RoCE is greater than the after tax WACC by 1% or more at the end of the three year period for LTIP established post 30 June 2009.

(c) *Other incentive plans*

Executives 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.

Remuneration review

The operation of the LTIP is conducted through an Executive Share Trust administered by an independent third party.

The review of senior executive and general staff remuneration is conducted annually through a formal process.

Senior executive remuneration is reviewed by the Nomination & Remuneration Committee of the Board of Directors with input from the CEO in respect of executives reporting directly to him. Market survey data provided by external consultants is combined with individual performance appraisals to determine recommendations to go to the Board of Directors for approval. This process occurs in May/June of each year and remuneration adjustments take effect from the beginning of each financial year. The 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 General Managers, with overview from the CEO.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

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.

Mr. Mitchell's remuneration package comprises the following components:

=> Fixed annual reward ("FAR") of $675,005 per annum, inclusive of superannuation contributions in line with the Superannuation Guarantee legislation. Mr. Mitchell's FAR is reviewed annually on 1 July each year taking into account the Group's performance, industry and economic conditions, and personal performance;

=> Short term incentive plan ("STIP") equivalent to 40% of his FAR upon achievement of performance conditions set by the Board of Directors on an annual basis. The payment of any bonus under the STIP will take place after the finalisation of the annual accounts each year; and

=> Long term incentive plan ("LTIP") equivalent to 45% of his FAR allocated in shares of the Company with a three year vesting condition, 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 fixed annual reward at the date of redundancy or diminution;
=> Long term incentive grants that have vested or qualify within annual vesting conditions, but have not satisfied the usual three year vesting hurdle; 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 is summarily dismissed, he will 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 unless approved by the Board of Directors.

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

The remuneration details of executive directors and senior executives are detailed on the following pages.

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.

	2011	2010	2009	2008
	$'000	$'000	$'000	$'000
Net profit/(loss) attributable to members of Boom Logistics Limited	**$ (37,748)**	$ 6,541	$ (27,486)	$ 18,643
Dividends paid	**$ -**	$ -	$ 3,422	$ 16,729
Share price at financial year end	**$ 0.30**	$ 0.39	$ 0.28	$ 0.58
Return on capital employed (as defined on the previous page under "Long Term Incentive Plan" section)	**5.6%**	2.6%	7.2%	10.5%
Weighted average cost of capital	**12.3%**	12.2%	13.9%	15.7%

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; no equity incentives are offered and no retirement benefits are payable to any non-executive director. The maximum aggregate sum for non-executive director remuneration of $400,000 was approved by shareholders at the 2004 Annual General Meeting.

Other executives (standard contracts)

All executives have rolling contracts. The Company may terminate the executive's 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's remuneration). On termination by notice of the Company, any LTIP shares that have vested or that will vest during the notice period will be awarded. LTIP shares that have not yet vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive 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 forfeited.

Employee superannuation

The Group currently contributes the 9% superannuation guaranteed amount as required by existing superannuation legislation to all employees with the exception of the senior executive group and general managers who receive between 9% and 15% in accordance with their employment contracts.

Insurance

Amounts disclosed for remuneration of directors and specificed executives 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.

Compensation of non-executive directors and other key management personnel

Details of non-executive directors and other key management personnel remuneration for the year ended 30 June 2011 are as follows:

	Short Term				Post Employment	Long Term		Total	
	Salary & fees	Cash bonus	Non monetary benefits	Other	Super-annuation	Share based payment	Long service leave		Total performance related
Non-Executive Directors									
John Robinson									
2011	**120,000**	**-**	**-**	**-**	**10,800**	**-**	**-**	**130,800**	**-**
2010	120,000	-	-	-	10,800	-	-	130,800	-
Terrance Hebiton									
2011	**60,000**	**-**	**-**	**-**	**5,400**	**-**	**-**	**65,400**	**-**
2010	60,000	-	-	-	5,400	-	-	65,400	-
Dr. Huw Davies									
2011	**60,000**	**-**	**-**	**-**	**5,400**	**-**	**-**	**65,400**	**-**
2010	60,000	-	-	-	5,400	-	-	65,400	-
Terrence Francis									
2011	**60,000**	**-**	**-**	**-**	**5,400**	**-**	**-**	**65,400**	**-**
2010	60,000	-	-	-	5,400	-	-	65,400	-
Fiona Bennett									
2011	**60,000**	**-**	**-**	**-**	**5,400**	**-**	**-**	**65,400**	**-**
2010	15,494	-	-	-	1,394	-	-	16,888	-
Total Remuneration: Non-Executive Directors									
2011	**360,000**	**-**	**-**	**-**	**32,400**	**-**	**-**	**392,400**	**-**
2010	315,494	-	-	-	28,394	-	-	343,888	-

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Compensation of non-executive directors and other key management personnel (continued)

	Short Term				Post Employment		Long Term		Total	
	Base salary	Cash bonus [a]	Non monetary benefits	Other [b]	Super-annuation	Termination benefits	Share based payment [c]	Long service leave		Total performance related
Executives										
Brenden Mitchell (Managing Director)										
2011	**577,667**	**-**	**10,133**	**34,035**	**49,999**	**-**	**101,554**	**12,403**	**785,791**	**12.9%**
2010	609,220	-	-	-	40,091	-	67,870	6,850	724,031	9.4%
Iona MacPherson (Chief Financial Officer and Company Secretary) [d]										
2011	**371,477**	**33,000**	**388**	**-**	**35,371**	**-**	**32,155**	**8,496**	**480,886**	**13.5%**
2010	333,801	-	1,104	-	46,957	-	26,027	5,789	413,678	6.3%
Peter O'Shannessy (Chief Operating Officer) [e]										
2011	**358,051**	**-**	**388**	**-**	**30,914**	**461,710**	**38,209**	**7,019**	**896,292**	**8.8%**
2010	314,379	-	1,106	-	34,237	-	25,652	3,976	379,350	6.8%
Rosanna Hammond (General Manager - Human Resource)										
2011	**198,445**	**12,000**	**140**	**-**	**18,630**	**-**	**13,934**	**4,108**	**247,257**	**10.5%**
2010	182,856	-	399	-	16,101	-	9,263	2,117	210,736	4.4%
Paul Martinez (Chief Information Officer and Director of Strategy)										
2011	**342,384**	**15,000**	**324**	**-**	**32,562**	**-**	**31,904**	**4,833**	**427,006**	**11.0%**
2010	345,202	-	921	-	29,726	-	21,376	1,802	399,027	5.4%
Tony Spassopoulos (Director of Sales & Marketing)										
2011	**318,982**	**27,000**	**270**	**24,000**	**29,425**	**-**	**26,796**	**4,160**	**430,633**	**12.5%**
2010	281,317	-	768	24,000	26,932	-	17,814	1,450	352,281	5.1%
Terese Withington (General Manager - Boom Sherrin)										
2011	**283,083**	**67,918**	**69**	**25,000**	**37,786**	**-**	**21,437**	**3,587**	**438,879**	**20.4%**
2010	260,939	-	207	25,000	32,464	-	14,251	1,884	334,745	4.3%
Total Remuneration: Executives										
2011	**2,450,090**	**154,918**	**11,711**	**83,035**	**234,687**	**461,710**	**265,988**	**44,605**	**3,706,743**	**-**
2010	2,327,714	-	4,505	49,000	226,508	-	182,253	23,868	2,813,848	-
Total Remuneration: Non-Executive Directors and Executives - Group										
2011	**2,810,090**	**154,918**	**11,711**	**83,035**	**267,087**	**461,710**	**265,988**	**44,605**	**4,099,143**	**-**
2010	2,643,208	-	4,505	49,000	254,902	-	182,253	23,868	3,157,736	-

Refer to note 29 for further details.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited (continued)

Compensation of non-executive directors and other key management personnel (continued)

[a] *Cash bonus is determined in accordance with the incentive plans outlined on page 7 and 8.*

[b] *Other represents motor vehicle allowance and novated lease payments.*

[c] *Share based payment 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 $0.450 per share (2010: $0.390 per share). The share based payment vests over a rolling 3 year period from grant date. Only the expense relating to the period has been recognised in accordance with accounting policy note 3(r).*

[d] *Iona MacPherson is a director of all of Boom Logistics Limited's subsidiaries. During the year, 17,886 ordinary shares granted in August 2007 at a fair value at that date of $0.780 per share were forfeited as the vesting conditions were not met.*

[e] *In June 2011, Peter O'Shannessy was notified that his position as Chief Operating Officer was being made redundant and the estimated termination payment of $461,710 has been recognised and disclosed as part of his remuneration as at 30 June 2011. Subsequent to year end, Mr. O'Shannessy resigned as a director of all of Boom Logistics Limited's subsidiaries on 14 July 2011.*

Other than those noted above, no other shares vested or were forfeited during the year.

Shares granted as part of remuneration for the year ended 30 June 2011 (in accordance with the LTIP)

Name	Year	Grant date	Grant number	Vesting date	Fair value per share at grant date *	Vesting benchmark
Brenden Mitchell	**2011**	**5 Nov 10**	**650,433**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	705,556	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	287,186	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Iona MacPherson	**2011**	**5 Nov 10**	**210,064**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	222,222	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	90,452	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Peter O'Shannessy	**2011**	**5 Nov 10**	**240,514**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	266,667	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	108,543	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Rosanna Hammond	**2011**	**5 Nov 10**	**91,028**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	96,296	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	39,196	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Paul Martinez	**2011**	**5 Nov 10**	**202,355**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	222,222	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	90,452	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Tony Spassopoulos	**2011**	**5 Nov 10**	**175,054**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	185,186	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	75,377	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs
Terese Withington	**2011**	**5 Nov 10**	**140,043**	**5 Nov 13**	**$0.450**	**RoCE > WACC by 1%**
	2010	4 Dec 09	148,148	4 Dec 12	$0.390	RoCE > WACC by 1%
	2009	27 Oct 08	60,301	27 Oct 11	$0.520	TSR > 15% avg over 3 yrs

** The fair value per share for 2010 and 2011 was assessed as the market price at grant date. The fair value per share for 2009 was independently determined and takes into account the share price at grant date, vesting period, impact of dilution, expected price volatility, expected dividend yield and the risk-free interest rate.*

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration to the Directors

The auditor's independence declaration is set out on page 14 and forms part of the directors' report for the financial year ended 30 June 2011.

Non-audit Services

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

Tax services	$95,750
Due diligence and other services	$93,208
Total remuneration for non-audit services	$188,958

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, 22 August 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 audit for the financial year ended 30 June 2011 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

Michael Bray
Partner

Melbourne

22 August 2011

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

Consolidated Income Statement
Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue from continuing operations	5(a)	**338,332**	308,591
Salaries and employee benefits expense	5(b)	**(150,484)**	(140,723)
Equipment service and supplies expense		**(92,211)**	(77,770)
Cost of sales associated with cranes	5(b)	**(1,037)**	(1,986)
Operating lease expense		**(12,543)**	(12,277)
Other expenses		**(25,843)**	(24,444)
Profit before restructuring expenses, financing expenses, depreciation and amortisation expense, impairment expense and income tax		**56,214**	51,391
Restructuring expense	19	**(2,761)**	(1,651)
Profit before financing expenses, depreciation and amortisation expense, impairment expense and income tax		**53,453**	49,740
Depreciation and amortisation expense	5(b)	**(32,204)**	(30,718)
Impairment expense	5(b)	**(48,400)**	(345)
(Loss)/profit before financing expenses and income tax		**(27,151)**	18,677
Financing expenses	5(b)	**(15,557)**	(18,158)
(Loss)/profit before income tax		**(42,708)**	519
Income tax benefit	6(a)	**6,929**	7,258
(Loss)/profit from continuing operations		**(35,779)**	7,777
Loss from discontinued operations (net of income tax)	36	**(1,969)**	(1,236)
Net (loss)/profit attributable to members of Boom Logistics Limited		**(37,748)**	6,541
Basic (loss)/earnings per share (cents per share)	7	**(8.2)**	2.1
Diluted (loss)/earnings per share (cents per share)	7	**(8.2)**	2.1
Franked dividends per share (cents per share)	8	**-**	-

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

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

Consolidated Statement of Comprehensive Income
Year Ended 30 June 2011

	Note	**2011 $'000**	2010 $'000
Net (loss)/profit attributable to members of Boom Logistics Limited		**(37,748)**	6,541
Other comprehensive (loss)/income			
Cash flow hedges recognised in equity	24	**(10)**	10
Other comprehensive (loss)/income for the year, net of tax		**(10)**	10
Total comprehensive (loss)/income for the year attributable to members of Boom Logistics Limited		**(37,758)**	6,551

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

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

Consolidated Statement of Financial Position
As at 30 June 2011

	Note	2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	9(a)	**9,073**	10,134
Trade and other receivables	10	**57,783**	59,317
Inventories	11	**1,419**	9,074
Prepayments and other current assets	12	**4,138**	6,523
Assets classified as held for sale	13	**5,031**	5,336
Income tax receivable	6(c)	**8,029**	3,977
TOTAL CURRENT ASSETS		**85,473**	94,361
NON-CURRENT ASSETS			
Plant and equipment	14	**323,967**	367,042
Intangible assets	15(b)	**70,810**	90,433
TOTAL NON-CURRENT ASSETS		**394,777**	457,475
TOTAL ASSETS		**480,250**	551,836
CURRENT LIABILITIES			
Trade and other payables	17	**26,070**	43,143
Interest bearing loans and borrowings	18	**108,769**	35,161
Provisions	19	**13,274**	11,513
Derivative financial instruments	20	**-**	395
Other liabilities	21	**5,585**	8,168
TOTAL CURRENT LIABILITIES		**153,698**	98,380
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	18	**17,926**	99,894
Provisions	19	**929**	755
Deferred tax liabilities	6(b)	**10,266**	17,911
TOTAL NON-CURRENT LIABILITIES		**29,121**	118,560
TOTAL LIABILITIES		**182,819**	216,940
NET ASSETS		**297,431**	334,896
EQUITY			
Contributed equity	22	**318,065**	318,065
Retained (losses) / earnings	23	**(21,375)**	16,373
Reserves	24	**741**	458
TOTAL EQUITY		**297,431**	334,896

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

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

Consolidated Statement of Cash Flows
Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers		**374,427**	351,238
Payments to suppliers and employees	*(i)*	**(324,186)**	(308,646)
Interest paid		**(12,692)**	(12,390)
Interest received		**485**	924
Income tax (paid)/received		**(3,930)**	14,146
Net cash provided by operating activities	9(b)	**34,104**	45,272
Cash flows from investing activities			
Purchase of plant and equipment		**(33,680)**	(32,492)
Proceeds from the sale of plant and equipment		**5,763**	6,998
Net cash (used in) investing activities		**(27,917)**	(25,494)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	86,831
Payments for issuing shares		**-**	(4,632)
Proceeds from borrowings		**28,957**	16,591
Repayment of borrowings		**(36,204)**	(119,022)
Payment of dividends	8(a)	**-**	-
Net cash (used in) financing activities		**(7,247)**	(20,232)
Net increase/(decrease) in cash and cash equivalents		**(1,061)**	(454)
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(a)	**9,073**	10,134

(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 Consolidated Statement of Cash Flows.

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

Consolidated Statement of Changes in Equity
Year Ended 30 June 2011

	Note	Issued Capital $'000	Retained Earnings $'000	Cash Flow Hedge Reserve $'000	Employee Equity Benefits Reserve $'000	Total Equity $'000
At 1 July 2009		234,476	9,832	-	413	244,721
Profit for the year		-	6,541	-	-	6,541
Other comprehensive income	24	-	-	10	-	10
Total comprehensive income		-	6,541	10	-	6,551
Transactions with owners in their capacity as owners:						
Shares issued	22(b)	86,831	-	-	-	86,831
Transaction costs on share issue net of tax	22(b)	(3,242)	-	-	-	(3,242)
Cost of share based payments	24	-	-	-	35	35
At 30 June 2010		**318,065**	**16,373**	**10**	**448**	**334,896**
Loss for the year		**-**	**(37,748)**	**-**	**-**	**(37,748)**
Other comprehensive income	24	**-**	**-**	**(10)**	**-**	**(10)**
Total comprehensive income		**-**	**(37,748)**	**(10)**	**-**	**(37,758)**
Transactions with owners in their capacity as owners:						
Cost of share based payments	24	**-**	**-**	**-**	**293**	**293**
At 30 June 2011		**318,065**	**(21,375)**	**-**	**741**	**297,431**

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

1. Corporate Information

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 22 August 2011.

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

The nature of the operations and principal activities of the Group are described in note 30.

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. The financial report is presented in Australian dollars which is the Company's functional currency.

(c) Critical accounting estimates

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:

Impairment testing of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions.

Impairment testing of plant and equipment
The Group tests annually whether plant and equipment has suffered any impairment, in accordance with the accounting policy stated in note 3(m). The recoverable amounts of plant and equipment have been determined based on the greater of its value in use and its fair value less costs to sell. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions.

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 the related segment for periods up to twenty years based on useful life assumptions.

2. Basis of Preparation (continued)

(c) Critical accounting estimates (continued)

Useful lives and residual values of plant and equipment (continued)
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 evidence that residual values can not be achieved.

Going concern assumption
A key assumption underlying the preparation of 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 previous syndicated debt facility was scheduled to expire on 10 September 2011. As at 30 June 2011, the Group had successfully obtained financing approval for a $150 million 3 year revolving debt facility to be provided by the Group's existing banking syndicate, National Australia Bank, GE Capital and BankWest. As the final documentation had not been executed, this debt had to be classified as current at 30 June 2011 under the requirements of the accounting standards. This resulted in current liabilities exceeding current assets by $68.225 million. All documentation in relation to the syndicated debt facility was executed and drawn down 17 August 2011, resulting in the reversal of this position and the current asset deficiency no longer exists.

As the syndicated debt facility has been successfully refinanced and the first draw conducted, the Directors have a reasonable expectation that the Group will be able to pay its debts as and when they are due in the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Deferred Tax
Judgement and estimation is required over the calculation and recognition of 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 and liabilities in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if probable 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.

(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 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 $6,279,000 (2010: $5,748,000) and decrease other expenses by the same amount.

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

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, except as explained in note 2(d), which address changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation as if an operation discontinued during the current year had been discontinued from the start of the comparative year (refer to note 36).

(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. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. In the parent company financial statements, investments in subsidiaries are carried at cost. 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 services provided, and the repairs of cranes and other equipment is recognised where the right to be compensated for the services can be reliably measured.

Sale of goods
Revenue from the sale of cranes is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfer occurs upon receipt of the crane by the customer.

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

(c) Borrowing costs

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Summary of Significant Accounting Policies (continued)

(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 30 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.

The cost of crane inventories is based on the actual cost of each crane and can include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of inventories. Costs incurred in bringing inventories to their present location and condition are included in the cost of inventories.

3. Summary of Significant Accounting Policies (continued)

(g) Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and 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.

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.

3. Summary of Significant Accounting Policies (continued)

(h) Income tax (continued)

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

(i) Goods and Services Tax (GST)

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

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

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

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

(j) Plant and equipment

Plant and equipment is 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**
Tower Cranes	**20 Years**
Tower Sections / Frames	**20 Years**
Stiffleg Derricks	**20 Years**
Mobile Cranes < 20T	**10 Years**
Access Equipment	**10 Years**
Ancillary Equipment	**10 Years**
Office Equipment	**10 Years**
Workshop Equipment	**10 Years**
Leasehold Improvements	**Lesser of lease term or 10 Years**
Vehicles	**5 to 10 Years**
Computer Equipment and Software	**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.

3. Summary of Significant Accounting Policies (continued)

(j) Plant and equipment (continued)

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. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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:

	Contractual Rights
Useful lives	*Finite*
Method used	*Life of contract*
Internally generated / Acquired	*Acquired*
Impairment test / Recoverable amount testing	*Amortisation method reviewed at each financial year end; Reviewed annually for indicator of impairment.*

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

3. Summary of Significant Accounting Policies (continued)

(l) 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.

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 pre-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.

3. Summary of Significant Accounting Policies (continued)

(m) Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of an asset, cash-generating unit or a group of cash-generating units exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(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 paid within 30 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.

3. Summary of Significant Accounting Policies (continued)

(q) Employee benefits

Wages, salaries, annual leave, sick leave and rostered days off
Liabilities for wages and salaries, including non monetary benefits, annual leave, accumulating sick leave and rostered days off represent present obligations from employees' services provided to the reporting date and are recognised in employee provisions up to the reporting date. They 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.

Long service leave
The liability for long service leave is 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 reporting date. 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 reporting date on national government 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 plans
A defined contribution 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 a personnel 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 (i) the extent to which the vesting period has expired and (ii) 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.

3. Summary of Significant Accounting Policies (continued)

(r) Share-based payments (continued)

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

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 33 for detailed disclosures.

3. Summary of Significant Accounting Policies (continued)

(v) Financial instruments (continued)

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.

(w) Derivatives and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. 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 fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the income statement.

A hedge of the foreign currency risk of a highly probable commitment is accounted for as a cash flow hedge. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement 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.

3. Summary of Significant Accounting Policies (continued)

(w) Derivatives and hedging (continued)

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 CODM 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 entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

(i) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(ii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two tier differential reporting regime applies to all entities that prepare general purpose financial statements. Boom Logistics Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will therefore have no impact on the consolidated financial statements of the Group.

(z) Parent entity financial information

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 35.

(aa) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. The results of discontinued operations are presented separately in the consolidated income statement. Prior period comparatives have been adjusted where required.

4. Financial Risk Management

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.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has empowered senior management for developing and monitoring risk management guidelines and policies. The Chief Financial Officer reports regularly to 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 Audit and Risk Committee oversees how management monitors compliance with the Group's risk management guidelines, policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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. There are no significant concentrations of credit risk within the Group. Refer to note 33 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.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. At 30 June 2011, the Group's balance sheet gearing ratio was 30% (2010: 29%). This ratio is calculated as gross debt divided by gross debt plus equity. Gross debt is calculated as total interest bearing loans and borrowings. Equity is as shown on the Balance Sheet. Refer to note 33 for detailed disclosure.

4. Financial Risk Management (continued)

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 33 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 inventory 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 both fixed and floating interest rates. The level of fixed and variable rate debt is disclosed in note 33.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, 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.

The Group entity monitors capital on the basis of the balance sheet gearing ratio. This ratio is calculated as gross debt divided by gross debt plus equity. Information regarding compliance with debt facility requirements is disclosed in note 18.

5. Revenue and Expenses from Continuing Operations

	Note	2011 $'000	2010 $'000
(a) Revenue			
Revenue from services		**336,115**	302,887
Revenue from sale of goods		**1,345**	2,909
Interest income from other persons/corporations		**482**	1,369
Net profit / (loss) on disposal of plant and equipment		**390**	441
Net foreign exchange gain		**-**	985
		338,332	308,591
(b) Expenses			
Salaries and employee benefits (net of superannuation)		**141,933**	132,602
Defined contribution plan expense		**8,551**	8,121
Total salaries and employee benefits expense		**150,484**	140,723
Depreciation of plant and equipment	14	**32,204**	29,642
Amortisation of intangibles	15(c)	**-**	1,076
Total depreciation and amortisation expense		**32,204**	30,718
Impairment of intangibles - goodwill	15(c)	**19,623**	-
Impairment of plant and equipment	14	**26,163**	42
Impairment of assets classified as held for sale	14	**1,844**	303
Impairment of inventories	(i)	**770**	-
Total impairment expense		**48,400**	345
Financing expenses		**15,557**	18,158
Cost of crane sales and servicing through the Crane Sales and Service segment		**1,037**	1,986

(i) Impairment of inventories was as a result of the GM Baden business unit restructure which is part of the Crane Sales and Service operating segment.

	Note	2011 $'000	2010 $'000

6. Income Tax

The major components of income tax expense / (benefit) are:

(a) Income tax expense

	2011 $'000	2010 $'000
Current income tax		
Current income tax expense / (benefit)	**18**	(6,946)
Adjustments in respect of current income tax of previous years	**50**	(4,029)
Deferred income tax		
Relating to origination and reversal of temporary differences	**(6,997)**	3,717
	(6,929)	(7,258)

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

	2011 $'000	2010 $'000
Accounting (loss)/profit before tax from continuing operations	**(42,708)**	519
At the Group's statutory income tax rate of 30% (2010: 30%)	**(12,812)**	156
Expenditure not allowable for income tax purposes	**180**	106
Goodwill impairment not allowable for income tax purposes	**5,880**	-
Adjustments in respect of current income tax of previous years	**50**	(4,029)
Research and development deduction	**-**	(41)
Capital investment allowance	**(227)**	(3,450)
Income tax (benefit) reported in the consolidated income statement	**(6,929)**	(7,258)

(b) Deferred income tax

Deferred income tax at 30 June relates to the following:

	BALANCE SHEET		INCOME STATEMENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred tax assets				
- Employee leave provisions	**3,853**	3,660	**(193)**	(81)
- Allowance for impairment on financial assets	**649**	475	**(174)**	128
- Liability accruals	**689**	415	**(274)**	(361)
- Restructuring provisions	**450**	-	**(450)**	527
- Tax losses	**8,361**	7,713		
Gross deferred income tax assets	**14,002**	12,263		
Deferred tax liabilities				
- Accelerated depreciation for tax purposes	**(24,268)**	(30,435)	**(6,167)**	4,367
- Intangible assets (finite life)	**-**	-	**-**	(323)
- Foreign currency balances	**-**	261	**261**	(540)
Gross deferred income tax liabilities	**(24,268)**	(30,174)		
Net tax assets / (liabilities)	**(10,266)**	(17,911)		
Deferred tax expense / (income)			**(6,997)**	3,717

		2011 $'000	2010 $'000

6. Income Tax (continued)

(c) Income tax payable

		2011 $'000	2010 $'000
Income tax (receivable) / payable	(i)	**(8,029)**	(3,977)

(i) Income tax receivable represents a franking deficit tax offset of $3,687,000 (2010: $nil) and the anticipated tax refund in respect of the FY2011 year of $4,342,000 (2010: $nil). The FY2010 amount related to the prior period amended company tax assessment refund which was received in FY2011.

(d) Tax losses

The Group has unused tax losses of $8,361,000 (2010: $7,713,000) which has been recognised as a deferred tax asset as it is probable that sufficient taxable profit will be available to allow all the tax losses to be utilised.

(e) Tadano Licence Private Tax Ruling

On 20 April 2011, the Group applied for a private tax ruling from the Deputy Commissioner of Taxation in respect of the income tax treatment of the Tadano Licence which was acquired as part of the James Group asset acquisition in August 2006. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2011 as the private tax ruling has not been concluded as at the date of this report.

7. 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:

	2011 $'000	2010 $'000
Net (loss)/profit after tax	**(37,748)**	6,541
	No. of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	**461,280,299**	316,629,397
Effect of dilutive securities:		
- employee share awards	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**461,280,299**	316,629,397
Number of ordinary shares at financial year end	**465,011,147**	460,795,156

8. Dividends Paid and Proposed

	Note	2011 $'000	2010 $'000
(a) Dividends paid during the year			
Current year interim			
Fully franked dividends (nil cents per share) (2010: nil cents per share)		**-**	-
Previous year final			
Fully franked dividends (nil cents per share) (2010: nil cents per share)		**-**	-
		-	-
(b) Dividends proposed and not recognised as a liability			
Fully franked dividends (nil cents per share) (2010: nil cents per share)		**-**	-
(c) Franking credit balance			
The amount of franking (deficits) / credits available for the subsequent financial year are:			
- Franking credits / (deficits) as at the end of the financial year at 30% (2010: 30%)		**1**	(3,687)
- Franking (deficits) / credits that will arise from the payment / (receipt) of income tax payable / (receivable) as at the end of the financial year	6(c)	**(8,029)**	(3,977)
- Franking debits that will arise from the payment of dividends as at the end of the financial year		**-**	-
		(8,028)	(7,664)
The amount of franking credits available for future reporting periods:			
- Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period		**-**	-
		(8,028)	(7,664)

9. Cash and Cash Equivalents

(a) Reconciliation of cash

	Note	2011 $'000	2010 $'000
Cash at bank and in hand		**9,073**	10,134
Closing cash balance		**9,073**	10,134

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 33.

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

	Note	2011 $'000	2010 $'000
Net (loss)/profit after tax		**(37,748)**	6,541
Non cash items			
Depreciation and amortisation of non-current assets	5(b)	**32,204**	30,718
Impairment of assets	5(b)	**48,400**	345
Net (profit)/loss on disposal of plant and equipment	5(a)	**(390)**	(441)
Share based payments	24	**293**	35
Net foreign exchange (gain)/loss	5(a)	**-**	(985)
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		**1,534**	(7,302)
(Increase)/decrease in inventories		**2,151**	15,921
(Increase)/decrease in prepayments and other assets		**2,385**	(1,521)
(Decrease)/increase in trade and other payables		**(765)**	2,892
(Decrease)/increase in current tax receivables		**(4,052)**	8,973
(Decrease)/increase in deferred tax liabilities		**(7,645)**	(3,996)
(Decrease)/increase in provisions		**1,935**	(1,452)
(Decrease)/increase in other liabilities		**(4,199)**	(4,456)
Net cash flow from operating activities		**34,104**	45,272

10. Trade and Other Receivables

	Note	2011 $'000	2010 $'000
Trade receivables	(i)	**57,723**	57,926
Allowance for impairment	33(a)	**(2,164)**	(1,582)
		55,559	56,344
Other receivables		**2,224**	2,973
Total trade and other receivables		**57,783**	59,317

(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.

11. Inventories

	2011 $'000	2010 $'000
Stock on hand at cost	**393**	7,667
Stock on hand at net realisable value	**776**	981
	1,169	8,648
Fuel at cost	**250**	205
Other inventory at net realisable value	**-**	221
Total inventories	**1,419**	9,074

Stock on hand and in transit consists of cranes and spare parts for sale within the Crane Sales and Service segment.

Inventories recognised as expense during the year ended 30 June 2011 amounted to $13,254,000 (2010: $30,354,000) representing $2,815,000 (2010: $19,764,000) cost of sales associated with cranes and $10,439,000 (2010: $10,590,000) fuel and tyres. Reduction in total inventories was as a result of the closure of the James Equipment business unit which is part of the Crane Sales and Service segment.

During the year ended 30 June 2011 the write-down of inventories to net realisable value amounted to $770,000 (2010: nil) which is disclosed in the "impairment expense" line in the income statement. Refer to note 5(b).

12. Prepayments and Other Current Assets

	2011 $'000	2010 $'000
Prepayments	**3,686**	6,193
Other current assets	**452**	330
Total prepayments and other current assets	**4,138**	6,523

13. Assets Classified as Held For Sale

	2011 $'000	2010 $'000
Plant and equipment	**5,031**	5,336
Total assets classified as held for sale	**5,031**	5,336

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

The carrying value of assets classified as held for sale held under finance leases, hire purchase contracts and secured bank loans at 30 June 2011 is $847,000 (2010: $1,458,000). Refer to note 18.

14. Plant and Equipment

	Note	Rental Equipment $'000	Motor Vehicles * $'000	Machinery, Furniture, Fittings & Equipment $'000	Total $'000
Opening balance at 1 July 2009					
At cost		438,790	41,032	24,982	504,804
Accumulated depreciation		(123,924)	(15,468)	(13,556)	(152,948)
Net carrying amount		314,866	25,564	11,426	351,856
Year ended 30 June 2010					
Carrying amount at beginning net of accumulated depreciation and impairment		314,866	25,564	11,426	351,856
Additions		48,695	345	156	49,196
Disposals	(i)	(6,412)	(104)	(43)	(6,559)
Transfers		(1,681)	365	1,316	-
Impairment		(29)	-	(13)	(42)
Transfer to / from assets held for sale		2,233	-	-	2,233
Depreciation charge for the year		(24,195)	(2,556)	(2,891)	(29,642)
Carrying amount at end net of accumulated depreciation and impairment		333,477	23,614	9,951	367,042
Closing balance at 30 June 2010					
At cost		461,539	40,813	25,703	528,055
Accumulated depreciation		(128,062)	(17,199)	(15,752)	(161,013)
Net carrying amount		333,477	23,614	9,951	367,042
Year ended 30 June 2011					
Carrying amount at beginning net of accumulated depreciation and impairment		**333,477**	**23,614**	**9,951**	**367,042**
Additions		**21,576**	**89**	**547**	**22,212**
Disposals	(i)	**(4,510)**	**(344)**	**(278)**	**(5,132)**
Transfers		**(3,063)**	**2,107**	**956**	**-**
Impairment		**(27,336)**	**(671)**	**-**	**(28,007)**
Transfer to / from assets held for sale		**56**	**-**	**-**	**56**
Depreciation charge for the year		**(27,373)**	**(2,357)**	**(2,474)**	**(32,204)**
Carrying amount at end net of accumulated depreciation and impairment		**292,827**	**22,438**	**8,702**	**323,967**
Closing balance at 30 June 2011					
At cost		**464,486**	**41,186**	**25,798**	**531,470**
Accumulated depreciation		**(171,659)**	**(18,748)**	**(17,096)**	**(207,503)**
Net carrying amount		**292,827**	**22,438**	**8,702**	**323,967**

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

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

14. Plant and Equipment (continued)

The carrying value of plant and equipment held under finance leases, hire purchase contracts and secured bank loans at 30 June 2011 is $182,992,144 (2010: $199,131,756). Additions during the year include $11,891,901 (2010: $17,667,285) of plant and equipment held under secured bank loans.

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities (refer to note 18).

Plant and equipment with a carrying amount of $324,638,000 (2010: $367,042,000) are pledged as securities for current and non current liabilities as disclosed in note 18.

Impairment
A total impairment loss of $28,007,000 (2010: $345,000) was incurred across the Group's entire fleet of fixed assets available for hire. This impairment included:

Boom Sherrin
There has been an $19,142,000 (2010: nil) impairment of assets relating to the Boom Sherrin Access and Other Cash Generating Units ("Other CGU") as at 30 June 2011. In line with Boom's strategy, the Group's investment focus is on the core business of cranes and travel towers as these assets deliver superior returns. The implication of this strategy is that future investment in the low end access and general hire business will be minimal. In line with the requirements of accounting standards, value in use was the method used for calculating the recoverable amount of the Access and Other CGU. In applying this methodology to a CGU where investment is discontinued, only cashflows reflecting the remaining lives of existing assets may be recognised. Consequently, as well as this asset impairment, an additional $18,269,000 of goodwill was also considered to be impaired (refer to note 16). This impairment loss has been recorded within the Lifting Solutions reportable segment.

18 meter Glove & Barrier Insulated Elevated Work Platforms
During the year, it was identified that certain components of the 18m Glove & Barrier Insulated Elevated Work Platforms were damaged. These damaged components have been impaired by $3,727,000 as at 30 June 2011(2010: nil). Consequently, all repair costs incurred in FY2011 and beyond will be capitalised when incurred as they will result in future economic benefits.

Assets Held for Sale
Impairments associated with assets held for sale totalled $1,844,000 (2010: $303,000), during the year ended 30 June 2011. These Impairments have been recorded against individual assets where the carrying amount exceeded the fair value less costs to sell.

Other
Additional impairments of $3,294,000 (2010: $42,000) have been recorded against individual assets where the carrying amount exceeded the higher of fair value less costs to sell and value in use on an asset by asset basis.

These impairment losses have been recognised in the income statement line item 'Impairment expense' and relates to the Lifting Solutions and Crane Sales and Service segments.

15. Intangible Assets

	Note	2011 $'000	2010 $'000
(a) Opening balance at 1 July			
Goodwill		**90,433**	90,433
Contractual rights (net carrying amount)		**-**	1,076
Total net carrying amounts		**90,433**	91,509
(b) Closing balance at 30 June			
Goodwill	16	**70,810**	90,433
Contractual rights (net carrying amount)		**-**	-
Total net carrying amounts		**70,810**	90,433
(c) Reconciliations			
Goodwill			
Carrying amount at beginning net of impairment		**90,433**	90,433
Impairment	5(b)	**(19,623)**	-
Additions through transfer from subsidiary		**-**	-
Carrying amount at end net of impairment		**70,810**	90,433
Represented by:			
Cost (gross carrying amount)		**111,496**	111,496
Accumulated impairment		**(40,686)**	(21,063)
Net carrying amount		**70,810**	90,433
Contractual rights			
Carrying amount at beginning net of accumulated amortisation and impairment		**-**	1,076
Amortisation charge for the year		**-**	(1,076)
Carrying amount at end net of accumulated amortisation and impairment		**-**	-
Represented by:			
Cost (gross carrying amount)		**5,380**	5,380
Accumulated amortisation and impairment		**(5,380)**	(5,380)
Net carrying amount		**-**	-

Contractual rights are amortised on a straight line basis over the life of the contract.

16. Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated to cash generating units ("CGUs") for impairment testing. The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections premised on financial projections approved by the board of directors relating to the financial year ending 30 June 2012. Cash flows beyond this period are extrapolated using an average 4% growth rate over the period which is deemed a reasonable period for estimating cash flows beyond 2012 (up to a maximum of 10 years plus an appropriate terminal multiple) of the group of cash generating units being tested. The discount rate applied to the cash flow projections is 12.3% (2010: 12.2%) being the Group's pre-tax weighted average cost of capital. All variables impacting the WACC calculation have been updated to reflect current company and market conditions.

Redefinition of CGUs
A combination of strategic and operational changes has resulted in the cash flows associated with assets within the 'Boom Sherrin' CGU being internally monitored at a lower level than in previous periods. As a result, at 30 June 2011 when the Group reviewed its asset level CGU definitions, the former Boom Sherrin CGU was split into two newly defined CGUs being 'Travel Towers' and 'Access and Other'.

Allocation of Goodwill
The Group allocates goodwill acquired in a business combination to the groups of CGUs which are expected to benefit from the synergies of the combination. The redefinition of the Boom Sherrin CGU combined with inter-CGU asset transfers (refer below), resulted in the Group applying a relative values methodology in apportioning goodwill to the Travel Towers and Access and Other CGUs, in line with the requirements of accounting standards. The inter-CGU asset transfer related to a number of cranes previously held on the Boom Sherrin balance sheet being transferred into the Crane Hire CGUs. This goodwill reallocation (including restated historical amounts) is detailed below and incorporates the results of impairment testing conducted as at 30 June 2011.

	2011 $'000	2010 $'000
Carrying amount of goodwill allocated to each CGU:		
- Crane Hire (Lifting Solutions segment)	**51,089**	47,261
- Travel Towers (Lifting Solutions segment)	**19,721**	19,721
- Access and Other (Lifting Solutions segment)	**-**	22,097
- Crane Maintenance (Crane Sales and Service segment)	**-**	1,354
	70,810	90,433

Reconciliation of goodwill allocated to each CGU:

	Crane Hire	**Travel Towers**	**Access and Other**	**Crane Maintenance**	**Total**
Carrying amount at 30 June 2010	47,261	19,721	22,097	1,354	90,433
Transfers	3,828	-	(3,828)	-	-
Impairment	-	-	(18,269)	(1,354)	(19,623)
Carrying amount at 30 June 2011	**51,089**	**19,721**	**-**	**-**	**70,810**

Key assumptions used in value in use calculations
The key assumption on which management has based its cash flow projections when determining the value in use of the cash generating units is that projected margins are determined based on historical performances, adjusted for internal/external changes anticipated in the forecast for the 2012 financial year.

16. Impairment Testing of Goodwill (continued)

Impairment losses recognised

A goodwill impairment loss of $1,354,000 was recognised within the Crane Maintenance CGU as at 30 June 2011. This loss represents the write-off of the remaining goodwill associated with the GM Baden business which performs both internal and external crane maintenance services. This impairment is a result of the strategic decision to exit the GM Baden business consistent with the Group's focus on core business to support its blue chip customers in key markets. This impairment loss has been recorded within the Crane Sales and Service reportable segment.

A goodwill impairment loss of $18,269,000 was recognised within the Access and Other CGU as at 30 June 2011. In line with Boom's strategy, the Group's investment focus is on the core business of hiring cranes and travel towers as these assets deliver superior returns. The implication of this strategy is that future investment in the access and general hire business will be minimal. In line with the requirements of accounting standards, value in use was the method used for calculating the recoverable amount of the Access and Other CGU. In applying this methodology to a CGU where investment is minimal, only cashflows reflecting the remaining lives of existing assets may be incorporated into the value in use calculation. Consequently, as well as the goodwill impairment, an additional $19,142,000 (refer note 14) of assets were also considered to be impaired. This impairment loss has been recorded within the Lifting Solutions reportable segment.

The Group has considered a range of reasonably possible changes in key assumptions and do not believe that these changes would result in any further material impairment loss being recognised. However, if forecast cash flows are not achieved in the Access and Other CGU, this could result in future impairment of fixed assets. The carrying value of this CGU at 30 June 2011 is $25,124,000.

17. Trade and Other Payables

	2011	2010
	$'000	$'000
Current		
Trade payables	**18,893**	38,286
Other payables	**7,177**	4,857
Total current trade and other payables	**26,070**	43,143

Trade payables are non-interest bearing and are normally settled on 30 day terms. The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 33.

18. Interest Bearing Loans and Borrowings

Syndicated debt facility refinancing

The Group has successfully obtained financing approval for a $150 million 3 year revolving debt facility on 30 June 2011. The facility is provided by the Group's existing banking syndicate, National Australia Bank, GE Capital and BankWest, and was executed and drawn down on 17 August 2011. The financing facility has been structured to allow the Group to retain its $37.7 million of existing equipment lease finance and hire purchase facilities with non-participating banks, which will amortise down to zero by the end of FY2013. After the refinancing, the Group's overall cost of debt is expected to average around 9% for the 2012 financial year (2011 – 11.8%). This facility ensures the Group is well placed to support ongoing growth initiatives in the coming years.

Under accounting standards, for debt balances to be recognised as a non-current liability, the Group must have had "an unconditional right to defer settlement" at 30 June 2011. Whilst financing approval for an agreed term sheet was obtained prior to the financial year end, because all facility documents had to be finalised which included all the standard conditions precedent, the Group did not meet the test of having "an unconditional right to defer settlement". Consequently, at 30 June 2011, the appropriate disclosure of the debt associated with the refinancing is as a current liability. Whilst this disclosure results in a current asset deficiency at 30 June 2011, it should be recognised that following the finalisation of the facility documents and first draw on 17 August 2011, the debt has been reclassified as non-current and at the date of this report being the 22 August 2011, the current asset deficiency no longer exists.

18. Interest Bearing Loans and Borrowings (continued)

Covenant Position
The Group is in compliance with all banking covenants at 30 June 2011, including the Debt Service Cover Ratio and Earnings Leverage Ratio.

Debt repayment
The Group has maintained its gearing ratio (debt / debt plus equity) of 30% at 30 June 2011 whilst drawing down $28,957,000 of debt for capital expenditure during the financial year.

	Note	2011 $'000	2010 $'000
Current			
Obligations under finance leases and hire purchase contracts		**33,378**	21,919
Secured bank loans		**75,391**	9,272
Other loans - secured		**-**	3,970
Total current interest bearing liabilities	25(b)	**108,769**	35,161
Non-current			
Obligations under finance leases and hire purchase contracts		**17,926**	52,316
Secured bank loans		**-**	47,578
Total non-current interest bearing liabilities	25(b)	**17,926**	99,894
Total interest bearing liabilities	33(d)	**126,695**	135,055

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount	
Finance leases and hire purchase contracts	**AUD**	**7.9%**	**2011 - 2013**	**51,304**	74,234
Secured bank loan	**AUD**	**6.4%**	**2011**	**75,391**	56,851
Other loans				**-**	3,970
Total interest bearing liabilities				**126,695**	135,055

Refer to note 33(e) for disclosure of fair value versus carrying value.

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

	2011	2010
Total facilities:		
- bank overdraft	**1,500**	1,500
- bank loans and borrowings	**169,282**	194,131
	170,782	195,631
Facilities used at reporting date:		
- bank overdraft	**-**	-
- bank loans and borrowings	**126,695**	135,055
	126,695	135,055
Facilities unused at reporting date:		
- bank overdraft	**1,500**	1,500
- bank loans and borrowings	**42,587**	59,076
	44,087	60,576

	Note	2011 $'000	2010 $'000
18. Interest Bearing Loans and Borrowings (continued)			
Assets pledged as security			
Fixed and floating charges are held over all of the assets of the Group including the following financial assets and plant and equipment:			
Current			
- Cash at bank and in hand	9	**9,073**	10,134
- Trade and other receivables	10	**57,783**	59,317
- Assets classified as held for sale	13	**4,184**	3,878
- Assets classified as held for sale under lease	13	**847**	1,458
Total current assets pledged as security		**71,887**	74,787
Non current			
- Plant and equipment		**140,975**	167,910
- Plant and equipment under lease		**182,992**	199,132
Total non-current assets pledged as security	14	**323,967**	367,042
Total value of assets pledged as security		**395,854**	441,829
19. Provisions			
Employee leave entitlements			
At 1 July		**12,268**	12,771
Arising during the year		**6,646**	6,330
Utilised		**(6,011)**	(6,833)
At 30 June		**12,903**	12,268
Current	26	**11,974**	11,513
Non-current	26	**929**	755
		12,903	12,268
Restructuring			
At 1 July		**-**	949
Arising during the year	(i)	**5,578**	-
Utilised		**(4,278)**	(949)
At 30 June	(ii)	**1,300**	-
Current		**1,300**	-
Non-current		**-**	-
		1,300	-
Total Provisions			
Current		**13,274**	11,513
Non-current		**929**	755
		14,203	12,268
(i) Restructuring provision arising during the year is represented by:			
- James Equipment discontinued operation		**2,047**	-
- GM Baden closure		**1,515**	-
- National Office restructure		**1,039**	-
- Melbourne mobile closure		**541**	-
- Other restructuring costs		**436**	-
Total arising during the year		**5,578**	-
- James Equipment discontinued operation		**(2,047)**	-
- GM Baden closure (inventory impairment portion)	5(b)	**(770)**	-
Restructuring expense from continuing operations per Income Statement		**2,761**	-

19. Provisions (continued)

(ii) At 30 June 2011, the Group has committed to a plan to restructure several business units which resulted in the recognition of $1,300,000 for expected restructuring costs. Estimated restructuring costs were based on the terms of the relevant contracts. The restructuring is expected to be completed by 30 September 2011.

	Note	2011 $'000	2010 $'000
20. Derivative Financial Instruments			
Current liabilities			
Forward foreign exchange contracts			
- cash flow hedges		-	395
		-	395

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 foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 4).

The Group imports inventory and 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.

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.

21. Other Liabilities

	2011 $'000	2010 $'000
Current		
PAYG tax withheld	**292**	3,838
Goods and services tax	**2,224**	1,669
Other accrued expenses	**3,069**	2,661
Total other current liabilities	**5,585**	8,168

22. Contributed Equity

(a) Issued and paid up capital

	2011 $'000	2010 $'000
Ordinary shares fully paid	**318,065**	318,065

22. Contributed Equity (continued)

(a) Issued and paid up capital (continued)

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

(b) Movements in shares on issue

	Note	2011 No. of shares	2011 $'000	2010 No. of shares	2010 $'000
Beginning of the financial year		**460,795,156**	**318,065**	171,359,202	234,476
Issued during the year:					
- employee share incentive schemes	(i)	**4,215,991**	**-**	-	-
- 2 December 2009 rights issue	(ii)	**-**	**-**	112,377,273	33,713
- 29 December 2009 rights issue	(ii)	**-**	**-**	110,389,689	33,117
- 16 February 2010 share purchase plan	(ii)	**-**	**-**	66,668,992	20,001
- transaction costs on shares issued		**-**	**-**	-	(4,632)
- deferred tax credit recognised directly in equity		**-**	**-**	-	1,390
Total issued during the year		**4,215,991**	**-**	289,435,954	83,589
End of the financial year		**465,011,147**	**318,065**	460,795,156	318,065

(i) This amount represents the issue of 4,215,991 (2010: nil) ordinary shares to employees as part of the employee share incentive schemes for nil consideration during the financial year. Refer to note 26 for further details.

(ii) These amounts represent the granting of ordinary shares under various share placements during the period. The issue price for all fully paid ordinary shares was $0.30 per share.

23. Retained Earnings

	Note	2011 $'000	2010 $'000
Balance at the beginning of year		**16,373**	9,832
Net (loss) / profit for the year		**(37,748)**	6,541
Total available for appropriation		**(21,375)**	16,373
Dividends paid	8(a)	**-**	-
Balance at end of year		**(21,375)**	16,373

24. Reserves

	Note	2011 $'000	2010 $'000
Employee equity benefits reserve			
Balance at the beginning of year		**448**	413
Share based payments	24(i)	**293**	35
Balance at end of year		**741**	448
Cash flow hedge reserve			
Balance at the beginning of year		**10**	-
Net movement on cash flow hedges	24(ii)	**(10)**	10
Balance at end of year		**-**	10
Total reserves		**741**	458

24. Reserves (continued)

(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 26 for further details of these plans.

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

	Note	2011 $'000	2010 $'000

25. Commitments

(a) Operating leases commitments

The Group has entered into commercial leases on certain plant and equipment, motor vehicles and property. These leases have terms ranging from 1 to 10 years.

	Note	2011 $'000	2010 $'000
Minimum lease payments			
- within one year		**11,715**	10,836
- after one year but not more than five years		**18,350**	17,266
- more than five years		**1,762**	874
Aggregate operating lease expenditure contracted for at reporting date		**31,827**	28,976

(b) Interest bearing loans and borrowings commitments

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

	Note	2011 $'000	2010 $'000
- within one year		**112,391**	45,267
- after one year but not more than five years		**18,828**	104,756
- more than five years		**-**	-
Total minimum payments		**131,219**	150,023
- future finance charges		**(4,525)**	(14,968)
Net liability		**126,695**	135,055
- current liability	18	**108,769**	35,161
- non-current liability	18	**17,926**	99,894
		126,695	135,055

The Company has provided guarantees in respect of interest bearing loans and borrowings as disclosed in note 32.

	Note	2011 $'000	2010 $'000

25. Commitments (continued)

(c) Capital commitments

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

Plant and equipment			
- within one year		**17,251**	6,666
- after one year but not more than five years		**-**	-
- more than five years		**-**	-
		17,251	6,666

26. Employee Benefits

(a) Employee benefits

	Note	2011 $'000	2010 $'000
The aggregate employee benefit liability is comprised of:			
- accrued salaries, wages and on costs		**3,423**	2,168
- provisions (current)	19	**11,974**	11,513
- provisions (non-current)	19	**929**	755
		16,326	14,436

(b) Employee share incentive schemes

Two employee share incentive schemes were established by Boom Logistics Limited 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.

26. Employee Benefits (continued)

(b) Employee share incentive schemes (continued)

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

	2011 Number of shares	2010 Number of shares
Balance at beginning of year	**2,262,811**	1,157,775
- issued for nil consideration (including shares issued under employee share schemes)	**4,436,862**	-
- 2 December 2009 rights issue	**-**	1,315,852
- sold / transferred during the year	**(5,144)**	(165,908)
- forfeited during the year	**(17,886)**	(44,908)
Balance at end of year	**6,676,643**	2,262,811

(c) Expenses 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:

	2011 $'000	2010 $'000
Shares issued under employee share schemes	**293**	35
	293	35

27. Events After the Balance Sheet Date

Dividend
On 22 August 2011, the directors of Boom Logistics Limited declared that no final dividend would be issued for the financial year ended 30 June 2011.

Syndicated debt facility refinancing
Subsequent to 30 June 2011, the Group's existing syndicated debt facility which expires on 10 September 2011 was successfully refinanced and the first draw executed on 17 August 2011. The refinanced facility of $150 million over 3 years is provided by the Group's existing banking syndicate, National Australia Bank, GE Capital and BankWest. Consequently, the current asset deficiency at 30 June 2011 resulting from the current liability classification of the syndicated debt balance of $75.391 million no longer exists as the syndicated debt was reclassified to non-current liability at the date of this report being 22 August 2011.

28. Auditors' Remuneration

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

	2011 $	2010 $
Audit services		
- audit and review of financial statements	**255,500**	250,000
Total audit services	**255,500**	250,000
Taxation, due diligence and other services		
- taxation services	**95,750**	196,749
- due diligence and other services	**93,208**	347,580
Total taxation, due diligence and other services	**188,958**	544,329
Total remuneration of KPMG	**444,458**	794,329

29. Key Management Personnel

(a) Details of directors

(i) Non-executive directors

John Robinson	Chairman (Non-executive)
Terrance Hebiton	Director (Non-executive)
Dr. Huw Davies	Director (Non-executive)
Terrence Francis	Director (Non-executive)
Fiona Bennett	Director (Non-executive)

(ii) Executive directors

Brenden Mitchell	Managing Director

(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 reporting period:

Iona MacPherson	Chief Financial Officer and Company Secretary
Peter O'Shannessy	Chief Operating Officer (this position has been made redundant at 30 June 2011)
Rosanna Hammond	General Manager - Human Resource
Paul Martinez	Chief Information Officer and Director of Strategy
Tony Spassopoulos	Director of Sales and Marketing
Terese Withington	General Manager - Boom Sherrin

(c) Summarised compensation of key management personnel

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

	2011 $	2010 $
Short-term employee benefits	**3,059,753**	2,696,713
Post employment benefits	**267,087**	254,902
Other long term benefits	**44,605**	23,868
Termination benefits	**461,710**	-
Share based payments	**265,988**	182,253
Total compensation	**4,099,143**	3,157,736

Refer to the Remuneration Report in the Directors' Report for detailed compensation disclosure on key management personnel. The Group has taken advantage of the relief provided by the Corporations Act 2001 Regulation 2M.6.04 to transfer the detailed compensation disclosures on key management personnel to the Directors' Report.

29. Key Management Personnel (continued)

(d) Shareholdings of key management personnel

Ordinary shares held in Boom Logistics Limited (number) 30 June 2011	**Balance 1 July 10**	**Granted and vested**	**Net change other (i)**	**Balance 30 June 11**	**Granted but not vested**
Non-Executive & Executive Directors					
John Robinson	600,000	-	-	**600,000**	-
Terrance Hebiton	795,222	-	(247,227)	**547,995**	-
Dr. Huw Davies	291,547	-	-	**291,547**	-
Terrence Francis	185,745	-	-	**185,745**	-
Fiona Bennett	-	-	96,385	**96,385**	-
Brenden Mitchell	1,659,235	-	-	**1,659,235**	1,643,175
Executives					
Iona MacPherson	325,434	-	-	**325,434**	522,738
Peter O'Shannessy	307,157	-	-	**307,157**	615,724
Rosanna Hammond	39,196	-	-	**39,196**	226,520
Paul Martinez	90,452	-	-	**90,452**	515,029
Tony Spassopoulos	281,377	-	-	**281,377**	435,617
Terese Withington	20,000	-	-	**20,000**	348,492
Total	**4,595,365**	**-**	**(150,842)**	**4,444,523**	**4,307,295**

Ordinary shares held in Boom Logistics Limited (number) 30 June 2010	**Balance 1 July 09**	**Granted and vested**	**Net change other (i)**	**Balance 30 June 10**	**Granted but not vested**
Non-Executive & Executive Directors					
John Robinson	300,000	-	300,000	**600,000**	-
Terrance Hebiton	202,364	-	592,858	**795,222**	-
Dr. Huw Davies	135,316	-	156,231	**291,547**	-
Terrence Francis	76,772	-	108,973	**185,745**	-
Fiona Bennett	-	-	-	**-**	-
Brenden Mitchell	640,000	-	1,019,235	**1,659,235**	992,742
Executives					
Iona MacPherson	61,540	-	263,894	**325,434**	330,560
Peter O'Shannessy	99,307	-	207,850	**307,157**	375,210
Rosanna Hammond	-	-	39,196	**39,196**	135,492
Paul Martinez	-	-	90,452	**90,452**	312,674
Tony Spassopoulos	-	-	281,377	**281,377**	260,563
Teresa Withington	-	-	20,000	**20,000**	208,449
Total	**1,515,299**	**-**	**3,080,066**	**4,595,365**	**2,615,690**

(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.

29. Key Management Personnel (continued)

(d) Shareholdings of key management personnel (continued)

All equity transactions with key management personnel 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.

(e) Loans to key management personnel

Details of loans made to key management personnel of the group, including their personally related parties, are set out below.

Aggregates for key management personnel

	Balance 1 July $	Balance 30 June $	Interest charged $	Interest not charged $	Number in group 30 June
2011	**66,332**	**-**	**-**	**1,578**	**-**
2010	-	66,332	-	4,505	6

In 2010, there were no loans to individuals that exceeded $100,000 at any time.

Loans to key management personnel are for a period of 1 year repayable in monthly instalments, at nil interest rate and unsecured.

The amounts shown for interest not charged in the table above represents the amount of interest that would have been charged on an arm's length basis.

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

(f) Other transactions and balances with key management personnel

No amounts were recognised at the reporting date in relation to other transactions with key management personnel.

30. 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 the revenue derived from 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.

30. Segment Reporting (continued)

(b) Segment information provided to the CODM

	Lifting Solutions $'000	Crane Sales and Service $'000	All other segments $'000	Consolidated $'000
Year ended:		***30 June 2011***		
Segment revenue				
Total external revenue	**336,115**	**11,525**	**-**	**347,640**
Inter-segment revenue	**-**	**(8,116)**	**-**	**(8,116)**
Revenue from external customers	**336,115**	**3,409**	**-**	**339,523**
Segment result				
Losses before interest and tax	**(7,924)**	**(6,737)**	**(15,782)**	**(30,443)**
Depreciation and amortisation	**(31,471)**	**(116)**	**(670)**	**(32,257)**
Plant and equipment impairment	**(27,894)**	**(113)**	**-**	**(28,007)**
Goodwill impairment	**(18,269)**	**(1,354)**	**-**	**(19,623)**
Income tax benefit				**6,929**
Segment assets and liabilities				
Segment assets	**464,444**	**1,036**	**6,741**	**472,221**
Total assets includes:				
Additions to non-current assets	**21,191**	**13**	**1,008**	**22,212**
Segment liabilities	**39,439**	**866**	**5,553**	**45,858**
Year ended:		***30 June 2010***		
Segment revenue				
Total external revenue	302,700	40,661	-	343,361
Inter-segment revenue	-	(17,804)	-	(17,804)
Revenue from external customers	302,700	22,857	-	325,557
Segment result				
Earnings before interest and tax	30,392	(2,026)	(12,828)	15,538
Depreciation and amortisation	(29,910)	(211)	(716)	(30,837)
Goodwill impairment	-	-	-	-
Income tax benefit				7,258
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	59,179	1,865	2,930	63,974

30. Segment Reporting (continued)

(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 5(a) are based on the financial information used to produce the Group's financial statements.

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

	2011 $'000	2010 $'000
Total segment revenue	**339,523**	325,557
Interest income	**485**	1,382
Other revenue	**397**	439
Net foreign exchange gain	**-**	985
Less revenue from discontinued operations	**(2,074)**	(19,772)
Total revenue from continuing operations	**338,332**	308,591

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:

	2011 $'000	2010 $'000
Earnings before interest and tax	**(30,443)**	15,538
Interest income	**485**	1,382
Financing expenses	**(15,557)**	(18,158)
Less earnings before interest and tax from discontinued operations	**2,808**	1,757
(Loss) / profit before income tax from continuing operations	**(42,708)**	519

(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.

30. Segment Reporting (continued)

(c) Other segment information (continued)

(iii) Segment assets (continued)

Reportable segment assets are reconciled as follows:

	2011 $'000	2010 $'000
Segment assets	**472,221**	547,859
Unallocated:		
- Income tax receivable	**8,029**	3,977
Total assets per the statement of financial position	**480,250**	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 and tax are not considered to be segment liabilities as they are managed by the National Office treasury function.

Reportable segment liabilities are reconciled as follows:

	2011 $'000	2010 $'000
Segment liabilities	**45,858**	63,974
Unallocated:		
- Deferred tax liabilities	**10,266**	17,911
- Current interest bearing loans and borrowings	**108,769**	35,161
- Non-current interest bearing loans and borrowings	**17,926**	99,894
Total liabilities per the statement of financial position	**182,819**	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, such as financing, legal and information technology, are recognised in this category are incurred by other reportable segments, however, they are captured and reported internally within the "All other segments" category.

31. 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 2011 %**	2010 %	**Investment 2011 $'000**	2010 $'000
James Equipment Pty Ltd	Australia	**100**	100	**-**	-
Sherrin Hire Pty Ltd	Australia	**100**	100	**60,598**	60,598
Boom Logistics (QLD) Pty Ltd	Australia	**100**	100	**15,896**	15,896
Boom Logistics (VIC) Pty Ltd	Australia	**100**	100	**4,021**	4,021
Total investment in subsidiaries				**80,515**	80,515

Boom Logistics Limited is the ultimate parent company.

Details relating to key management personnel, including remuneration paid, are included in note 29.

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.

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

Contributions to superannuation funds on behalf of employees are disclosed in note 5(b).

The following transactions occurred with related parties:	**2011 $**	2010 $
Parent entity		
Sale of services		
Hire of lifting equipment to subsidiaries	**771,005**	445,885
Purchase of goods and services		
Hire of lifting equipment from subsidiaries/other related parties	**5,082,979**	4,093,091
Purchase of cranes and spare parts from subsidiary/other related party	**7,755,745**	16,685,799
Sale commissions incurred from subsidiary for disposal of internal lifting equipment	**139,063**	570,129
Tax consolidation legislation		
Current tax payable assumed from wholly-owned tax consolidated entities	**5,117,964**	3,067,802
Other revenue		
Interest charged to subsidiaries	**1,504,770**	3,428,212
Dividend income from subsidiaries	**-**	-

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.

Guarantees

The Company has provided guarantees in respect of:

Finance leases and hire purchase contracts	**18,448,752**	25,890,967
Secured bank loans	**-**	9,272,443

32. 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);
- James Equipment 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:

	2011 $'000	2010 $'000
Consolidated Income Statement		
Revenue from operations	**326,497**	320,939
Salaries and employee benefits expense	**(145,201)**	(137,264)
Equipment service and supplies expense	**(87,336)**	(77,250)
Cost of sales associated with cranes	**(2,582)**	(19,764)
Operating lease expense	**(12,774)**	(12,782)
Other expenses	**(25,828)**	(25,095)
Restructuring expense	**(4,808)**	(1,651)
Depreciation and amortisation expense	**(31,749)**	(30,419)
Impairment expense	**(48,400)**	(435)
Financing expenses	**(15,535)**	(18,111)
(Loss) before income tax	**(47,717)**	(1,832)
Income tax benefit	**8,429**	7,959
Net (loss)/profit for the period	**(39,287)**	6,127
Retained earnings at the beginning of the period	**12,049**	5,922
Retained earnings at the end of the period	**(27,238)**	12,049
Consolidated Statement of Comprehensive Income		
(Loss)/profit for the year	**(39,287)**	6,127
Other comprehensive income		
Cash flow hedges recognised in equity	**(10)**	10
Other comprehensive income for the year, net of tax	**(10)**	10
Total comprehensive income for the year	**(39,297)**	6,137

32. Deed of Cross Guarantee (continued)

	2011 $'000	2010 $'000
Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	**9,000**	9,869
Trade and other receivables	**55,555**	58,153
Inventories	**1,402**	9,053
Prepayments and other current assets	**4,150**	6,459
Assets classified as held for sale	**5,031**	5,186
Income tax receivable	**9,262**	4,316
Total current assets	**84,400**	93,036
Non-current assets		
Receivables	**1,676**	1,444
Investments	**4,021**	4,021
Plant and equipment	**314,666**	360,081
Intangible assets	**66,921**	86,521
Total non-current assets	**387,284**	452,067
Total assets	**471,684**	545,103
Current liabilities		
Trade and other payables	**18,522**	43,430
Interest bearing loans and borrowings	**108,618**	34,588
Provisions	**11,331**	11,011
Other liabilities	**13,615**	7,888
Total current liabilities	**152,086**	96,917
Non-current liabilities		
Interest bearing loans and borrowings	**17,844**	99,661
Provisions	**916**	742
Deferred tax liabilities	**9,283**	17,224
Total non-current liabilities	**28,043**	117,627
Total liabilities	**180,129**	214,544
Net assets	**291,555**	330,559
Equity		
Contributed equity	**318,052**	318,052
Retained earnings	**(27,238)**	12,049
Reserves	**741**	458
Total equity	**291,555**	330,559

	Note	2011 $'000	2010 $'000

33. 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	2011 $'000	2010 $'000
Cash and cash equivalents	9	**9,073**	10,134
Trade and other receivables	10	**57,783**	59,317
		66,856	69,451

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

There is no significant concentration of credit risk for trade receivables at 30 June 2011.

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 increase of $582,000 (2010: $427,000 write back) 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	2011 $'000	2010 $'000
Balance at 1 July		**1,582**	2,009
Impairment loss recognised		**1,107**	573
Amounts written-off and/or written back		**(525)**	(1,000)
Balance at 30 June	10	**2,163**	1,582

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^**	**+61 days $'000 PDNI* (i)**	**+61 days $'000 CI^**
2011	**57,723**	**45,310**	**6,467**	**25**	**3,636**	**2,285**
2010	57,926	35,379	12,103	41	8,681	1,722

* 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.

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.

33. Financial Instruments (continued)

(b) Liquidity risk

The tables below analyse the Group's and the Parent'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 2011	**Carrying amount $'000**	**Contractual cashflows $'000**	**6 mths or less $'000**	**6-12 mths $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
Non-derivative financial liabilities							
Trade and other payables*	**26,070**	**(26,070)**	**(26,070)**	**-**	**-**	**-**	**-**
Finance leases and hire purchase contracts	**51,304**	**(54,924)**	**(22,925)**	**(13,171)**	**(18,828)**	**-**	**-**
Secured bank loans	**75,391**	**(76,295)**	**(76,295)**	**-**	**-**	**-**	**-**
	152,766	**(157,289)**	**(125,290)**	**(13,171)**	**(18,828)**	**-**	**-**

30 June 2010	**Carrying amount $'000**	**Contractual cashflows $'000**	**6 mths or less $'000**	**6-12 mths $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
Non-derivative financial liabilities							
Trade and other payables*	43,143	(43,143)	(43,143)	-	-	-	-
Finance leases and hire purchase contracts	74,234	(84,640)	(15,890)	(12,199)	(37,603)	(18,948)	-
Secured bank loans	56,851	(61,412)	(9,780)	(3,428)	(626)	(47,578)	-
Other loans – secured	3,970	(3,970)	(3,970)	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts used for hedging purchases	395	(395)	(395)	-	-	-	-
	178,593	(193,560)	(73,178)	(15,627)	(38,229)	(66,526)	-

* Excludes derivatives (shown separately).

33. Financial Instruments (continued)

(c) Market risk

Foreign exchange risk

The Group imports inventory and 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 forecasting and the cash flows are expected to occur at various dates within 12 months from the balance date.

The forward foreign currency contracts are considered to be fully effective cash flow hedges as they are matched against inventory and 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 inventory or 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 as follows:

	2011 €uro $'000	2010 €uro $'000
Receivables	-	-
Trade payables	-	(11,956)
Forward exchange contracts		
- buy foreign currency (cash flow hedges)	-	12,402

Sensitivity analysis for currency risk

A 10 percent (2010: 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 $'000	**Profit or Loss $'000**
2011		
€uro	**-**	**-**
	-	**-**
2010		
€uro	(27)	-
	(27)	-

A 10 percent (2010: 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.

33. 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 2011 $'000	2010 $'000
Fixed rate instruments			
Financial liabilities	(i)	**(51,304)**	(87,476)
		(51,304)	(87,476)
Variable rate instruments			
Financial assets - cash at hand and in bank	9	**9,073**	10,134
Financial liabilities	(i)	**(75,391)**	(47,578)
		(66,318)	(37,444)

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of $126,695,000 (2010: $135,055,000) per note 18.

The Group's main interest rate risk arises from 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. They are therefore not subject to interest rate risk as defined in AASB 7.

The Group is exposed to interest rate risk when funds are borrowed at floating interest rates. This risk is managed by taking into consideration the current and expected future debt profile, expectations regarding future interest rate movements and the potential to hedge against negative outcomes by entering into interest rate swaps. The Group's exposures to interest rates on financial liabilities are detailed 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. 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 $663,000 (2010: $374,000).

(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.

33. 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 2011. At 30 June 2010 secured bank loans had a fair value of $59,707,379 and a carrying value of $56,850,790. The difference of $2,856,589 related to transaction costs associated with entering the previous Syndicated Debt Facility Agreement. 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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2011				
Financial liabilities				
- Foreign exchange contracts	-	-	-	-
	-	-	-	-
30 June 2010				
Financial liabilities				
- Foreign exchange contracts	-	395	-	395
	-	395	-	395

34. Contingencies

There are no contingent assets and liabilities identified at 30 June 2011.

35. Parent Entity Financial Information

(a) Summary financial information

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

	2011 $'000	2010 $'000
Statement of financial position		
Current assets	**68,513**	140,611
Total assets	**440,483**	504,129
Current liabilities	**132,827**	100,734
Total liabilities	**153,142**	190,028
Equity		
Contributed equity	**318,065**	318,065
Employee equity benefits reserve	**741**	436
Cash flow hedge reserve	**-**	10
Retained losses	**(31,465)**	(4,410)
	287,341	314,101
Net (loss)/profit after tax for the year	**(27,053)**	4,648
Total comprehensive (loss)/income for the year	**(27,063)**	4,658

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

	2011 $'000	2010 $'000
Plant and equipment		
- within one year	**17,251**	6,666
- after one year but not more than five years	**-**	-
- more than five years	**-**	-
	17,251	6,666

(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 32.

Guarantees provided by the parent entity in respect of loans of subsidiaries are disclosed in note 31.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010.

36. Discontinued Operations

(a) Details of discontinued operations

On 29 October 2010, the Group announced the decision to discontinue the operations of James Equipment which is part of the Crane Sales and Service operating segment. James Equipment ceased trading in its own right in the second half of the 2011 financial year and the subsidiary will be wound up in due course.

(b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information of James Equipment for the year ended 30 June 2011 and the year ended 30 June 2010 are presented below.

	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
Financial Performance		
Revenue	**2,074**	19,772
Expenses	**(4,882)**	(21,529)
Loss before income tax	**(2,808)**	(1,757)
Income tax benefit	**839**	521
Loss after income tax of discontinued operation	**(1,969)**	(1,236)
Basic (loss) per share (cents per share)	**(0.0)**	(0.0)
Diluted (loss) per share (cents per share)	**(0.0)**	(0.0)
Cash flow information		
Net cash inflows/(outflows) from operating activities	**(871)**	166
Net cash inflows/(outflows) from investing activities	**8**	-
Net cash inflows/(outflows) from financing activities	**862**	(1,022)
Net increase/(decrease) in cash generated by discontinued operation	**(1)**	(856)

(c) Assets and Liabilities of discontinued operations

The carrying values of assets and liabilities of James Equipment at cessation date was:

	$'000
Assets	
Cash and cash equivalents	**53**
Trade and other receivables	**46**
Inventories	**474**
Prepayments	**-**
Plant and equipment	**4**
Deferred tax assets	**335**
Total assets	**912**

36. Discontinued Operations (continued)

(c) Assets and Liabilities of discontinued operations (continued)

	$'000
Liabilities	
Trade and other payables	**82**
Provisions	**-**
Other liabilities	**1,125**
Deferred tax liabilities	**(187)**
Total liabilities	**1,020**
Net assets	**(108)**

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 20 to 69, and the Remuneration report in the Directors' Report, set out on pages 6 to 12, 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 2011 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;

(b) the directors draw attention to note 2(a) to the Consolidated Financial Statements which includes a statement of compliance with International Financial Reporting Standards; and

(c) 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 There are reasonable grounds to believe that the Company and the group entities identified in note 32 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.

3 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 2011.

Signed in accordance with a resolution of the directors:

John Robinson
Chairman

Brenden Mitchell
Managing Director

Melbourne, 22 August 2011

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 statements of financial position as at 30 June 2011, and consolidated income statements and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, notes 1 to 36 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, 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Boom Logistics Limited 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 2011 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Michael Bray
Partner

Melbourne

22 August 2011

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 29 July 2011.

(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	1,276	599,912
1,001	-	5,000	2,471	6,987,872
5,001	-	10,000	1,295	10,091,245
10,001	-	100,000	2,920	99,512,690
100,001	and over		330	347,819,428
			8,292	465,011,147
The number of shareholders holding less than a marketable parcel of shares are:			1,815	1,348,323

(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	76,005,108	16.3
2	HSBC Custody Nominees (Australia) Limited	63,866,224	13.7
3	Citicorp Nominees Pty Limited	27,597,376	5.9
4	McAleese Investments Pty Ltd	25,017,065	5.4
5	J P Morgan Nominees Australia Limited	21,052,996	4.5
6	Cogent Nominees Pty Limited	16,668,576	3.6
7	Boom Logistics Employee Share Plans Pty Ltd	6,767,679	1.5
8	Queensland Investment Corporation	5,994,986	1.3
9	Argo Investments Limited	4,500,000	1.0
10	AMP Life Limited	4,220,629	0.9
11	The Australian National University Investment Section	3,530,683	0.8
12	UBS Nominees Pty Ltd	3,097,848	0.7
13	Mestjo Pty Ltd	2,828,598	0.6
14	Tarni Investments Pty Ltd	2,687,538	0.6
15	Mr Bernard Francis O'Neill	2,267,113	0.5
16	Mr Leslie Raymond Holt	2,175,370	0.5
17	Mrs Patricia Gail Holt	2,175,370	0.5
18	Miss Maree Elizabeth Goggin	1,477,683	0.3
19	Bond Street Custodians Limited	1,474,251	0.3
20	Bolo Pty Ltd	1,470,000	0.3
Top twenty shareholders		274,875,093	59.1
Remainder		190,136,054	40.9
Total		**465,011,147**	**100.0**

(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	76,005,108	16.3
HSBC Custody Nominees (Australia) Limited	63,866,224	13.7
Citicorp Nominees Pty Limited	27,597,376	5.9
McAleese Investments Pty Ltd	25,017,065	5.4

(d) Voting Rights

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