

Media Release

Boom Logistics Limited Announcement

Tuesday 5th February 2008
ASX code BOL

First half 2008 Preliminary Result and FY2008 Outlook

Boom Logistics (ASX: BOL) today announced a preliminary underlying net operating profit after tax for the first half of \$15.3 million. This reduces to \$12.4 million after making non cash accounting adjustments to reflect impairment of assets and additional depreciation charges. The result is still subject to final audit review, which should be completed over the next week.

Compared to last year's first half result, revenue was up 19%; EBITDA up 6% and NPAT down 22%.

The accounting adjustment is a one-off charge that predominantly relates to rectification of the underestimation of depreciation charges related to assets acquired in the August 2005 purchase of Sherrin Hire. Assets were transferred to the Company's fixed asset register at the correct independent valuation but "useful lives" were incorrectly set at this time.

Boom's chairman, Mr John Robinson emphasised that the non cash accounting adjustments have no impact on the integrity of the underlying operational business or the Company's funding capacity. "We have dealt with the issue exhaustively. It will impact this result and force the revision of past performance. But it will not negatively impact on Boom in the future."

In November 2007 Boom forecast an expected result in the \$17-18 million range, subject to timing of the pre Christmas slowdown. A pronounced slowdown in customer requirements occurred mid way through December and the post New Year pick-up in activity has also been slower than usual.

In addition, Mr Robinson said that Boom was experiencing some pressure on margins, owed partly to the higher costs and supply constraints impacting on all aspects of the mining industry and its support services, and partly due to difficulties in sourcing large capacity equipment both for use by the company itself and for third party sales. Mr Robinson said that measures to address margin erosion included:

- ▶ An urgent focus on reducing fixed costs across the business.
- ▶ Priority for cost recovery adjustments under existing service contracts.
- ▶ Improved efficiency and effectiveness through the consolidation of process and business systems across the various business units, and
- ▶ Improved equipment deployment across the group to optimise equipment utilisation. This is a key function of the recently appointed National Fleet Manager.

Referring to the outlook, Mr Robinson said recent severe flooding in the Queensland Bowen Basin will impact on second half performance. Approximately 9% of Group income will be effected and disruptions to activity are expected to apply for the entire first Quarter of calendar 2008. The Company expects to deliver a NPAT in a range of \$29-30 million before the non cash accounting adjustments that impact the first half reported profit. This forecast takes account of a three month hiatus in Bowen basin activity and the delayed start in post New Year activity across the business. Measures to address margin erosion will begin to provide benefit during the second half and are expected to take full impact in fiscal 2009.

“The underlying Boom business model remains robust, despite the issues that have affected margins during the first half,” Mr Robinson said “Operating cash flows are sufficient to meet projected requirements for new equipment and there is no requirement in the current year for any additional capital”.

As previously advised Mark Lawrence resigned from the Company at the end of last week and an executive search firm has been engaged to seek a new Chief Executive. In the interim Mr Jack Hebiton one of the Company’s founding directors will take direct responsibility for all operational matters and Chairman John Robinson will take responsibility for Company administration, including investor relations.

Further information

Media: Tim Duncan, Hintons (03) 9600 1979