



**ANNUAL REPORT**  
**2019**

## **Table of Contents**

<b>Description</b>	<b>Page</b>
Corporate Directory	3
Operating and Financial Review	5
Chairman's Report	5
Highlights	7
Managing Director's Report	8
Company Performance	10
Our People & Systems	17
Our Health, Safety, Environment & Quality	18
Corporate Governance	21
Directors' Report	22
Remuneration Report	26
Auditor's Independence Declaration	42
Consolidated Statement of Comprehensive Income	43
Consolidated Statement of Financial Position	44
Consolidated Statement of Cash Flows	45
Consolidated Statement of Changes in Equity	46
Notes to the Consolidated Financial Statements	47
Directors' Declaration	89
Independent Audit Report to Members of Boom Logistics Limited	90
ASX Additional Information	94

## OUR COMPANY

Boom Logistics Limited ("Boom" or "the Company") and its controlled entities is an Australian industrial services group ("the Group") that provides superior crane logistics, labour and lifting solutions for customers in the mining and resources, wind, energy and utilities, infrastructure, industrial maintenance and telecommunications sectors.

At Boom, we deliver the full package of engineering know-how, specialised lifting equipment and multi-skilled teams required to safely manage the lifting of large scale and complex tasks for infrastructure, construction and shutdown maintenance customers.

The Company seeks to be recognised by our customers, employees, communities and shareholders as the supplier of high-value, reliable lifting solutions and labour services without injury.

## OUR PURPOSE

To safely and profitably grow our business through the provision of innovative customer lifting solutions and specialised labour hire services in the markets we serve to deliver returns and value to our shareholders.

## OUR VISION

To be recognised as the industry leader in the provision of lifting services to the Australian market.

## OUR VALUES

The Boom values underpin and define the way we do business.

- Customer Focus – everything begins with the customer.
- Safety Always – continue our journey towards zero harm.
- Developing our People – commitment to our future.
- Teamwork – working together to achieve our best.
- Innovation – looking for new ways to do things.
- Respect – for each other and all stakeholders.

The Boom values are an uncompromising foundation of our organisation, guiding our decisions, our behaviours and the way we do business to maximise returns for our shareholders.

## OUR PROFILE

- 13 depots across Australia.
- More than 400 permanent Boom employees and over 760 casual personnel of which the majority are engaged by readi.
- Over 250 cranes in all sizes, from 5 tonne up to 750 tonne.
- Over 120 travel towers, from 12 metres up to 70 metres.
- A fleet of elevated work platforms and support transport.
- A database of over 10,000 people available through readi to service our customers' labour requirements.

## CORPORATE DIRECTORY

### *Directors*

Maxwell J Findlay (Chairman)  
Tony Spassopoulos  
Melanie Allibon  
Jean-Pierre JAM Buijtel  
Terrence C Francis  
Terence A Hebiton

### *Company Secretary*

Malcolm Ross

### *Registered Office*

Suite B, Level 1, 55 Southbank Boulevard  
Southbank, Victoria, 3006  
Telephone (03) 9207 2500  
Fax (03) 9207 2400

### *Internet Address*

[www.boomlogistics.com.au](http://www.boomlogistics.com.au)

### *Share Register*

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

### *Annual General Meeting*

Friday, 22 November 2019  
at 11:00am  
KPMG  
Tower Two, Collins Square  
727 Collins Street  
Melbourne, Victoria, 3000

Date of publication: 21 August 2019

## OUR VALUE PROPOSITION

As a large-scale lifting project specialist, we seek to deliver innovation for our customers, build shareholder value and ensure safety excellence. We continue to build our leading reputation in the market as a trusted lifting, construction and maintenance solutions partner for large scale infrastructure.

Boom's customer value proposition is based on total lifting solutions and specialised labour services involving:

### Equipment

- A comprehensive and diverse fleet aligned to customer requirements in mining and resources, wind, energy, utilities, infrastructure, industrial maintenance and telecommunications.
- Well maintained fleet with maintenance records and Key Performance Indicator reporting for customers.

### Operational Capability

- Highly experienced and trained workforce of supervisors, crane operators, riggers and travel tower operators.
- Operational resources and infrastructure to support customers in our core markets.
- Planned and configured services involving operators, cranes, transport, travel towers and other assets to meet complex customer requirements.
- The readi labour hire business delivers an integrated labour solution to both existing and new customers. It currently supplies support to key Boom contracts and continues to focus on expanding its offering of multiple trades and skills to external customers.

### Engineering Expertise

- Pre-lift customer site survey and analysis.
- Detailed engineering lift studies to drive safety, efficiency and cost effectiveness.
- Project planning and project management.
- Wind farm construction including lifting, mechanical and electrical installation and maintenance.

### Safety & Quality Systems

- Cultural alignment with our customer base, with an uncompromising safety focus.
- AS/NZS ISO 4801:2001 certification and transition to AS/NZS ISO 9001:2015 achieved.
- Investment to drive continuous improvement in our safety systems, processes and organisation.

The Group's distinctive and comprehensive value proposition provides a solid platform for future growth to maximise returns to shareholders.



## CHAIRMAN'S REPORT

On behalf of the Board, I would like to present the Boom Logistics Limited ("Boom") annual report for the financial year ended 30 June 2019 ("FY19").

The 2019 financial year was one of significant consolidation and restructuring for Boom as the leadership transitioned to our new Managing Director and Chief Executive Officer, Tony Spassopoulos at the end of Q1, FY19.

Boom delivered a statutory revenue result of \$183m which led to a net loss of \$5.3m compared with a loss of \$1.5 million in FY18. The FY19 result was impacted by operating challenges including a significant industrial relations dispute in NSW.

During FY19, a key capital management initiative to deliver value to shareholders was the on-market buy back announced on 21 November 2018 to purchase and cancel up to 10% of issued share capital over the next 12 months. I am pleased to report the Company bought back 35.7m shares on-market and through a minimum holding buyback equating to 7.5% of issued capital in the period to 30 June 2019. The Board intends to continue with the on-market buy back following the release of FY19 results.

Boom successfully refinanced its loan facilities with an extended term and increased debt capacity in January 2019 thereby improving Boom's operational flexibility and ability to execute further capital management initiatives in 2020. However, Boom remains constrained under its loan facilities to paying dividends from net profits.

Boom continues to focus on improving return on capital through efficient capital allocation. This was executed in FY19 by leasing a number of large cranes and redeploying owned assets across the business to support growth. Older and under-utilised cranes have been sold, thus reducing the average fleet age.

In our crane lifting business we are confident that contract wins in FY19 in the wind farm sector and the renewal of long-standing contracts with key customers in mining maintenance have positioned the crane business for improved volume and profitability in FY20.

The travel towers business was restructured during the year by expanding its sales team to seize growth opportunities while reducing overhead through downsizing and closing unprofitable depots and rationalising the travel towers fleet. The travel towers business is now positioned to improve profitability and continue to support its core customers in the mobile telecommunications and power sectors.

Our readi business has grown to become the main source of labour hire for Boom and is now focused on growth through the supply of specialised labour to external customers.

The Board is delighted to welcome Melanie Allibon who has been appointed as an independent Non-Executive Director. Ms. Allibon's appointment reinforces our focus on remuneration, industrial relations and safety, as well as enhancing our capability with regards to human resources best practices. Ms. Allibon's particular expertise in industrial relations and human resources across the industrial services sector is expected to bring extensive and valuable experience to Boom and enhance the Board's overall mix of skills, knowledge and capabilities.

## **CHAIRMAN'S REPORT (continued)**

Looking ahead, the business has completed considerable restructuring and consolidation initiatives in FY19 and we expect this will underpin an improved operating result in FY20.

Finally, I would like to thank my fellow directors, together with our hard-working team, led by Tony Spassopoulos. We look forward to overseeing their efforts to ensure Boom continues on this path of progress and success.



**Maxwell Findlay**  
Chairman

## HIGHLIGHTS

### ***Health, Safety, Quality & Environment***

- Reported a Total Recordable Injury Frequency Rate (TRIFR) of 8.6 at the end of the year and over 3.2 million labour hours worked without a Lost Time Injury (LTI).
- Continued to deploy the three-year HSEQ Strategic Plan with focus on improving lifting operations, verification of competency, training planning, assurance, induction and transport activities.
- Maintained certification to AS/NZS 4801:2001, AS/NZS ISO 9001:2015, OHSAS 18001:2007. Compliance with environmental management obligations continued with success.
- Extended our values to include innovation and respect, with an unwavering focus on safety, our people, our customers and teamwork.

### ***Financial & Operations***

- Share buy-back program commenced. 35.7 million shares (7.5% of share capital) purchased and cancelled in FY19.
- Delivered improved free cash flow of \$8.8 million up from \$8.4 million in FY18.
- Net debt reduced to \$36.6 million (30 June 2018: \$37.3 million).
- New long term finance facilities negotiated with increased debt capacity, reduced funding costs and increased tenure with banks to January 2022.
- Reported revenue of \$182.7 million (FY18: \$183.1 million).
- Trading EBIT of \$2.8 million (FY18: \$2.9 million).
- Net loss after tax \$5.3 million (FY18: loss of \$1.5 million).
- FY19 results significantly impacted by industrial dispute in NSW.
- Strategic review of the travel towers business completed which effectively positions the business to deliver improved returns in FY20 from a lower overhead base and rationalised operating fleet and expanded sales team.

### ***Markets & Growth***

- The operating environment remained solid in each of the Group's key industry sectors.
- Mining and Resources revenue was down \$12.7 million on FY18 due to industrial action in the Hunter Valley and non-recurrence of project work at BHP Olympic Dam. The business renewed key maintenance contracts with BMA, Yancoal, Alcoa and Newmont Boddington Gold. Demand from resources customers in Central Queensland has remained robust.
- Wind, Energy and Utilities successfully grew revenue by \$8.3 million in FY19, as the wind farm market remained strong and the pipeline continued to grow. Equipment delivered strong utilisation and Boom was involved in turbine maintenance on four of Australia's largest gas turbine power stations.
- Infrastructure revenue was similar to FY18 however the sector presents opportunity buoyed by major infrastructure projects in Melbourne in FY20.
- Industrial Maintenance delivered modest growth in revenue of \$1.6 million. The Group is focused on supplying readi specialised labour hire across its customer base, building on the ongoing provision of labour to the oil and gas sector in Bass Strait.
- Telecommunications revenue increased by \$3.1 million in FY19 securing key contracts with tier two suppliers.

### ***People & Systems***

- 80% of Boom's permanent workforce directly interfaces with or provides a service to customers including operators, supervisors, safety professionals, engineers and sales personnel.
- The total number of Boom employees was 1187 at 30 June 2019.
- Boom increased its flexible workforce and as at 30 June 2019, has over 760 casual and fixed term employees. The majority of these employees are engaged through readi.
- The business continued to invest in its people to deliver efficiencies and develop leadership across the organization, through internal and external training and development activities.
- Boom is delivering a Certificate IV in Frontline Leadership and Management course to 90 employees.

## MANAGING DIRECTOR'S REPORT

The last 12 months can be best described as a year of establishing new foundations to deliver sustainable profit growth and returns to shareholders. We have positioned our business for growth in the mining resources sector, wind farm and large-scale infrastructure and construction projects. We are working towards expanding the business into new markets, adding new services and we continue to build our leading reputation as a trusted lifting solutions partner.

During the year, Boom achieved two years and over 3.2 million working hours, without a Lost Time Injury (LTI) and a Total Recordable Injury Frequency Rate (TRIFR) of 8.6. Our goal is to lead the industry on safety performance. Safety is always our priority at Boom, as we continue our journey towards zero harm.

The 2019 financial results were below expectations. Boom delivered a trading EBITDA of \$20.1 million and trading EBIT of \$2.8 million in FY19. The NSW industrial action impacted these results by \$4.5 million.

Crane services revenue of \$95.6m was 18% below last year, impacted by industrial action in NSW in FY19 and the non-recurrence of a major project at Olympic Dam in FY18, which together represented \$20m revenue.

The industrial action in NSW was resolved by agreeing to significant labour cost increases. Boom is now rebuilding its presence in the Hunter Valley region after closing the Newcastle depot which became an unviable business with the higher cost of labour and the Singleton depot has been restructured. Redundancy and restructuring costs at both depots have been incurred. We are pursuing new customers in the region as some mine sites have now opted for multiple supplier arrangements to ensure continuity of crane services supply.

The crane services revenue growth was solid in Central Queensland, a 14% increase on last year. Growth was underpinned by increased mining maintenance works with our key contracted customers at BMA, Coronado, Glencore and Anglo Coal. Boom continued to build scale and scope around its existing depot infrastructure from major contractors in the region such as Downer, Thiess and Hastings Deering.

In South Australia, a new EBA at Olympic Dam was agreed for the next three years, which is aligned with the current contract with BHP. In Western Australia, we renewed major contracts with Alcoa and Newmont Boddington Gold for a further three years and five years, respectively.

Boom Projects continued to expand into new, high-growth markets, with revenue from the wind farm, energy and infrastructure sectors contributing \$35.1m revenue in FY19, a 55% increase on FY18. We completed the Mt Gellibrand wind farm project during the year and were successful in securing two important contracts with GE Coopers Gap and Goldwind Cattle Hill. The value of these new projects is \$30 million revenue over FY19 and FY20, with work expected to be completed on both projects in December 2019.

Our fleet of heavy lift large mobile cranes are also pursuing bridge, rail and civil infrastructure works, a sector with high growth prospects in FY20.

The travel towers business recorded revenue of \$24.9 million in FY19, improving by 24% on last year. The large travel towers were put to work on the 5G network rollout for our telecommunications customers and generated \$13 million for FY19. With major contracts in place, the 5G roll out is expected to continue throughout FY20. As previously announced, Boom undertook a strategic review of the travel towers business during the year. As a result, several depots have been restructured to reduce overhead costs and fifty-five small under-utilised and obsolete travel tower assets have been sold.

## MANAGING DIRECTOR'S REPORT (continued)

Our readi business continued to fulfil its role as a major labour supplier for Boom's customers during shutdowns. The focus is now on securing new external revenue through the Boom customer network in the oil and gas, mining, construction and infrastructure sectors. Direct labour hire revenue from Boom and readi contracts was \$27.1 million for FY19, representing 12% growth over FY18. We see capacity tightening in the labour market and readi is well placed to supply customers with specialised labour hire, which is expected to provide a profitable non-capital revenue stream for Boom in FY20.

Throughout the year we continued to invest in our people. Key initiatives undertaken include the commencement of a leadership training program for our frontline employees and managers. Progress is being made on a youth and apprenticeship training program for riggers and operators, with Queensland to commence by the end of 2019. This new program is aiming to attract the "leaders of tomorrow" who can grow in the business and forge a career path in our industry.

### Outlook

Boom is in a good position for FY20 and making positive progress towards diversifying its business with new value-added services and targeting new growth markets.

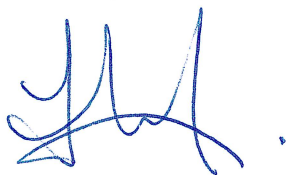
Achieving profitable revenue growth, providing value-added services to customers and delivering returns to shareholders will remain a priority for the business.

Market conditions in the resources sector remain solid, which are likely to drive increasing maintenance and support higher levels of activity. We remain focused on sustainable growth in the mining sector and supplying new services to our customers such as engineering solutions, maintenance programs and specialised labour skills.

With the strong pipeline of wind farm projects, growing infrastructure sector work and expansion of the 5G rollout for telecommunications clients, the outlook for FY20 is positive. The focus is on improving labour productivity and margins, increasing asset utilisation and limiting capital expenditure to achieve a solid return on capital for shareholders.

I would like to take this opportunity to thank all our customers, suppliers, debt providers and shareholders who have supported us this past financial year.

In conclusion, I extend my thanks to our dedicated employees for their continued focus on safety and our customers. We have loyal and passionate people in our company who are committed to Boom's success.



**Tony Spassopoulos**  
Managing Director

## COMPANY PERFORMANCE

On behalf of the Board, I present a review of Boom's performance for the year ended 30 June 2019.

Boom is focused on sustainable growth in each of its key markets, that is, mining and resources, wind energy and utilities, infrastructure and construction, industrial maintenance and telecommunications.

The review sets out the Group's operational performance for the 2019 financial year, together with a review of operations, an update on the operating environment and outlook for each of Boom's key industry sectors.

The review should be read in conjunction with the financial statements, which are presented on pages 22 to 93 of this annual report.



**Tim Rogers**  
**Chief Financial Officer**

### Overview

The Group reported a net loss after tax of \$5.3 million for the year ended 30 June 2019 million (FY18: net loss of \$1.5 million). As noted in the Managing Director's Report, the Group's underlying trading EBIT performance was similar to the prior year.

The year was significantly impacted by an industrial dispute in the first half of the year, and project delays in the second half of the year. The prior year included a significant project at BHP Olympic Dam that did not recur.

Boom's flexible asset rental model allows the Group access to new capital assets to win new contracts and deliver growth with low capital requirements. The Group will continue to grow its low capital specialised labour hire business, ready, targeting infrastructure markets in the capital cities as well as expanding the successful partnership it has developed in the oil and gas industry.

Boom's continued focus on capital discipline will allow both growth and capital management initiatives to continue in FY20 as the Company is focused on delivering returns to shareholders.

## COMPANY PERFORMANCE (continued)

### Income Statement

	30-Jun-19 \$'m	30-Jun-18 \$'m	Change %
Revenue from Services	182.7	183.1	-0.2%
Operating Costs	(162.6)	(162.0)	0.4%
<b>Trading EBITDA</b>	<b>20.1</b>	<b>21.1</b>	-4.7%
Depreciation and Amortisation	(17.3)	(18.2)	-4.9%
<b>Trading EBIT</b>	<b>2.8</b>	<b>2.9</b>	<b>-3.4%</b>
Net Borrowing Costs	(3.7)	(4.0)	
<b>Trading Net Loss After Tax</b>	<b>(0.9)</b>	<b>(1.1)</b>	
Non-Trading Income	1.6	0.0	
Non-Trading Expenses	(2.0)	(0.6)	
(Loss)/Profit on Sale of Assets	(2.0)	0.1	
Impairment to Property, Plant and Equipment	(2.0)	0.0	
<b>Net Loss After Tax</b>	<b>(5.3)</b>	<b>(1.5)</b>	
<b>Statutory EBIT</b>	<b>(1.6)</b>	<b>2.4</b>	
<b>Statutory EBITDA</b>	<b>15.7</b>	<b>20.6</b>	

### Financial Performance

#### Revenue

Reported revenue of \$182.7 million was in line with the prior year, with Boom delivering revenue growth in the wind, energy and utilities, industrial maintenance and telecommunications sectors, and only a slight decrease in revenue from the infrastructure and construction sector, however this growth was largely offset by the adverse impact of the industrial action in the mining and resources sector.

#### Earnings

Statutory earnings before interest expense, tax, depreciation and amortisation (EBITDA) was \$15.7 million (FY18: \$20.6 million) whilst statutory earnings before interest expense and tax (EBIT) was a loss of \$1.6 million (FY18: profit of \$2.4 million).

In terms of trading EBIT, the Group reported \$2.8 million in trading EBIT for FY19, only marginally down on the FY18 result of \$2.9 million.

## **COMPANY PERFORMANCE (continued)**

### **Financial Performance (continued)**

#### **Earnings (continued)**

Trading EBIT is before recognising the following non-trading income and expenses:

- Non-trading income of \$1.6 million relating to the re-imbursement of legal costs incurred in relation to the 18m Glove and Barrier legal claim. The Group was awarded \$2.7 million in FY17 in settlement of the claim with the related legal expenses being awarded by the court in FY19.
- Non-trading expenses of \$2.0 million relating to:
  - \$0.7m of redundancy costs incurred in NSW as a result of the required restructuring of the business post-industrial action in the second quarter of the year;
  - \$0.4m of redundancy and other costs incurred in the restructure of the travel tower business to improve profitability of the business by reducing depot overheads and operating fleet costs;
  - \$0.2m of legal costs incurred in the now closed 18m Glove and Barrier matter with a total of \$1.6m of fees expended over the course of the case being reimbursed; and
  - \$0.7m of remuneration payable in relation the retirement of the former Managing Director.
- Loss on sale of assets of \$2.0 million from the sale of 55 underperforming, obsolete smaller travel tower assets. Assets were sold in the second half of the year at auction values which will enable the business to operate from smaller depot locations with reduced ongoing maintenance commitments and lower operating costs going forward.
- Impairment to damaged crane of \$1.0 million as a result of damage incurred to the boom of a 500t crane in the first half of the year. The crane has been repaired and returned to the fleet at the start of FY20.
- Impairment of \$1.0 million to the owned depot property in Newman.

### **FY19 Review of Operations**

Boom's FY19 results were impacted by the following significant events:

#### **Impact of industrial action**

- Industrial action in NSW in the second quarter of FY19 impacted revenues and profitability.
- The Newcastle crane business was closed with jobs lost because the higher labour cost was not sustainable for the business.
- The impact of the strike continued in the Hunter Valley through the third quarter with customers moving to dual suppliers. Whilst the fourth quarter showed improved performance, one major customer has not resumed service which will have an on-going impact.
- The impact of the industrial action to the Hunter Valley business for the full year was a circa \$10 million decline in revenue and \$4.5 million loss in EBIT.

#### **Project Delays**

During FY19 the Group commenced two wind farm construction projects. Both projects experienced delays to their expected start dates due to a number of site access and weather delays. Therefore, the FY19 projects did not deliver to expectations, with a greater than anticipated portion of the project activity to be completed in FY20.



## **COMPANY PERFORMANCE (continued)**

### **FY19 Review of Operations (continued)**

#### **Travel Towers Business Restructure**

The travel towers business has undergone significant change and improvement during the FY19 year. The travel towers business was restructured at the beginning of FY19. Its management is now able to focus on travel tower customers and growing in the markets that the travel towers business currently services.

A strategic review was successfully completed during the second half of the year and the business underwent a comprehensive restructure, positioning it for improved profitability in FY20. In particular, the travel tower operating fleet was rationalised and depot overheads reduced through:

- Closure of the Tasmanian depot with Tasmanian based operations now managed through the Melbourne depot;
- Reduction of depot costs by moving to a smaller depot site in Adelaide and co-locating its depot with the crane business in Perth;
- Rationalisation of non-customer facing roles with greater use of shared services across the business to drive efficiencies;
- Reduction of maintenance and other operating costs resulting from a smaller fleet; and
- Greater use of outsourced services to complete routine maintenance.

The travel towers business is now well placed to meet the demands of its customers. FY20 is expected to deliver improved profitability in the telecommunications sector, as the 5G network roll out program continues, and with growth in other key customers in the power and utilities sector.

#### **Cash Flow**

Cash flow strengthened during the year delivering \$13.2 million of operating cash flow, up \$1.8 million on the prior year.

Cash flow from investing activities was positively impacted by the sale of travel towers during the second half of the year as well as the sale of a number of older, mostly small capacity crane assets. The asset sales realised \$6.3 million of proceeds, with a further \$1.2 million of proceeds to be received post year end.

Capital expenditure during the year included investment in smaller capacity mobile crane assets to service contracts, transport assets to support the mobilisation of assets brought in under the Group's flexible asset rental model, and on-going expenditure on routine ten-year inspections.

The resulting free cash flow of \$8.8 million (FY18: \$8.4 million) generated during the year enabled the Company to fund the share buy-back program which commenced during the year.

## **COMPANY PERFORMANCE (continued)**

### **FY19 Review of Operations (continued)**

#### **Capital Management**

During the year the Group commenced capital management initiatives demonstrating the Company's commitment to disciplined capital allocation with a focus on driving shareholder returns.

During FY19 the Company bought back a total of 35.7 million shares or 7.5% of the share capital:

- 1.1 million shares were acquired through a minimum holding buy-back program; and
- 34.6 million shares were acquired through an on-market buy-back program.

The \$6.0 million cost of the share buy backs completed in the year was funded from free cash flow. A further 11.4 million shares are available to buy back under the current on market buy-back program.

#### **Balance Sheet**

The balance sheet further strengthened during the year with net current assets increasing to \$15.2 million (FY18: \$14.1 million) and net debt reducing to \$36.6 million (FY18: \$37.3 million).

Return on Capital Employed (trading EBIT/ Capital Employed) at 1.5% (FY18: 1.6%) was marginally down on the prior year. The Group will continue to focus on improving returns on capital employed through FY20 and will continue to strictly manage capital.

The Group's model to rent larger assets allows the business to bring in new crane assets to match revenue opportunities as they arise. The asset rental model minimises the requirement for capital expenditure, protects free cash flow and allows the Group to maintain a conservatively geared balance sheet whilst maintaining the capability to tender for new profitable work.

#### **Debt Management and Financing**

During the year the Group extended its finance facilities with its lenders on improved terms. The new facilities provide additional flexibility with an extended term, increased debt capacity to support growth and reduced funding costs.

The new finance package comprises:

- \$20 million, three-year syndicated loan facility expiring January 2022;
- \$20 million, three-year trade receivables facility expiring January 2022; and
- \$35 million asset finance facility, including new finance and operating lease facilities with the previous amortising loan facility rolled over on new terms. This facility amortises to a \$5 million residual balance at August 2021.

## **COMPANY PERFORMANCE (continued)**

### **FY19 Review of Operations (continued)**

#### **Operating Environment**

The operating environment remained strong in each of the Group's key industry sectors.

#### ***Mining and Resources***

Revenue was down \$12.7 million on FY18 in this sector due mainly to the impact of the NSW industrial action in the current year and the non-repeat of a major shut-down at Olympic Dam in the prior year that contributed circa \$10 million revenue in FY18.

In light of the changes to the market and customer practices in NSW, the Group relocated a number of assets from the Hunter Valley region to the Cattle Hill wind farm and the growing Queensland region to improve asset utilisation and profitability.

Demand from resources customers in Queensland was robust during the period and delivered significant growth to the Group.

In Western Australia and South Australia shutdown and general maintenance activity was steady throughout the year underpinned by long-standing customers engaging Boom at BHP Olympic Dam, Alcoa and Newmont Boddington Gold sites.

The Group is pleased to report that it renewed key maintenance contracts with BMA, Yancoal, Newmont Boddington Gold and Alcoa in the period.

#### ***Outlook***

The Group expects resources revenue to remain solid in FY20 and is pursuing further growth in the following regions:

- Hunter Valley: targeting new customers in the region who may be seeking a second supplier or are seeking to change their incumbent supplier as these suppliers are required to renegotiate their labour agreements over the coming months;
- Central Queensland: targeting new customers and mine sites in the Moranbah region to further strengthen and expand the Group's footprint in the region; and
- North West: the new mine construction projects in the North West are providing an opportunity to re-enter the North West market during FY20.

#### ***Wind, Energy and Utilities***

Boom successfully grew revenue by \$8.3 million in FY19 in this sector with key highlights as follows:

- Boom is currently carrying out contracts for construction of two wind farms that will continue through the first half of FY20.
- The Group successfully performed maintenance work at ten windfarms during FY19;
- Continued involvement in turbine maintenance on four of Australia's largest gas turbine power stations;
- Completion of several projects to string high voltage cables from wind farm towers to electrical substations; and
- Supply of cranes and travel towers for routine maintenance works to utilities businesses.

## **COMPANY PERFORMANCE (continued)**

### **FY19 Review of Operations (continued)**

#### ***Wind, Energy and Utilities (continued)***

##### *Outlook*

The wind farm market remains strong and will continue to grow in FY20. Boom maintains a strong pipeline of wind farm construction projects for FY20 and is targeting to win an additional wind farm project in the second half of the year. Boom is expanding its service capacity in wind farm maintenance with a further rented 750 tonne mobile crane asset to service new and current customers in South Australia and Victoria. The travel towers business is working on opportunities to leverage our relationships to win projects which connect wind farms to electrical sub-stations.

#### ***Infrastructure and Construction***

Revenue in this sector was slightly down \$0.4 million on FY18. Boom derives its revenue in this sector from higher value niche projects such as bridge builds and rail works.

##### *Outlook*

Boom expects this sector to remain strong in FY20, buoyed by major infrastructure projects, and is targeting the Melbourne market as a new, growth opportunity for FY20.

#### ***Industrial Maintenance***

This sector delivered slight growth in revenue of \$1.6 million for FY19. The Group completed a large shutdown project in the Latrobe Valley in the first half of the year. This project offset the foregone on-going revenue from a customer of the Newcastle crane business, which closed during the year.

##### *Outlook*

The Group is contracted to supply specialist labour to the oil and gas platforms on Bass Strait. Boom's specialised labour hire business, readi, supplies the labour to Boom to fulfil the contract. This arrangement has been successful over the last two years and the Group is now focussed on expanding this service offering to other customers in the industry.

#### ***Telecommunications***

Revenue derived from this sector increased by \$3.1 million in FY19. The telecommunications market is mainly serviced by the Group's travel tower business.

##### *Outlook*

The Group has contracts with the big 'tier two' contractors and expects the telecommunications market to continue growing as the 5G roll-out program accelerates in FY20.

## OUR PEOPLE & SYSTEMS

A vital component of how we drive responsible growth is ensuring that Boom is a great and safe place to work. We deliver on this commitment by recognising and rewarding performance, ensuring an inclusive and safe workplace, creating opportunities for our employees to develop and support our employees so they continue to thrive.

We recognise that our people are critical to our success. We don't believe in taking short-cuts or putting business before our people's safety.

### Highlights

- Boom continues to invest in our business leaders to ensure they effectively manage their people to realise the Company's full potential.
- Boom continues to invest in training and development for its operational staff to ensure operating tickets are maintained, safety standards are upheld, customer site inductions are current, and verification of competency is undertaken to meet the needs of our customers.
- Boom is continually focussing on sustainable labour models that increase workplace flexibilities and efficiencies resulting in a positive impact on profitability and the security of employment.
- readi is developing robust systems to support the recruitment, on-boarding and management of our people engaged in our specialised labour supply business.
- Boom received over 70 customer commendations for the quality of our people and our work.

### Overview

Boom's workforce includes over 400 permanent employees across a range of disciplines as at 30 June 2019. The majority of Boom's permanent workforce directly interfaces with, or provides a service to, customers including: operators, supervisors, safety professionals, engineers and sales employees. The remaining permanent workforce comprises management and functional support.

At 30 June 2019, the total combined number of Boom employees was 1187. Boom had over 760 casual and fixed-term employees. The majority of these employees are engaged through readi, Boom's specialised labour supply business.

By improving flexible working arrangements and building the readi business, Boom is able to deliver on customer expectations to provide skilled and qualified people to perform work safely and professionally as required by the customer.

Our workforce is well trained and on-boarded to ensure all employees work in a safe, professional manner to the standards and expectations of Boom and its customers.

Boom's managers work closely with our employees to regularly identify areas where workplace efficiencies and improvements can be made.

In the coming financial year, the business will continue to invest in its people to deliver efficiencies and develop leadership across the business. This will be achieved through formal internal and external training and development initiatives.

### Indigenous Program

We recognise the traditional rights of Indigenous peoples and acknowledge their right to maintain their cultures, identities, traditions and customs.

## OUR PEOPLE & SYSTEMS (continued)

### Indigenous Program (continued)

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

### Training & Development

Throughout the year, Boom engaged an external training provider to deliver a Certificate IV in Leadership and Management to 90 employees across the business. The program provides practical skills to develop strong and impactful leaders.

The e-Learning Centre continues to support our people and improvement of capability within the Company. Boom's on-line induction, Life Saving Rules and compliance training through the e-Learning Centre provide a comprehensive platform for on-boarding. Together with the New Employee Survey conducted within the first three months of employment, Boom ensures employees are given every opportunity to succeed and provide candid feedback to enhance their journey.

## OUR HEALTH, SAFETY, ENVIRONMENT & QUALITY

### Highlights

- Boom reported a Total Recordable Injury Frequency Rate (TRIFR) of 8.6 at the end of the financial year.
- The Leadership Program described in the Training and Development section of this report also builds on the principles behind the Safety Interactions undertaken by management in recent years and help leaders with their day to day responsibilities and promotes the value of visible leadership.
- Boom maintained AS/NZS 4801:2001, OHSAS 18001:2007 and AS/NZS ISO 9001:2015 Certifications. Boom is actively pursuing transition to the new international Safety Standard ISO 45001. Compliance with environmental management obligations has also continued.

### Safety Leadership Structure

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

#### *Health, Safety, Environment & Quality (HSEQ) Committee*

The HSEQ Committee, a sub-committee of the Board, meets quarterly and considers all aspects of Boom's safety environment. A summary of the committee's responsibilities is set out in the Corporate Governance Statement.

#### *Safety Leadership Team (SLT)*

The Safety Leadership Team is chaired by Boom's CEO and Managing Director and includes the General Manager HSEQ, General Managers from each business unit and the HSEQ leadership team. The SLT prioritises and monitors our safety environment and safety improvement activities. The SLT is supported by our team of safety professionals that operate nationally.

#### *Personal Commitment*

All operational managers commit to a range of consultative and interactive activities which reinforce their personal commitment and Boom's corporate commitment to Health and Safety. Key metrics are measured and recorded in the corporate HSEQ management database and included in the monthly HSEQ Report to the Board.

## OUR HEALTH, SAFETY, ENVIRONMENT & QUALITY (continued)

### Safety Leadership Structure (continued)

#### *Personal Commitment (continued)*

Measurable activities include:

- Safe Act Observations and Safety Interactions which are an informal risk management and assurance activity which generates positive safety-related discussions with employees in the field;
- HSEQ Internal Audits. These audits include consultation and discussion with employees; and
- Involvement in consultative meetings (such as Safety Committees), delivering toolbox talks, delivering pre-start meetings.

#### *Training*

Boom's operational training program contains a significant safety leadership element for frontline supervisory personnel and management that works to embed good workplace safety as an operational discipline. The training emphasizes the importance of sustained and visible leadership through employee engagement and safety interactions.

### Our Safety Goals

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

- Exceed client and other stakeholders' HSEQ expectations by consistently providing benchmarked high quality and incident free services;
  - Boom's internal audit processes ensure a robust examination of performance and practice. Internal audits by a range of operational managers support a sharing of insights across the business. Audits are monitored and reported;
  - Safety incidents are investigated by an operational manager. Actions arising from each investigation are logged in the corporate incident management system and tracked to completion. Investigation outcomes are monitored, reported and communicated widely;
- Establish a positive and proactive safety culture with well-trained and competent people who demonstrate Boom's values and exceptional safety leadership;
  - The Leadership Program teaches skills to foster a positive safety culture. Improvements are measured with leading indicators;
  - All personnel have induction and training programs to ensure they build and maintain skills and compliance obligations. Compliance is measured and reported; and
- Continue to develop and use excellent HSEQ processes and systems.

### Safety

Boom's safety performance continues to be a key operational focus with emphasis on risk management, leadership and assurance. Our goal is to ensure our employees and customers are free from harm when we deliver lifting solutions, with scale and precision, in a complex and diverse operating environment.

Ensuring the safety and wellbeing of our people is an operational discipline that differentiates Boom from our competitors. It is a key component of our value proposition and strengthens our relationships with our customers and employees alike.

Boom's ongoing emphasis on safety leadership, best practice safety systems and our "Safety Always" culture builds confidence and trust with our customers and employees around the predictable, reliable and consistent delivery of high value lifting solutions.

## OUR HEALTH, SAFETY, ENVIRONMENT & QUALITY (continued)

### Safety (continued)

Boom's three-year HSEQ Strategic Plan (2018-2020) was refreshed in FY19. The focus of the refreshed strategic plan is leadership, assurance and employee wellbeing. The "One Boom" HSEQ Management System continues to be developed and enhanced.

HSEQ Strategic Plan actions include:

- System improvements in the areas of lifting operations, verification of competency, training, assurance, inductions and transport activities;
- A cultural improvement and leadership program consistent with the Boom belief that excellent leadership improves all aspects of our business including HSEQ performance;
- A wellbeing program aimed at improving and maintaining the health of employees during their career in the industry;
- Review of the Boom approach to sustainability and community;
- Review of the existing maintenance system documentation; and
- Improved use of the hazard module in the myosh incident management software.

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

### Environment

Boom continues to meet its community expectations and legal obligations in relation to environmental management. Boom complies with the National Greenhouse and Energy Reporting Act 2007.

- Boom Environmental procedures are mostly directed at waste management. Disposal of waste oil, batteries and tyres is by licensed disposal agents.
- Boom has procedures and equipment to manage runoff and spills. Onsite work is conducted in accordance with client procedures and regulations.
- Energy usage minimisation initiatives are in place.
- The current 3-year HSEQ Strategic Plan includes a review to ensure Boom meets the expectations of ISO14001, but there is currently no plan to be certified to this standard.

### Quality

The Company has continued Certification to AS/NZS ISO 9001:2015.





## CORPORATE GOVERNANCE

### *Our Board of Directors*

**Maxwell John Findlay (72)**

BEcon, FAICD

Independent, Non-Executive Chairman

APPOINTED 18 JULY 2016

**Melanie Jayne Allibon (54)**

MAICD

Independent, Non-Executive Director

APPOINTED 19 JUNE 2019

**Terrence Charles Francis (73)**

DBus (hon. causa), BE (Civil), MBA, FIE Aust, FAICD, FFin

Independent, Non-Executive Director

APPOINTED 13 JANUARY 2005

**Tony Spassopoulos (54)**

BBus (Management), MBA

Managing Director

APPOINTED 20 SEPTEMBER 2018

**Jean-Pierre Johannes Andreas Maria Buijtel (36)**

MSc (International Business)

Non-Independent, Non-Executive Director

APPOINTED 2 JUNE 2017

**Terence Alexander Hebiton (68)**

Independent, Non-Executive Director

APPOINTED 22 DECEMBER 2000

### *Our Executives*

**Tony Spassopoulos**

Managing Director & Chief Executive Officer

**Tim Rogers**

Chief Financial Officer

**Malcolm Ross**

General Counsel and Company Secretary

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Boom Logistics Limited ("Boom Logistics" or "the Company") and the entities it controlled for the financial year ended 30 June 2019.

### Directors

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

**Maxwell John Findlay** BEcon, FAICD (Independent, Non-executive Chairman) (appointed 18 July 2016)  
Mr. Findlay was Managing Director and Chief Executive of industrial services company Programmed Group from 1990 until his retirement from executive life in 2008. Since retiring as an executive, Mr. Findlay has engaged in various non-executive roles in industrial services, engineering and government. He is currently Chairman of the Snowy Mountains Engineering Corporation and was previously Director of EVZ Limited and The Royal Children's Hospital. During the past three years, Mr. Findlay has held ASX listed public company Directorships with EVZ Limited (2008 to 2017) and Skilled Group Ltd (2010 to 2015). Mr. Findlay is Chairman of the Boom Logistics Risk Committee and Nomination & Remuneration Committee.

**Tony Spassopoulos** BBus (Management), MBA (Managing Director) (appointed 20 September 2018)

Mr. Spassopoulos has over 30 years experience in the equipment hire, industrial services, and the pallet/container pooling industries. Prior to joining the Company, Mr. Spassopoulos was Director/General Manager of CHEP Asia Pacific – Reusable Plastics Containers business and held other senior management positions during his 19 years in the Brambles Group. He joined the Company in 2008 and served as Director of Sales and Marketing and more recently Chief Operating Officer prior to his appointment as Managing Director. During the past three years, Mr. Spassopoulos has not held any other ASX listed public company Directorships.

**Melanie Jayne Allibon** MAICD (Independent, Non-executive Director) (appointed 19 June 2019)

Ms. Allibon has an extensive background in human resources and operating risk, primarily in the manufacturing, FMCG, mining and industrial services sectors. She has held senior executive positions with Newcrest Mining, Seven Group Holdings, Pacific Brands, Amcor, Fosters Group and BHP. Ms. Allibon has held non-executive director positions with the Australian Mines and Metals Association, Melbourne Water Corporation and Ardoch Youth Foundation Ltd. She is currently a member of World Vision's Business Advisory Council, Chief Executive Women and the International Women's Forum. During the past three years, Ms. Allibon has not held any other ASX listed public company Directorships.

**Jean-Pierre Buijtsels** MSc (International Business) (Non-independent, Non-executive Director)  
(appointed 2 June 2017)

Mr. Buijtsels is the portfolio manager of Gran Fondo Capital, a Dutch mutual fund. Since 2007 he has been investing in private equity and public equity at 3i, Gimv and Strikwerda Investments. He has been involved at board level at several companies, currently as observer at Constellation Software Netherlands Holding Coöperatief U.A (a subsidiary of Constellation Software Inc. and the indirect owner of Total Specific Solutions). Since the date of appointment, Mr. Buijtsels has not held any other ASX listed public company Directorships.

## DIRECTORS' REPORT (continued)

### Directors (continued)

**Terrence Charles Francis** DBus (hon. causa), BE (Civil), MBA, FIE Aust, FAICD, FFin (Independent, Non-executive Director) (appointed 13 January 2005)

Mr. Francis is currently a Non-executive Director of the Infrastructure Specialist Asset Management Limited (appointed 29 September 2006). He has over 20 years experience on government and private sector boards and he advises business and government on infrastructure development. Previously Mr. Francis was Vice President of Continental Illinois Bank, Executive Director of Deutsche Bank Australia, and Chief Executive Officer of Bank of America in Australia. During the past three years, Mr. Francis has not held any other ASX listed public company Directorships. Mr. Francis is Chairman of the Boom Logistics Audit Committee.

**Terence Alexander Hebiton** (Independent, 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. He is currently a Director of a number of private companies. He was a principal of Alpha Crane Hire, one of the founding entities of Boom Logistics. Mr. Hebiton was the CEO of Boom Logistics at its formation and ceased being an Executive Director in 2004. During the past three years, Mr. Hebiton has not held any other ASX listed public company Directorships. Mr. Hebiton is Chairman of the Health, Safety, Environment & Quality Committee.

**Brenden Clive Mitchell** BSc (Chem), BBus (Multidiscipline) (Managing Director) (appointed 1 May 2008) (retired 20 September 2018)

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

### Company Secretary

**Malcolm Peter Ross** BBus, LLB, LLM, GradDipACG, FGIA (appointed Company Secretary 22 September 2014)

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

## DIRECTORS' REPORT (continued)

### 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, rights and options of Boom Logistics Limited were:

<i>Name</i>	<i>Shares</i>	<i>Rights</i>	<i>Options</i>
M.J. Findlay	250,000	-	-
T. Spassopoulos	1,500,000	743,220	6,818,131
M.J. Allibon	-	-	-
J-P. Buijtel <sup>a</sup>	-	-	-
T.C. Francis	185,745	-	-
T.A. Hebiton	547,995	-	-

<sup>a</sup> Mr. Buijtel is employed by Rorema Beheer B.V., the fund manager (**the Fund Manager**) of the fund Gran Fondo Capital (**the Fund**) which holds 35,380,332 shares in Boom Logistics Limited (the Company). Mr. Buijtel's remuneration is partly linked to the performance of the Fund, which is influenced by the performance of the shares of the Company as long as the Fund holds shares in the Company. Mr. Buijtel holds a minority economic interest of less than 5% of the units of the Fund and thereby indirectly an economic interest in the Company as long as the Fund holds shares in the Company. The Fund is open-ended and Mr. Buijtel can redeem his units in the Fund against their net asset value minus redemption fee at each transaction day of the Fund. Mr. Buijtel is not a director of the Fund Manager, and does not have the power to exercise votes, control the exercise of votes, dispose of or control the disposal of the Fund's shares in the Company. However, he can influence the decision-making process of the director of the Fund Manager in his capacity as its portfolio manager.

### Directors Meetings

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

<i>Name of director</i>	<i>Board of Directors</i>		<i>Audit Committee</i>		<i>Nomination and Remuneration Committee</i>		<i>Health, Safety, Environment &amp; Quality Committee</i>		<i>Risk Committee</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
M.J. Findlay	13	13	5	5	1	1	4	4	3	3
T. Spassopoulos <sup>a</sup>	11	11	-	-	1	1	3	3	2	2
M.J. Allibon <sup>a</sup>	1	1	-	-	-	-	-	-	-	-
J-P. Buijtel	13	13	-	-	1	1	4	3	3	3
T.C. Francis	13	13	5	5	1	1	4	4	3	3
T.A. Hebiton	13	13	5	5	1	1	4	4	3	3
B.C. Mitchell <sup>b</sup>	2	2	-	-	-	-	1	1	1	1

<sup>a</sup> Attendance from date of appointment

<sup>b</sup> Attendance prior to retirement

### Corporate Structure

Boom Logistics is a company limited by shares that is incorporated and domiciled in Australia. Boom Logistics Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are listed in note 14 to the financial statements.

## **DIRECTORS' REPORT (continued)**

### **Indemnification and Insurance**

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

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

### **Nature of Operations and Principal Activities**

During the year, the principal activity of the Group was the provision of lifting solutions and specialised labour services.

### **Operating and Financial Review**

A review of Group operations and results for the financial year ended 30 June 2019 is set out in the operating and financial review section of the Annual Report and in the accompanying financial statements.

### **Corporate Governance**

The Group recognises the need for the highest standards of corporate behaviour and accountability. The Directors of Boom Logistics have accordingly followed the recommendations set by the ASX Corporate Governance Council. For further information on corporate governance policies adopted by Boom Logistics Limited, refer to our website: [www.boomlogistics.com.au/about-us/corporate-governance](http://www.boomlogistics.com.au/about-us/corporate-governance) and annual reports.

### **Significant Changes in the State of Affairs**

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

### **Significant Events After the Balance Date**

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2019 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations or the state of affairs of the Group in future financial years.

### **Likely Developments and Expected Results**

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

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

## **DIRECTORS' REPORT (continued)**

### **Environmental Regulation and Performance**

The Board confirms that the Group has adequate systems and processes in place to manage and comply with environmental regulations as they apply to the Group. This includes the National Greenhouse and Energy Reporting Act 2007 which requires the Group to report energy consumption and greenhouse gas emissions for the 12 months ended 30 June 2019 and future periods. There have been no significant known breaches of any environmental regulations to which the Group is subject.

### **Remuneration Report – Audited**

The Directors of Boom Logistics Limited present the Remuneration Report for the Company and the Group for financial year ended 30 June 2019 (“FY19”). This report outlines the remuneration arrangements in place for non-executive directors (“NEDs”) and the Managing Director and Senior Executives (“Executive KMP”).

Key management personnel (“KMP”) are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

#### ***Principles of Remuneration Practices***

The Group’s remuneration practices are designed to maintain alignment with business strategy, shareholder interests and business performance whilst ensuring remuneration is appropriate. The Executive KMP remuneration framework and KMP remuneration is reviewed annually by the Board with the assistance of the Nomination & Remuneration Committee.

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

- Monitoring against external competitiveness, as appropriate using independent market survey data comparing the Group’s remuneration levels against industry peers in terms of comparable job size and responsibility;
- Internal equity, ensuring Executive KMP remuneration across the Group is based upon a clear view of the scope of individual positions and the respective responsibilities;
- A meaningful “at risk” component with entitlement dependent on achieving Group and individual performance targets set by the Board of Directors and aligned to the Group’s strategy; and
- Reward for performance represents a balance of annual and longer term targets.

#### ***Nomination and Remuneration Committee***

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

- With regard to remuneration policies applicable to the Directors, Executive KMP and employees generally;
- In relation to the remuneration of Directors and Executive KMP;
- Of general remuneration principles, including incentive schemes, bonuses and share plans that reward individual and team performance;
- With regard to termination policies and procedures for Directors and Executive KMP;
- In relation to the Group’s superannuation arrangements; and
- To the Board of Directors for the inclusion of the Remuneration Report in the Group’s annual report.

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Nomination and Remuneration Committee (continued)

The Nomination and Remuneration Committee comprises a majority of independent directors and is chaired by the Chairman of the Board of Directors. From time to time, the Nomination and Remuneration Committee also draws upon advice and market survey data from external consultants in discharging its responsibilities.

#### Details of Key Management Personnel

The tables below set out the KMP and their movements during FY19.

##### Key Management Personnel (Executive)

Name	Title	Period as a KMP
Tony Spassopoulos *	Chief Executive Officer & Managing Director	All of FY19
Brenden Mitchell	Former Chief Executive Officer & Managing Director	Retired 20 September 2018
Tim Rogers	Chief Financial Officer	All of FY19
Malcolm Ross	General Counsel & Company Secretary	All of FY19
Shane Stafford	General Manager – readi	Resigned 30 June 2019

\* Tony Spassopoulos was appointed Chief Executive Officer & Managing Director on 20 September 2018. Prior to this date, he was the Chief Operating Officer which was still a KMP role.

##### Key Management Personnel (Non-executive Directors)

Name	Position <sup>a</sup>	Audit	Nomination & Remuneration	Committees Health, Safety, Environment & Quality	Risk
Maxwell Findlay	Chairman	Member	Chairman	Member	Chairman
Melanie Allibon <sup>b</sup>	Non-executive Director	-	-	-	-
Jean-Pierre Buijtel	Non-executive Director	-	Member	Member	Member
Terrence Francis	Non-executive Director	Chairman	Member	Member	Member
Terence Hebiton	Non-executive Director	Member	Member	Chairman	Member

<sup>a</sup> All non-executive directors are independent, except for Jean-Pierre Buijtel who is not independent.

<sup>b</sup> Melanie Allibon was appointed on 19 June 2019 and consequently, memberships of Board committees have yet to be determined at 30 June 2019.

#### Remuneration Arrangements of Executive Key Management Personnel

In the normal course of business, remuneration comprises fixed remuneration (fixed annual reward) and variable or “at risk” remuneration incentives. The Group’s revised remuneration structure for the Executive KMP comprises two main components:

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### *Remuneration Arrangements of Executive Key Management Personnel (continued)*

##### Fixed annual reward

This element comprises base salary, any fringe benefits (e.g. motor vehicle allowance) and employer contributed superannuation. Executive KMP have scope to vary the components that make up their FAR and can tailor their salary package to suit individual requirements.

##### *a) Salary sacrifice rights plan*

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

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

##### Variable remuneration

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

##### *b) Short term incentive plan*

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

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

The objectives of this plan are to:

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



## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Remuneration Arrangements of Executive Key Management Personnel (continued)

##### Variable remuneration (continued)

##### c) Long term incentive plan

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

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

Options are subject to a performance hurdle based on absolute Earnings Per Share (“EPS”), which is measured over a three year performance period. An absolute EPS hurdle must be achieved at the end of year three for any options to vest. The Board of Directors retains a discretion to adjust the EPS hurdle as required to ensure plan participants are neither advantaged nor disadvantaged by matters outside management’s control that materially affect absolute EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

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

Name	Title	Fixed	Variable	
		FAR	STIP % of FAR	LTIP % of FAR
Tony Spassopoulos	Chief Executive Officer & Managing Director	600,000	40%	50%
Brenden Mitchell	Former Chief Executive Officer & Managing Director	675,000	40%	45%
Tim Rogers	Chief Financial Officer	323,269	20%	20%
Malcolm Ross	General Counsel & Company Secretary	275,211	20%	20%
Shane Stafford	General Manager – readi	257,115	30%	20%

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### *Consequences of Performance on Shareholder Wealth*

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

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Net loss attributable to members of Boom Logistics Limited	\$ (5,330)	\$ (1,547)	\$ (22,630)	\$ (30,219)	\$ (36,874)
Dividends paid	\$ -	\$ -	\$ -	\$ -	\$ -
Share price at financial year end	\$ 0.15	\$ 0.24	\$ 0.09	\$ 0.08	\$ 0.12
Earnings per share	\$ (0.01)	\$ (0.00)	\$ (0.05)	\$ (0.06)	\$ (0.08)
Return on capital employed (Trading EBIT/Capital Employed)	1.5%	1.6%	(3.7%)	(3.4%)	(2.0%)

#### *Remuneration Review*

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

KMP remuneration is reviewed by the Nomination and Remuneration Committee of the Board of Directors with input from the Chief Executive Officer ("CEO") in respect of KMP reporting directly to him. Market survey data provided combined with individual performance appraisals to determine recommendations go to the Board of Directors for approval. This process occurs in June of each year and remuneration adjustments take effect from the beginning of each financial year.

The Nomination and Remuneration Committee has direct responsibility for reviewing CEO performance against targets set by the Board of Directors and recommending to the Board of Directors appropriate adjustments to his remuneration package.

Staff reviews are similarly conducted by the relevant Executives and General Managers, with overview from the CEO.

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### *CEO & Managing Director Remuneration*

Mr. Spassopoulos has an employment contract that has no fixed term. Both the Company and Mr. Spassopoulos are entitled to terminate the employment contract on six month's written notice, except in the case of serious misconduct or neglect of duty. Contractual arrangements relating to a redundancy event are set out below.

Mr. Spassopoulos' remuneration package as at 30 June 2019 comprised the following components:

- FAR of \$600,000 per annum, inclusive of allowances and superannuation contributions in line with the Superannuation Guarantee legislation. Mr. Spassopoulos' FAR is reviewed annually effective 1 July each year taking into account the Group's performance, industry and economic conditions and personal performance.
  - Mr. Spassopoulos has elected to salary sacrifice 20% of his FAR for rights to ordinary shares in the Company equating to an annual value of \$120,000;
- STIP equivalent to 40% of his FAR upon achievement of performance conditions set by the Board of Directors on an annual basis. 50% of the STIP outcome achieved for the financial year will be delivered in cash and 50% will be delivered in equity in the form of rights to ordinary shares in the Company. The cash payment of any bonus under the STIP will take place after the annual audit of the Group's financial report which typically occurs in the first half of the following financial year. No STIP is awarded if performance conditions are not met; and
- LTIP equivalent to 50% of his FAR is allocated in options of the Company with a performance hurdle based on absolute EPS over a three year performance period 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, Mr. Spassopoulos will be entitled to receive:

- The lesser of the maximum amount permitted by the Corporations Act and 12 months pay calculated in accordance with his FAR at the date of redundancy or diminution;
- Vested employee entitlements;
- STIP rights that have vested and if not exercised the exercise restrictions will be lifted. Where employment ceased prior to the STIP outcome being determined, the Board of Directors may at its discretion determine a pro-rated STIP based on the proportion of the performance period that has elapsed at the time of cessation. To the extent the relevant performance conditions are satisfied, the STIP award will be paid in cash and no rights will be allocated;
- LTIP options that have vested. Where employment ceased before the options vest, unvested options will continue "on-foot" and will be tested following the end of the original vesting date, and vesting to the extent that the relevant conditions have been satisfied (ignoring any service related conditions);
- In the event a termination payment is made, no payment in lieu of notice will be made.

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

## **DIRECTORS' REPORT (continued)**

### **Remuneration Report – Audited (continued)**

#### ***CEO & Managing Director Remuneration (continued)***

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

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

#### ***Former CEO & Managing Director Remuneration on Retirement***

Upon his retirement, Mr. Mitchell received all accrued entitlements in accordance with his contract including a retirement termination payment of \$675,000 which is based on his annual base pay. All entitlements provided to Mr. Mitchell under his retirement arrangements are within the termination benefits limits prescribed by the Corporations Act 2001.

Mr. Mitchell will not be entitled to receive a short-term or long-term incentive in relation to the 2019 financial year. Mr. Mitchell's long-term incentives in relation to the 2017 financial year and 2018 financial year (tranche 1 and 2 only) will continue on foot and will vest to the extent that the applicable conditions have been achieved at the end of the applicable vesting period.

#### ***Other Executive KMP (standard contracts)***

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

On termination by notice of the Company or the Executive KMP, any STIP and LTIP that have vested will be awarded. Where employment ceased prior to the STIP outcome being determined or LTIP options vest, the treatment will be the same as that disclosed in the CEO & Managing Director Remuneration section above.

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

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Total Remuneration of Executive KMP

Details of the cost to the Group relating to Executive KMP remuneration for the year ended 30 June 2019 are set out below.

	Short Term			Post Employment		Share-based Payments <sup>b</sup>				Long Term	Total Employee Benefits Expense	Total performance related
	Cash salary	Cash bonus	Other <sup>a</sup>	Super-annuation	Retirement benefits	Salary sacrificed rights Not granted	Granted	STIP rights <sup>c</sup>	LTIP shares & options	Annual & long service leave <sup>d</sup>		
<b>Executives</b>												
Tony Spassopoulos (Chief Executive Officer & Managing Director)												
2019	421,539	24,000	27,827	25,000	-	40,000	65,000	24,000	7,510	33,276	668,152	8.3%
2018	394,038	69,280	27,827	25,000	-	15,000	-	69,280	78,080	(2,522)	675,983	32.0%
Brenden Mitchell (former Chief Executive Officer & Managing Director)												
2019	125,184	-	3,569	16,667	675,000	-	33,750	-	(165,348)	16,435	705,257	-
2018	428,237	135,000	14,275	25,000	-	67,500	135,000	135,000	176,080	(17,116)	1,098,976	40.6%
Tim Rogers (Chief Financial Officer)												
2019	262,321	6,465	5,065	25,000	-	10,776	20,108	6,465	(9,981)	(5,805)	320,414	0.9%
2018	247,577	30,497	4,404	25,000	-	9,332	18,658	30,497	34,563	4,712	405,240	23.6%
Malcolm Ross (General Counsel and Company Secretary)												
2019	247,367	11,009	3,001	24,714	-	-	-	11,009	(9,364)	6,591	294,327	4.3%
2018	244,014	21,376	-	24,167	-	-	-	21,375	30,459	4,246	345,637	21.2%
Shane Stafford (General Manager - readi)												
2019	233,200	-	5,617	24,574	-	-	5,022	-	(41,168)	(8,181)	219,064	-
2018	204,287	14,834	1,404	22,817	-	6,696	13,390	14,832	29,167	18,911	326,338	18.0%
<b>Total Remuneration: Executives</b>												
2019	1,289,611	41,474	45,079	115,955	675,000	50,776	123,880	41,474	(218,351)	42,316	2,207,214	-
2018	1,518,153	270,987	47,910	121,984	-	98,528	167,048	270,984	348,349	8,231	2,852,174	-

Refer to note 18 for further details.

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Total Remuneration of Executive KMP (continued)

<sup>a</sup> Other represents motor vehicle allowance and novated lease payments.

<sup>b</sup> Share-based payments represent a combination of rights, shares and options in Boom Logistics Limited granted under the remuneration structures. Only the expense relating to the period has been recognised in accordance with the accounting policy disclosed in note 18.

<sup>c</sup> Rights awarded as part of the STIP are expected to be granted after the announcement of the full year results and not later than 31 August 2019.

<sup>d</sup> Long term annual leave and long service leave amounts represent the net movement in balance sheet leave provisions recognised in the statement of comprehensive income during the financial year.

#### Non-executive Director Fees

Non-executive Director fees are determined by reference to external survey data, taking account of the Group's relative size and business complexity. No additional payments are made for serving on Board Committees. In addition, non-executive Directors have no entitlement to STIP, no equity incentives are offered and no retirement benefits are payable. The maximum aggregate sum for non-executive Director remuneration of \$400,000 was approved by shareholders at the 2004 Annual General Meeting. There has been no increase to the NED fee pool since 2004.

Details of non-executive Directors' remuneration for the year ended 30 June 2019 are as follows:

	Short Term			Post Employment		Share-based Payments	Long Term	Total
	Salary & fees	Cash bonus	Other	Super-annuation	Retirement benefits	All	Annual & long service leave	
<b>Non-Executive Directors</b>								
Maxwell Findlay								
2019	128,750	-	-	12,231	-	-	-	140,981
2018	120,000	-	-	11,400	-	-	-	131,400
Melanie Allibon								
2019	2,137	-	-	203	-	-	-	2,340
Jean-Pierre Buijtel <sup>a</sup>								
Terrence Francis								
2019	64,375	-	-	6,116	-	-	-	70,491
2018	60,000	-	-	5,700	-	-	-	65,700
Terence Hebiton								
2019	64,375	-	-	6,116	-	-	-	70,491
2018	60,000	-	-	5,700	-	-	-	65,700
<b>Total Remuneration: Non-Executive Directors</b>								
2019	259,637	-	-	24,666	-	-	-	284,303
2018	240,000	-	-	22,800	-	-	-	262,800
<b>Total Remuneration: Non-Executive Directors and Executives - Group</b>								
2019	1,549,248	41,474	45,079	140,621	675,000	(2,221)	42,316	2,491,517
2018	1,758,153	270,987	47,910	144,784	-	884,909	8,231	3,114,974

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Non-executive Director Fees (continued)

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

#### Equity Instruments Held by KMP

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

Name	Shares	SSRP Rights	STIP Rights	LTIP Options
Max Findlay	250,000	-	-	-
Tony Spassopoulos	1,500,000	427,162	316,058	6,818,131
Melanie Allibon	-	-	-	-
Jean-Pierre Buijtel	-	-	-	-
Terrence Francis	185,745	-	-	-
Terence Hebiton	547,995	-	-	-
Tim Rogers	-	388,637	188,709	1,914,149
Malcolm Ross	-	-	185,232	1,651,191

#### Shareholdings of Directors and Executive KMP

Ordinary shares held in Boom Logistics Limited (number) 30 June 2019	Balance at start of year	Received on exercise of salary sacrifice rights	Received on exercise of STIP rights	Net change other (i)	Balance at end of year
<u>Non-executive &amp; Executive Directors</u>					
Maxwell Findlay	250,000	-	-	-	250,000
Tony Spassopoulos	1,081,565	-	-	418,435	1,500,000
Melanie Allibon	-	-	-	-	-
Jean-Pierre Buijtel <sup>a</sup>	-	-	-	-	-
Terrence Francis (ii)	185,745	-	-	-	185,745
Terence Hebiton	547,995	-	-	-	547,995
Brenden Mitchell <sup>b</sup>	3,057,235	-	-	-	3,057,235
<u>Executives</u>					
Tim Rogers	-	-	-	-	-
Malcolm Ross	-	-	-	-	-
Shane Stafford	-	-	-	-	-
Total	5,122,540	-	-	418,435	5,540,975

(i) These amounts represent ordinary shares purchased or sold directly or indirectly by the directors and executives during the financial year. These transactions have no connection with their roles and responsibilities as employees of the Group.

(ii) Includes shares held under a nominee or a related party.

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Shareholdings of Directors and Executive KMP (continued)

<sup>a</sup> Mr. Buijtel is employed by Rorema Beheer B.V., the fund manager (**the Fund Manager**) of the fund Gran Fondo Capital (**the Fund**) which holds 35,380,332 shares in Boom Logistics Limited (the Company). Mr. Buijtel's remuneration is partly linked to the performance of the Fund, which is influenced by the performance of the shares of the Company as long as the Fund holds shares in the Company. Mr. Buijtel holds a minority economic interest of less than 5% of the units of the Fund and thereby indirectly an economic interest in the Company as long as the Fund holds shares in the Company. The Fund is open-ended and Mr. Buijtel can redeem his units in the Fund against their net asset value minus redemption fee at each transaction day of the Fund. Mr. Buijtel is not a director of the Fund Manager, and does not have the power to exercise votes, control the exercise of votes, dispose of or control the disposal of the Fund's shares in the Company. However, he can influence the decision-making process of the director of the Fund Manager in his capacity as its portfolio manager.

<sup>b</sup> Mr. Mitchell's shareholding balance is as at date of resignation on 20 September 2018.

#### SSRP Outcomes of the Executive KMP

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

Name	Year	Grant date	Grant number	Fair value per right at grant date	Exercise date	Expiry date	Value of rights granted during the year
Tony Spassopoulos	2019	25 Feb 19	308,451	\$0.1793	25 Feb 20	25 Feb 29	\$55,000
	2018	17 Aug 18	118,711	\$0.2069	17 Aug 19	17 Aug 28	\$25,000
Brenden Mitchell	2018	17 Aug 18	490,958	\$0.2069	17 Aug 19	17 Aug 28	\$101,250
Tim Rogers	2019	25 Feb 19	85,968	\$0.1793	25 Feb 20	25 Feb 29	\$15,442
	2018	17 Aug 18	67,876	\$0.2069	17 Aug 19	17 Aug 28	\$13,998
Shane Stafford	2019	25 Feb 19	7,720	\$0.1793	25 Feb 20	25 Feb 29	\$1,674
	2018	17 Aug 18	48,703	\$0.2069	17 Aug 19	17 Aug 28	\$10,044

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

The following table shows the potential rights to ordinary shares not yet granted to Executive KMP equivalent to the amount of salary sacrificed to 30 June 2019 since the most recent granting of rights under the salary sacrifice rights plan.

Name	Year	Number of rights not yet granted	Value of rights not yet granted
Tony Spassopoulos	2019	254,051	\$40,000
Tim Rogers	2019	68,439	\$10,776



## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### SSRP Outcomes of the Executive KMP (continued)

Rights to ordinary shares (number) 30 June 2019	Grant date	Balance at start of year	Granted during year	Exercised	Balance at end of year
<b>Salary Sacrifice Rights</b>					
Tony Spassopoulos	25 Feb 19	-	308,451	-	<b>308,451</b>
	17 Aug 18	-	118,711	-	<b>118,711</b>
		-	<b>427,162</b>	-	<b>427,162</b>
Brenden Mitchell	17 Aug 18	-	490,958	(490,958)	-
	22 Feb 18	525,326	-	(525,326)	-
	29 Aug 17	896,095	-	(896,095)	-
	23 Feb 17	623,592	-	(623,592)	-
		<b>2,045,013</b>	<b>490,958</b>	<b>(2,535,971)</b>	-
Tim Rogers	25 Feb 19	-	85,968	-	<b>85,968</b>
	17 Aug 18	-	67,876	-	<b>67,876</b>
	22 Feb 18	74,201	-	-	<b>74,201</b>
	29 Aug 17	118,524	-	-	<b>118,524</b>
	23 Feb 17	42,068	-	-	<b>42,068</b>
		<b>234,793</b>	<b>153,844</b>	-	<b>388,637</b>
Shane Stafford	25 Feb 19	-	7,720	-	<b>7,720</b>
	17 Aug 18	-	48,703	-	<b>48,703</b>
	22 Feb 18	52,995	-	(52,995)	-
	29 Aug 17	85,919	-	(85,919)	-
	23 Feb 17	45,547	-	(45,547)	-
		<b>184,461</b>	<b>56,423</b>	<b>(184,461)</b>	<b>56,423</b>
<b>Total</b>		<b>2,464,267</b>	<b>1,128,387</b>	<b>(2,720,432)</b>	<b>872,222</b>

#### Determining the STIP Outcomes of the Executive KMP

For the FY2018 STIP, the following table shows the rights to ordinary shares granted to Executive KMP during the year.

Name	Year	Grant date	Grant number	Fair value per right at grant date	Exercise date	Expiry date	Value of rights granted during the year
Tony Spassopoulos	2018	7 Sep 18	316,058	\$0.2192	7 Mar 19	7 Sep 28	\$69,280
Brenden Mitchell	2018	7 Sep 18	615,876	\$0.2192	7 Mar 19	7 Sep 28	\$135,000
Tim Rogers	2018	7 Sep 18	139,129	\$0.2192	7 Mar 19	7 Sep 28	\$30,497
Malcolm Ross	2018	7 Sep 18	97,514	\$0.2192	7 Mar 19	7 Sep 28	\$21,375
Shane Stafford	2018	7 Sep 18	67,669	\$0.2192	7 Mar 19	7 Sep 28	\$14,832

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Determining the STIP Outcomes of the Executive KMP (continued)

For the FY2019 STIP, the Nomination and Remuneration Committee conducted a review of the Executive KMP performance against their set targets which resulted in the following potential maximum STIP being awarded to the Executive KMP. The STIP will be settled 50% in cash and 50% in rights to ordinary shares in the Company after the announcement of the full year results and approval by the Board of Directors.

Name	Title	Maximum STIP \$	Weighting <sup>a</sup> %	Total Cost \$
Tony Spassopoulos	Chief Executive Officer & Managing Director	240,000	20.0%	48,000
Tim Rogers	Chief Financial Officer	64,654	20.0%	12,930
Malcolm Ross	General Counsel & Company Secretary	55,042	40.0%	22,018
Shane Stafford	General Manager - readi	77,135	0.0%	0

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

Rights to ordinary shares (number) 30 June 2019	Grant date	Balance at start of year	Granted during year	Exercised	Balance at end of year
<b>STIP Rights</b>					
Tony Spassopoulos	7 Sep 18	-	316,058	-	<b>316,058</b>
Brenden Mitchell	7 Sep 18	-	615,876	(615,876)	-
Tim Rogers	7 Sep 18	-	139,129	-	<b>139,129</b>
	27 Sep 17	49,580	-	-	<b>49,580</b>
		<b>49,580</b>	<b>139,129</b>	-	<b>188,709</b>
Malcolm Ross	7 Sep 18	-	97,514	-	<b>97,514</b>
	27 Sep 17	87,718	-	-	<b>87,718</b>
		<b>87,718</b>	<b>97,514</b>	-	<b>185,232</b>
Shane Stafford	7 Sep 18	-	67,669	(67,669)	-
	27 Sep 17	121,743	-	(121,743)	-
		<b>121,743</b>	<b>67,669</b>	<b>(189,412)</b>	-
<b>Total</b>		<b>259,041</b>	<b>1,236,246</b>	<b>(805,288)</b>	<b>689,999</b>

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### *Determining the LTIP Outcomes of the Executive KMP*

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

Name	Year	Grant date	Grant number	Vesting date	Fair value per option at grant date	Exercise price	Expiry date	Vesting Benchmark	Value of options granted during the year
Tony Spassopoulos	2019	28 Nov 18	4,838,710	31 Aug 21	\$0.0620	\$0.164	30 Sep 21	EPS > \$0.03	\$300,000
	2018	30 Nov 17	1,979,421	31 Aug 20	\$0.0700	\$0.212	30 Sep 20	\$0.025 EPS	\$138,559
	2017	4 Nov 16	2,932,473	31 Aug 19	\$0.0450	\$0.108	4 Sep 19	\$0.020 EPS	\$131,961
Brenden Mitchell	2018	30 Nov 17	4,339,286	31 Aug 20	\$0.0700	\$0.212	30 Sep 20	\$0.025 EPS	\$303,750
	2017	4 Nov 16	6,750,000	31 Aug 19	\$0.0450	\$0.108	4 Sep 19	\$0.020 EPS	\$303,750
Tim Rogers	2019	28 Nov 18	1,042,803	31 Aug 21	\$0.0620	\$0.164	30 Sep 21	EPS > \$0.03	\$64,654
	2018	30 Nov 17	871,346	31 Aug 20	\$0.0700	\$0.212	30 Sep 20	\$0.025 EPS	\$60,994
	2017	4 Nov 16	1,303,293	31 Aug 19	\$0.0450	\$0.108	4 Sep 19	\$0.020 EPS	\$58,648
Malcolm Ross	2019	28 Nov 18	887,777	31 Aug 21	\$0.0620	\$0.164	30 Sep 21	EPS > \$0.03	\$55,042
	2018	30 Nov 17	763,414	31 Aug 20	\$0.0700	\$0.212	30 Sep 20	\$0.025 EPS	\$53,439
	2017	4 Nov 16	1,152,947	31 Aug 19	\$0.0450	\$0.108	4 Sep 19	\$0.020 EPS	\$51,883
Shane Stafford	2019	28 Nov 18	829,403	31 Aug 21	\$0.0620	\$0.164	30 Sep 21	EPS > \$0.03	\$51,423
	2018	30 Nov 17	706,360	31 Aug 20	\$0.0700	\$0.212	30 Sep 20	\$0.025 EPS	\$49,445
	2017	4 Nov 16	1,066,778	31 Aug 19	\$0.0450	\$0.108	4 Sep 19	\$0.020 EPS	\$48,005

The FY2017 options allocated to the Executive KMP did not vest as their vesting conditions were not met. In accordance with the LTIP rules, the FY2017 options were treated as lapsed at reporting date.

## DIRECTORS' REPORT (continued)

### Remuneration Report – Audited (continued)

#### Determining the LTIP Outcomes of the Executive KMP (continued)

Options held in Boom Logistics Limited (number) 30 June 2019	Grant date	Balance at start of year	Granted	Lapsed	Forfeited	Balance at end of year
		Unvested				Unvested
Tony Spassopoulos	28 Nov 18	-	4,838,710	-	-	<b>4,838,710</b>
	30 Nov 17	1,979,421	-	-	-	<b>1,979,421</b>
	4 Nov 16	2,932,473	-	(2,932,473)	-	-
		<b>4,911,894</b>	<b>4,838,710</b>	<b>(2,932,473)</b>	-	<b>6,818,131</b>
Brenden Mitchell	30 Nov 17	4,339,286	-	-	(1,446,429)	<b>2,892,857</b>
	4 Nov 16	6,750,000	-	(6,750,000)	-	-
		<b>11,089,286</b>	-	<b>(6,750,000)</b>	<b>(1,446,429)</b>	<b>2,892,857</b>
Tim Rogers	28 Nov 18	-	1,042,803	-	-	<b>1,042,803</b>
	30 Nov 17	871,346	-	-	-	<b>871,346</b>
	4 Nov 16	1,303,293	-	(1,303,293)	-	-
		<b>2,174,639</b>	<b>1,042,803</b>	<b>(1,303,293)</b>	-	<b>1,914,149</b>
Malcolm Ross	28 Nov 18	-	887,777	-	-	<b>887,777</b>
	30 Nov 17	763,414	-	-	-	<b>763,414</b>
	4 Nov 16	1,152,947	-	(1,152,947)	-	-
		<b>1,916,361</b>	<b>887,777</b>	<b>(1,152,947)</b>	-	<b>1,651,191</b>
Shane Stafford	28 Nov 18	-	829,403	-	(829,403)	-
	30 Nov 17	706,360	-	-	(706,360)	-
	4 Nov 16	1,066,778	-	-	(1,066,778)	-
		<b>1,773,138</b>	<b>829,403</b>	-	<b>(2,602,541)</b>	-
<b>Total</b>		<b>21,865,318</b>	<b>7,598,693</b>	<b>(12,138,713)</b>	<b>(4,048,970)</b>	<b>13,276,328</b>

#### Share Trading Policy

The Group Securities Trading Policy applies to all NEDs and Executive KMP. The policy prohibits KMP from dealing in the Company securities while in possession of material non-public information relevant to the Group.

## DIRECTORS' REPORT (continued)

### Lead Auditor's Independence Declaration to the Directors

The auditor's independence declaration is set out on page 42 and forms part of the directors' report for the financial year ended 30 June 2019.

### Non-audit Services

The following non-audit services were provided by KPMG Australia, the Company's auditor. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

KPMG Australia received or are due to receive the following amounts for the provision of non-audit services:

Taxation services	\$82,778
Other services	\$0
	-----
Total remuneration for non-audit services	\$82,778
	=====

### Proceedings on the Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

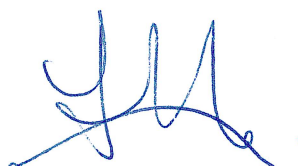
### Rounding

The amounts contained in this report and in the financial report are presented in Australian dollars and have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available under ASIC Corporations Instrument 2016/191. The Group is of a kind to which the Corporations Instrument applies.

Signed in accordance with a resolution of the Directors.



Maxwell Findlay  
Chairman



Tony Spassopoulos  
Managing Director

Melbourne, 21 August 2019



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

To the Directors of Boom Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Boom Logistics Limited for the financial year ended 30 June 2019 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

Andrew Hounsell

*Partner*

Melbourne

21 August 2019

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

**Consolidated Statement of Comprehensive Income**  
**Year Ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Revenue</b>	2	<b>182,722</b>	183,046
Other income	3(a)	<b>4,242</b>	170
Salaries and employee benefits expense		<b>(96,579)</b>	(94,678)
Equipment service and supplies expense	3(b)	<b>(44,446)</b>	(48,992)
Operating lease expense		<b>(11,972)</b>	(6,476)
Other expenses	3(b)	<b>(15,159)</b>	(12,053)
Restructuring expense		<b>(1,117)</b>	(370)
Depreciation and amortisation expense		<b>(17,340)</b>	(18,203)
Impairment expense	8	<b>(1,975)</b>	-
		-----	-----
<b>Loss / (profit) before financing expense and income tax</b>		<b>(1,624)</b>	2,444
Financing expense	11(f)	<b>(3,706)</b>	(3,991)
		-----	-----
<b>Loss before income tax</b>		<b>(5,330)</b>	(1,547)
Income tax benefit	4(a)	-	-
		-----	-----
<b>Net loss attributable to members of Boom Logistics Limited</b>		<b>(5,330)</b>	(1,547)
		=====	=====
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges recognised in equity, net of tax		<b>(17)</b>	(60)
		-----	-----
<b>Other comprehensive loss for the year, net of tax</b>		<b>(17)</b>	(60)
		-----	-----
<b>Total comprehensive loss for the year attributable to members of Boom Logistics Limited</b>		<b>(5,347)</b>	(1,607)
		=====	=====
Basic losses per share (cents per share)	5	<b>(1.2)</b>	(0.3)
Diluted losses per share (cents per share)	5	<b>(1.2)</b>	(0.3)

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 2019**

	Note	2019 \$'000	2018 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,450	1,670
Trade receivables, contract assets and other receivables		35,524	37,067
Inventories, prepayments and other current assets		5,282	1,882
Assets classified as held for sale		250	815
Income tax receivable	4(c)	4,450	4,450
		-----	-----
<b>TOTAL CURRENT ASSETS</b>		<b>46,956</b>	45,884
		-----	-----
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	152,079	167,488
Deferred tax asset	4(b)	28	7
		-----	-----
<b>TOTAL NON-CURRENT ASSETS</b>		<b>152,107</b>	167,495
		-----	-----
<b>TOTAL ASSETS</b>		<b>199,063</b>	213,379
		=====	=====
<b>CURRENT LIABILITIES</b>			
Trade and other payables		13,868	14,594
Interest bearing loans and borrowings	11	5,167	3,131
Employee provisions		8,147	9,178
Other provisions and liabilities		4,539	4,844
		-----	-----
<b>TOTAL CURRENT LIABILITIES</b>		<b>31,721</b>	31,747
		-----	-----
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	11	32,709	35,443
Employee provisions		307	257
Other provisions and liabilities		344	657
Derivative financial instruments		110	85
		-----	-----
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,470</b>	36,442
		-----	-----
<b>TOTAL LIABILITIES</b>		<b>65,191</b>	68,189
		=====	=====
<b>NET ASSETS</b>		<b>133,872</b>	145,190
		=====	=====
<b>EQUITY</b>			
Contributed equity	13(a)	312,057	318,065
Retained losses		(180,601)	(174,871)
Reserves		2,416	1,996
		-----	-----
<b>TOTAL EQUITY</b>		<b>133,872</b>	145,190
		=====	=====

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 2019**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		203,836	194,568
Payments to suppliers and employees		(187,269)	(179,586)
Interest paid		(3,333)	(3,539)
Interest received		11	8
Income tax paid		-	-
		-----	-----
<b>Net cash provided by operating activities</b>	9	13,245	11,451
		-----	-----
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10,765)	(5,516)
Proceeds from the sale of property, plant and equipment		6,346	2,442
		-----	-----
<b>Net cash (used in) investing activities</b>		(4,419)	(3,074)
		-----	-----
<b>Cash flows from financing activities</b>			
Payments for shares bought back		(5,978)	-
Proceeds from borrowings		14,135	4,979
Repayment of borrowings		(16,959)	(13,844)
Payment of transaction costs related to share buy-back and borrowings		(244)	-
		-----	-----
<b>Net cash (used in) financing activities</b>		(9,046)	(8,865)
		-----	-----
Net decrease in cash and cash equivalents		(220)	(488)
Cash and cash equivalents at the beginning of the period		1,670	2,158
		-----	-----
<b>Cash and cash equivalents at the end of the period</b>		1,450	1,670
		=====	=====

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 2019**

		Issued Capital \$'000	Retained Earnings \$'000	Cash Flow Hedge Reserve \$'000	Employee Equity Benefits Reserve \$'000	Total Equity \$'000
	Note					
<b>At 1 July 2017</b>		318,065	(173,324)	-	1,123	145,864
		=====	=====	=====	=====	=====
Loss for the year		-	(1,547)	-	-	(1,547)
Other comprehensive loss		-	-	(60)	-	(60)
		-----	-----	-----	-----	-----
<b>Total comprehensive loss</b>		-	(1,547)	(60)	-	(1,607)
<b>Transactions with owners in their capacity as owners:</b>						
Cost of share based payments	18(b)	-	-	-	933	933
		-----	-----	-----	-----	-----
<b>At 30 June 2018</b>		<b>318,065</b>	<b>(174,871)</b>	<b>(60)</b>	<b>2,056</b>	<b>145,190</b>
		=====	=====	=====	=====	=====
Adjustment on initial application of AASB 9	12(a)	-	(400)	-	-	(400)
		-----	-----	-----	-----	-----
<b>Adjusted balance at 1 July 2018</b>		<b>318,065</b>	<b>(175,271)</b>	<b>(60)</b>	<b>2,056</b>	<b>144,790</b>
		=====	=====	=====	=====	=====
Loss for the year		-	(5,330)	-	-	(5,330)
Other comprehensive loss		-	-	(17)	-	(17)
		-----	-----	-----	-----	-----
<b>Total comprehensive loss</b>		-	(5,330)	(17)	-	(5,347)
<b>Transactions with owners in their capacity as owners:</b>						
Cost of share based payments	18(b)	-	-	-	437	437
Share buy-back including transaction costs and net of tax	13(a)	(6,008)	-	-	-	(6,008)
		-----	-----	-----	-----	-----
<b>At 30 June 2019</b>		<b>312,057</b>	<b>(180,601)</b>	<b>(77)</b>	<b>2,493</b>	<b>133,872</b>
		=====	=====	=====	=====	=====

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

## **Notes to the Consolidated Financial Statements**

Year Ended 30 June 2019

---

### **About This Report**

The financial report of Boom Logistics Limited and its subsidiaries ("the Group") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Board of Directors on 21 August 2019.

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

The Group is a for-profit entity and the nature of its operations and principal activities are described in note 1.

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

The financial report has been prepared in accordance with the historical cost convention rounded to the nearest thousand dollars (\$'000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated, except for derivative financial instruments and assets classified as held for sale which are measured at fair value. The financial report is presented in Australian dollars which is the Company's functional currency.

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

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

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

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

## **Notes to the Consolidated Financial Statements**

Year Ended 30 June 2019

---

### **Section A: Financial Performance**

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

#### **1. Segment Reporting**

##### **Description of operating segments**

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

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

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

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

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 1. Segment Reporting (continued)

##### Segment information

	Note	Lifting Solutions \$'000	Labour Services \$'000	Other * \$'000	Elimination \$'000	Consolidated \$'000
<i>Year ended 30 June 2019</i>						
<b>Segment revenue</b>						
Total external revenue		180,516	2,206	-	-	182,722
Inter-segment revenue		-	22,543	-	(22,543)	-
Total segment revenue		180,516	24,749	-	(22,543)	182,722
Other income	3(a)					4,242
Total revenue and other income						186,964
<b>Segment result</b>						
Operating result		26,669	1,076	(6,263)	-	21,482
Net loss on disposal of property, plant and equipment		(2,010)	-	-	-	(2,010)
Depreciation and amortisation		(16,771)	(8)	(561)	-	(17,340)
Restructuring expense		(1,117)	-	-	-	(1,117)
Employee benefit expense - retirement provision		-	-	(675)	-	(675)
Impairment of property, plant and equipment		(1,975)	-	-	-	(1,975)
(Loss) / profit before net interest and tax		4,796	1,068	(7,499)	-	(1,635)
Net interest						(3,695)
Income tax benefit						-
Loss from continuing operations						(5,330)
<b>Segment assets and liabilities</b>						
Segment assets		191,159	1,949	7,704	(1,749)	199,063
Segment liabilities		58,492	928	5,771	-	65,191
Additions to non-current assets		12,461	-	464	-	12,925

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 1. Segment Reporting (continued)

##### Segment information (continued)

	Note	Lifting Solutions \$'000	Labour Services \$'000	Other * \$'000	Elimination \$'000	Consolidated \$'000
<i>Year ended 30 June 2018</i>						
<b>Segment revenue</b>						
Total external revenue		180,372	2,674	-	-	183,046
Inter-segment revenue		-	19,530	-	(19,530)	-
		-----	-----	-----	-----	-----
Total segment revenue		180,372	22,204	-	(19,530)	183,046
Other income	3(a)					170
						-----
Total revenue and other income						183,216
						=====
<b>Segment result</b>						
Operating result		26,974	1,269	(7,396)	-	20,847
Net profit on disposal of property, plant and equipment		155	-	7	-	162
Depreciation and amortisation		(17,681)	(8)	(514)	-	(18,203)
Restructuring expense		(310)	-	(60)	-	(370)
		-----	-----	-----	-----	-----
Profit / (loss) before net interest and tax		9,138	1,261	(7,963)	-	2,436
		-----	-----	-----	-----	-----
Net interest						(3,983)
Income tax benefit						-
						-----
Loss from continuing operations						(1,547)
						=====
<b>Segment assets and liabilities</b>						
Segment assets		205,699	2,849	7,576	(2,745)	213,379
Segment liabilities		62,448	866	4,875	-	68,189
		-----	-----	-----	-----	-----
Additions to non-current assets		5,380	-	1,140	-	6,520

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 2. Revenue from Contracts with Customers

##### (a) Disaggregation of revenue from contracts with customers

Boom Logistics Limited is domiciled in Australia and all core revenue is derived from customers within Australia. The Group derives revenue from the transfer of services over time in the following industry segments:

<i>Industry segment</i>	<b>Lifting Solutions \$'000</b>	<b>Labour Services \$'000</b>	<b>Consolidated \$'000</b>
<b><i>Year ended 30 June 2019</i></b>			
Mining & resources	87,333	44	87,377
Wind, energy, & utilities	34,161	-	34,161
Infrastructure & construction	23,822	951	24,773
Industrial maintenance	20,896	1,200	22,096
Telecommunications	13,176	-	13,176
Other	1,128	11	1,139
	-----	-----	-----
Total revenue from contracts with customers	180,516	2,206	182,722
	=====	=====	=====
<b><i>Timing of revenue recognition</i></b>			
Services transferred over time	180,516	2,206	182,722
	=====	=====	=====
<b><i>Year ended 30 June 2018</i></b>			
Mining & resources	98,750	1,335	100,085
Wind, energy, & utilities	25,898	-	25,898
Infrastructure & construction	24,992	148	25,140
Industrial maintenance	19,343	1,190	20,533
Telecommunications	10,037	-	10,037
Other	1,352	1	1,353
	-----	-----	-----
Total revenue from contracts with customers	180,372	2,674	183,046
	=====	=====	=====
<b><i>Timing of revenue recognition</i></b>			
Services transferred over time	180,372	2,674	183,046
	=====	=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 2. Revenue from Contracts with Customers (continued)

##### (b) Contract balances

	Note	2019 \$'000	2018 \$'000
Trade and other receivables		29,382	36,352
Contract assets	(i)	6,142	715
		-----	-----
Total trade receivables, contract assets and other receivables		35,524	37,067
		=====	=====

(i) Contract assets relate to the Group's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues the invoices to the customers.

#### Recognition and measurement

Revenue from the hire of lifting/access equipment, labour and other services provided is recognised where the right to be compensated for the services can be reliably measured. This typically occurs when the job dockets or timecards are approved by the customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis.

Revenue from the installation of wind towers is recognised by reference to the stage of completion of the contract. The stage of completion is measured by reference to work completed on each stage of a wind tower unit calculated as a percentage of the total wind towers included under the contract.

The total consideration in the services above is allocated based on their standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the services in separate transactions. The fair value and the stand-alone selling prices of both types of services are considered broadly similar.

#### Key estimate and judgement

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



## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

	Note	2019 \$'000	2018 \$'000
<b>3. Other Income and Expenses</b>			
<b>(a) Other income</b>			
Profit on disposal of plant and equipment		-	162
Interest income		11	8
Insurance settlement		2,589	-
Legal settlement		1,642	-
		<u>4,242</u>	<u>170</u>
		=====	=====
<b>(b) Expenses</b>			
External equipment hire		10,249	8,385
External labour hire		3,895	9,398
Maintenance		9,957	11,703
Fuel		3,459	3,598
External transport		8,199	7,527
Employee travel and housing		2,275	1,053
Other reimbursable costs (on-charged to customers)		1,517	3,429
Other equipment services and supplies		4,895	3,899
		<u>44,446</u>	<u>48,992</u>
		=====	=====
Employee related		3,397	3,736
Insurance and compliance		3,839	2,611
IT and communications		2,633	2,244
Occupancy		1,322	1,494
Other overheads		1,958	1,968
Loss on disposal of plant and equipment		2,010	-
		<u>15,159</u>	<u>12,053</u>
		=====	=====
<b>Total other expense</b>			

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

	2019 \$'000	2018 \$'000
<b>4. Income Tax</b>		
<b>(a) Income tax benefit</b>		
<i>Current income tax</i>		
Current income tax expense / (benefit)	<b>134</b>	10
Adjustments in respect of current income tax of previous years	<b>(120)</b>	(10)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	<b>(14)</b>	-
	-----	-----
	-	-
	=====	=====
A reconciliation between tax benefit and the accounting loss before income tax is as follows:		
Accounting loss before tax from continuing operations	<b>(5,330)</b>	(1,547)
At the Group's statutory income tax rate of 30% (2018: 30%)	<b>(1,599)</b>	(464)
Expenditure not allowable for income tax purposes	<b>35</b>	40
Adjustments in respect of current income tax of previous years	<b>(120)</b>	(10)
Current year losses for which no deferred tax asset is recognised	<b>569</b>	70
Derecognition of tax losses recognised in previous years	<b>1,115</b>	364
	-----	-----
Income tax benefit	-	-
	=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 4. Income Tax (continued)

	Opening Balance \$'000	Recognised in Income Statement \$'000	Recognised in Equity \$'000	Closing Balance \$'000
<b>(b) Deferred income tax</b>				
<i>Year ended 30 June 2019</i>				
- Employee leave provisions	2,831	(295)	-	2,536
- Allowance for impairment on financial assets	123	50	-	173
- Liability accruals	735	(287)	-	448
- Restructuring provisions	38	208	-	246
- Tax losses	7,523	(1,115)	-	6,408
- Plant and equipment	(11,269)	1,453	-	(9,816)
- Derivative financial instruments	26	-	7	33
	-----	-----	-----	-----
Net deferred tax asset / (liabilities)	7	14	7	28
	=====	=====	=====	=====
<i>Year ended 30 June 2018</i>				
- Employee leave provisions	2,360	471	-	2,831
- Allowance for impairment on financial assets	141	(18)	-	123
- Liability accruals	224	511	-	735
- Restructuring provisions	112	(74)	-	38
- Tax losses	7,887	(364)	-	7,523
- Plant and equipment	(10,743)	(526)	-	(11,269)
- Derivative financial instruments	-	-	26	26
	-----	-----	-----	-----
Net deferred tax asset / (liabilities)	(19)	-	26	7
	=====	=====	=====	=====

#### (c) Income tax receivable

Income tax receivable represents the anticipated tax refund in respect of the FY2019 year of \$4.450 million (2018: \$4.450 million) which was paid prior to 30 June 2019 to offset a franking deficit position at that time. The prepayment of tax instalments will continue until the franking deficit is permanently extinguished.

#### (d) Tax losses

The Group has total tax losses of \$29.537 million tax effected (2018: \$28.968 million). \$6.408 million of these losses have been recognised on balance sheet and \$23.129 million has not been recognised as a deferred tax asset based on an assessment of the probability that sufficient taxable profit will be available to allow the tax losses to be utilised in the near future. The unused tax losses remain available indefinitely.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section A: Financial Performance (continued)

#### 4. Income Tax (continued)

##### **Recognition and measurement**

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

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

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

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

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

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

##### *Tax consolidation legislation*

Boom Logistics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Boom Logistics Limited, and the controlled entities in the tax consolidated group have entered into a tax funding agreement such that each entity in the tax consolidated group recognises the assets, liabilities, revenues and expenses in relation to its own transactions, events and balances only.

##### **Key estimate and judgement**

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 5. 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 for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Note	2019 \$'000	2018 \$'000
Net loss after tax		(5,330)	(1,547)
		No. of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share		462,894,795	474,868,764
<i>Effect of dilutive securities:</i>			
- employee share awards	(i)	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		462,894,795	474,868,764
Number of ordinary shares at financial year end		439,193,800	474,868,764

- (i) The total number of granted rights and options at 30 June 2019 and 30 June 2018 were excluded from the diluted weighted average number of ordinary shares calculation as their effect was anti-dilutive.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section A: Financial Performance (continued)

#### 6. Dividends

There were no dividends paid or proposed during the year.

	Note	2019 \$'000	2018 \$'000
The amount of franking credits available for the subsequent financial year are:			
- Franking credits as at the end of the financial year at 30% (2018: 30%)		2	2
- Franking deficits that will arise from the receipt of income tax receivable as at the end of the financial year	4(c)	(4,450)	(4,450)
		-----	-----
		(4,448)	(4,448)
		=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section B: Operating Assets and Liabilities

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

7. Property, Plant and Equipment				Machinery, Furniture, Fittings & Equipment	Freehold Land & Buildings	
	Note	Rental Equipment \$'000	Motor Vehicles \$'000	\$'000	\$'000	Total \$'000
<i>Year ended 30 June 2019</i>						
Opening carrying amount		159,559	3,896	1,228	2,805	167,488
Additions		11,395	885	645	-	12,925
Disposals	(i)	(8,642)	(76)	(68)	-	(8,786)
Transfers		(676)	282	162	(1)	(233)
Impairment	8	(975)	-	-	(1,000)	(1,975)
Depreciation charge for the year		(15,661)	(909)	(648)	(122)	(17,340)
Closing carrying amount		145,000	4,078	1,319	1,682	152,079
At cost		316,839	21,534	5,932	3,120	347,425
Accumulated depreciation		(171,839)	(17,456)	(4,613)	(1,438)	(195,346)
Closing carrying amount		145,000	4,078	1,319	1,682	152,079
<i>Year ended 30 June 2018</i>						
Opening carrying amount		169,121	4,879	699	2,927	177,626
Additions		4,261	998	1,261	-	6,520
Disposals		(213)	(140)	(59)	-	(412)
Transfers		1,608	185	164	-	1,957
Depreciation charge for the year		(15,218)	(2,026)	(837)	(122)	(18,203)
Closing carrying amount		159,559	3,896	1,228	2,805	167,488
At cost		350,753	19,855	6,011	3,120	379,739
Accumulated depreciation		(191,194)	(15,959)	(4,783)	(315)	(212,251)
Closing carrying amount		159,559	3,896	1,228	2,805	167,488

(i) Disposals during the year totalled \$9.584 million which comprises \$8.786 million from property, plant and equipment and \$0.798 million from assets classified as held of sale. At reporting date, \$1.2 million (2018: \$nil) of proceeds from sale had not been received and are disclosed in "Inventories, prepayments and other current assets" on the Consolidated Statement of Financial Position.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section B: Operating Assets and Liabilities (continued)

#### 7. Property, Plant and Equipment (continued)

Property, plant and equipment with a carrying amount of \$148.341 million (2018: \$167.488 million) is pledged as securities for current and non-current interest bearing loans and borrowings as disclosed in note 11. Additionally, plant and equipment held under finance leases with a carrying value of \$3.738 million (2018: \$nil) is pledged as security against the finance lease contracts.

##### Assets classified as held for sale

The balance in the Group's assets classified as held for sale account at 30 June 2019 is \$0.250 million (2018: \$0.815 million). All assets classified as assets held for sale have been reviewed to ensure they are being carried at their recoverable amount less any selling costs.

##### Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost.

When a major overhaul is performed on an asset, the cost is recognised in the carrying amount of property, plant and equipment only if the major overhaul extends the expected useful life of the asset or if the continuing operation of the asset is conditional upon incurring the expenditure. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement only if it is eligible for capitalisation. The cost of the day-to-day servicing or the replacement of consumable parts of property, plant and equipment is recognised in profit or loss as incurred.

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

Buildings	<b>20 Years</b>
Mobile Cranes	<b>10 to 15 Years</b>
Travel Towers	<b>10 to 20 Years</b>
Access and Ancillary Equipment	<b>10 Years</b>
Vehicles	<b>5 to 10 Years</b>
Office and Workshop Equipment	<b>3 to 10 Years</b>
Leasehold Improvements	<b>Lease term</b>
Computer Equipment	<b>3 to 5 Years</b>

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.



## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section B: Operating Assets and Liabilities (continued)

#### 7. Property, Plant and Equipment (continued)

##### Recognition and measurement (continued)

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

##### Key estimate and judgement

The Group determines the estimated useful lives of assets and related depreciation charges for its property, plant and equipment based on the accounting policy stated above. These estimates are based on projected capital equipment lifecycles for periods up to twenty years based on useful life assumptions.

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

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

#### 8. Impairment Testing of Assets

##### Recognition and measurement

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (the "cash-generating unit").

Following the appointment of Tony Spassopoulos as CEO and Managing Director in the first half of 2019 financial year the Group has completed the re-organisation and rationalisation of its reporting and operating structure. The Group's asset hire businesses have been organised by region under a responsible regional General Manager.

Consequently, the CGUs have been changed to a metropolitan region that services principally telecommunication, power and utilities customers under national service agreements requiring travel tower assets. In the other regions, being East Coast, Southern and Western Australia, service contracts within and across regions generally use a bundle of asset types with assets of the same capacity generally interchangeable.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section B: Operating Assets and Liabilities (continued)

#### 8. Impairment Testing of Assets (continued)

##### Recognition and measurement (continued)

The labour hire business is maintained as a separate operating segment and CGU. Each region is supported by shared regional resources in addition to national shared services comprising business development, fleet management, information technology, finance and administration services. In making this change to CGU classification no prior period impairment risk has arisen.

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 of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

##### Key estimate and judgement

The carrying values of the CGU's fixed assets were tested at 30 June 2019 by reference to management's assessment of their fair value less costs of disposal. Fair value was determined after considering information from a variety of sources including a valuation of all cranes and travel tower assets obtained from an independent valuer dated 31 May 2019. The Group did not make any allowance for costs to sell as they were deemed immaterial given the Group's in house expertise and track record of successful asset sales. The Group has classified the assessment as Level 2 in the fair value hierarchy (as per AASB 13) where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

The independent valuation supported the carrying value of the CGU's crane and travel tower assets as stated in the consolidated statement of financial position. The evaluation is consistent with the Group's assessment of the economic environment, lengthening lead times for new equipment and second hand asset values. Consequently, no impairment adjustment to the carrying value of operating fleet was considered necessary at 30 June 2019. An impairment charge of \$1.975 million was recognised in the period of which \$0.975 million related to damage incurred to one particular crane asset that will be repaired and placed back into service, and \$1.0 million related to land and building in Newman Western Australia further to an assessment of the fair value of similar properties in the region based on recent sale values. The carrying value of the land and building post impairment is \$1.682 million.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section B: Operating Assets and Liabilities (continued)

	Note	2019 \$'000	2018 \$'000
<b>9. Reconciliation of the Net Cash Flows from Operations with Net Loss After Tax</b>			
Net loss after tax		(5,330)	(1,547)
<i>Non cash items</i>			
Depreciation and amortisation of non-current assets		17,340	18,203
Impairment of property, plant and equipment		1,975	-
Borrowing costs - amortisation	11(f)	373	330
Net loss/(profit) on disposal of property, plant and equipment	3	2,010	(162)
Share based payments	18(b)	437	933
<i>Changes in assets and liabilities</i>			
Decrease / (increase) in trade and other receivables		1,143	(6,695)
(Increase) in inventories, prepayments and other assets		(2,181)	(47)
(Increase) in current and deferred tax balances		(21)	(27)
(Decrease) / increase in trade and other payables		(948)	175
(Decrease) / increase in provisions and other liabilities		(1,553)	288
Net cash flow from operating activities		<u>13,245</u>	<u>11,451</u>

### 10. Commitments

#### (a) Operating leases commitments

The Group has entered into commercial leases on certain plant and equipment, motor vehicles and property. These leases have terms ranging from 1 to 5 years.

Minimum lease payments		
- within one year	13,646	6,569
- after one year but not more than five years	14,239	8,514
Aggregate operating lease expenditure contracted for at reporting date	<u>27,885</u>	<u>15,083</u>

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section B: Operating Assets and Liabilities (continued)

	Note	2019 \$'000	2018 \$'000
<b>10. Commitments (continued)</b>			
<b>(b) Finance leases commitments</b>			
The Group has finance lease commitments for certain plant and equipment for periods between 4 to 5 years. statements:			
- within one year		741	193
- after one year but not more than five years		3,677	224
		-----	-----
Total minimum lease payments		4,418	417
- future finance charges		(692)	(24)
		-----	-----
Net liability	11(d)	3,726	393
		=====	=====

#### (c) Capital commitments

There is no capital expenditure contracted for at reporting date but not recognised in the financial statements:

##### *Property, plant and equipment*

- within one year	-	1,829
	-----	-----
	-	1,829
	=====	=====

### **Recognition and measurement**

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

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures

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

	Note	2019 \$'000	2018 \$'000
<b>11. Net Debt</b>			
<i>Current</i>			
Other loans		5,167	3,131
		-----	-----
Total current interest bearing liabilities		5,167	3,131
		-----	-----
<i>Non current</i>			
Other loans		21,923	30,831
Secured bank loans		11,000	5,000
Prepaid borrowing costs		(214)	(388)
		-----	-----
Total non-current interest bearing liabilities		32,709	35,443
		-----	-----
Total interest bearing liabilities		37,876	38,574
		=====	=====
Less: cash and cash equivalents		(1,450)	(1,670)
		-----	-----
Net debt		36,426	36,904
		=====	=====

#### (a) Debt facilities

At reporting date, the Group had the following debt facilities:

- \$20 million, 3 year syndicated loan facility expiring on January 2022. The facility attracts a floating interest rate. The facility limit amortises by between \$nil and \$2.5 million at each six month period on 1 January and 1 July dependant on the earnings leverage ratio reported at the end of the preceding quarter. The Group does not expect any amortisation to apply to the facility;
- \$20 million, 3 year trade receivables loan facility expiring on January 2022. The facility incurs a fixed fee and floating interest on funds drawn. There is no amortisation required over the life of this facility;
- \$35 million asset finance facility with De Lage Landen, comprising finance and operating leases with varying expiry dates from August 2021 to May 2024. The facility attracts fixed interest rates and drawn amounts amortise over a period of 2 to 5 years.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 11. Net Debt (continued)

##### (b) Covenant position

The Group was in compliance with all financial and non-financial banking covenants throughout the reporting period and as at 30 June 2019.

##### (c) Assets pledged as security

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

##### (d) Terms and debt repayment schedule

	Currency	Weighted average interest rate	Year of maturity	2019 \$'000 Carrying amount	2018 \$'000
Syndicated debt	AUD	4.71%	January 2022	11,000	5,000
Trade receivables loan	AUD	8.46%	January 2022	7,617	13,856
Finance leases	AUD	5.98%	2023 to 2024	3,726	393
Finance arrangement	AUD	6.22%	August 2021	15,747	19,713
Prepaid borrowing costs				(214)	(388)
				-----	-----
Total interest bearing liabilities				37,876	38,574
				=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 11. Net Debt (continued)

	Note	2019 \$'000	2018 \$'000
<b>(e) Financing facilities available</b>			
At reporting date, the following financing facilities had been negotiated and were available:			
Total facilities:			
- bank overdraft		1,000	1,000
- bank loans and borrowings		75,000	51,356
		<b>76,000</b>	52,356
Facilities drawn at reporting date:			
- bank overdraft		-	-
- bank loans and borrowings		38,090	38,962
		<b>38,090</b>	38,962
Facilities undrawn at reporting date:			
- bank overdraft		1,000	1,000
- bank loans and borrowings	(i)	28,619	12,394
		<b>29,619</b>	13,394

(i) \$7.2 million of the \$35 million asset finance facility was undrawn at reporting date. \$19.5 million was drawn as disclosed above with a further \$8.3 million utilised by operating lease commitments.

In addition, the Group has an existing \$10.5 million working capital facility arrangement with National Australia Bank for letters of credit, bank guarantees and credit card facilities. As at 30 June 2019, \$7.609 million (2018: \$5.487 million) was utilised.

#### (f) Financing expense

Interest expense	2,521	2,855
Borrowing costs - amortisation (non-cash)	373	330
Borrowing costs - other	812	806
<b>Total financing expense</b>	<b>3,706</b>	3,991

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section C: Funding Structures (continued)

#### 11. Net Debt (continued)

##### Recognition and measurement

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 statement of comprehensive income when the liabilities are derecognised.

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

#### 12. Financial Risk Management

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

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

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

##### **(a) Credit risk**

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

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



## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (a) Credit risk (continued)

###### *Trade receivables and contract assets*

The Group applies the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group established a provision matrix based on the historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment. The Group considers trade receivables and contract assets are at risk when contractual payments are 120 days past invoice date, subject to other internal or external information that indicate otherwise.

Collectability 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 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.

At reporting date, the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix is as follows:

	ECL Rate	Trade Receivables * \$'000	Contract Assets \$'000	Total \$'000	Loss Allowance \$'000
<b>30 June 2019</b>					
Current	0.20%	16,055	6,142	22,197	41
30 days	0.25%	3,472	-	3,472	8
60 days	0.25%	3,389	-	3,389	8
90 days	0.75%	4,151	-	4,151	28
120 days	7.50%	739	-	739	50
+120 days	20.00%	1,082	-	1,082	197
		-----	-----	-----	-----
		28,888	6,142	35,030	332
		=====	=====	=====	=====

\* Trade receivables are net of specific transactions totalling \$0.245 million that have been fully provided and excluded from above general provision calculation.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (a) Credit risk (continued)

Other receivables of \$0.8 million (2018: \$nil) related to the unpaid portion of the legal settlement as disclosed in note 3(a). The legal settlement was awarded by the court and is not considered a credit risk.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the financial year is as follows:

	2019 \$'000
Balance at 1 July under AASB 139	409
Adjustment on initial application of AASB 9	400
	-----
Balance at 1 July under AASB 9	809
Impairment loss recognised	257
Amounts written-off and/or written back	(489)
	-----
Balance at 30 June	577
	=====

##### Recognition and measurement

Trade receivables and contract assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 – 90 days.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable or contract asset 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 statement of comprehensive income.

##### (b) Liquidity risk

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (b) Liquidity risk (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and trade receivables loan. At 30 June 2019, the Group's balance sheet gearing ratio was 27% (net debt / total equity) (2018: 25%).

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

	Carrying amount \$'000	Contractual cash flows \$'000	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000
<b>30 June 2019</b>						
Trade and other payables	13,868	(13,868)	(13,868)	-	-	-
Derivatives	110	(110)	(14)	(28)	(46)	(23)
Other loans	27,090	(30,409)	(3,577)	(3,577)	(7,153)	(16,103)
Secured bank loans	11,000	(12,186)	(230)	(230)	(459)	(11,268)
	52,068	(56,573)	(17,689)	(3,835)	(7,658)	(27,394)
	=====	=====	=====	=====	=====	=====
<b>30 June 2018</b>						
Trade and other payables	14,594	(14,594)	(14,594)	-	-	-
Derivatives	85	(85)	(38)	(27)	(20)	-
Other loans	33,569	(38,042)	(2,611)	(2,611)	(18,283)	(14,537)
Secured bank loans	5,000	(5,265)	(132)	(132)	(5,001)	-
	53,248	(57,986)	(17,375)	(2,770)	(23,304)	(14,537)
	=====	=====	=====	=====	=====	=====

#### Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually payable within 60 days of recognition.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (c) Market risk

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

##### Interest rate risk

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

		Carrying amount	
	Note	2019	2018
		\$'000	\$'000
<i>Fixed rate instruments</i>			
Financial liabilities	(i)	(19,473)	(20,106)
		-----	-----
		(19,473)	(20,106)
		=====	=====
<i>Variable rate instruments</i>			
Financial assets - cash at bank and on hand		1,450	1,670
Financial liabilities	(i)	(18,617)	(18,856)
		-----	-----
		(17,167)	(17,186)
		=====	=====

(i) Fixed and variable rate instruments represent interest bearing loans and borrowings of \$38.090 million (2018: \$38.962 million) as disclosed in note 11.

The Group's main interest rate risk arises from short and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. This risk is managed by taking into consideration the current and expected future debt profile, expectations regarding future interest rate movements, the mix between variable and fixed rate borrowings and the potential to hedge against negative outcomes by entering into interest rate swaps.

In respect of variable rate instruments, a change of 100 basis points up or down in interest rates would have decreased or increased the Group's profit and loss before tax by \$171,670 (2018: \$171,860).

The Group will continue to monitor debt levels and assess the need to enter into further interest rate swap contracts, or other derivative instruments, based on forecast debt levels and prevailing market conditions at that time.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (c) Market risk (continued)

###### Foreign exchange rate risk

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

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

The Group's exposure to foreign exchange rate risk at reporting date, expressed in Australian dollars, was \$0.299 million (2018: \$0.137 million) and the forward exchange contracts had a fair value of \$0.018 million payable (2018: \$0.085 million payable).

###### *Sensitivity*

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

###### **Recognition and measurement**

Derivatives designated as hedging instruments are classified as cash flow hedges.

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

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section C: Funding Structures (continued)

#### 12. Financial Risk Management (continued)

##### (c) Market risk (continued)

##### Foreign exchange rate risk (continued)

##### Recognition and measurement (continued)

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

Derivatives are carried at fair value and categorised as level 2 in the fair value hierarchy under AASB 13 where "inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly".

#### 13. Contributed Equity

	Note	2019		2018	
		No. of shares	\$'000	No. of shares	\$'000
<b>(a) Issued and paid up capital</b>					
Beginning of the financial year		<b>474,868,764</b>	<b>318,065</b>	474,868,764	318,065
Shares bought back on-market and cancelled	(i)	<b>(35,674,964)</b>	<b>(5,978)</b>	-	-
Buy-back transaction costs		-	<b>(44)</b>	-	-
Tax credits recognised directly in equity		-	<b>14</b>	-	-
End of the financial year		<b>439,193,800</b>	<b>312,057</b>	474,868,764	318,065

(i) During the financial year, Boom purchased and cancelled 35,674,964 ordinary shares as a result of the following share buy-back schemes. The total cost, including transaction costs, was \$6,022,000. These costs were deducted from contributed equity.

- Minimum share holding buy-back of 1,094,557 ordinary shares priced at \$0.22 per share. This share buy-back scheme has been completed.
- On market share buy-back of 34,580,407 ordinary shares priced between \$0.15 and \$0.19 per share. This share buy-back scheme is currently on going and is expected to be completed by 5 December 2019 or earlier if the maximum number of shares being 46 million shares is bought back prior to that date.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section C: Funding Structures (continued)

#### 13. Contributed Equity (continued)

##### (a) Issued and paid up capital (continued)

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

##### (b) Capital management

For the purposes of capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management policy is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants included in its agreements with financiers. Adjustments to the Group's capital structure can be made subject to meeting the restrictions included in the Group's financing agreements. These require the Group to maintain the ratio of gross debt to trading EBITDA at less than 2.5 times with the aggregate total of distributions not exceeding \$15 million over the term of the facilities (to January 2022). Further, the total value of dividends paid in any financial year must not exceed 50% of the net profit after tax earned in the prior financial year.

The Group monitors capital on the basis of the balance sheet gearing ratio. This ratio is calculated as net debt divided by total equity. At 30 June 2019, the Group's balance sheet gearing ratio was 27% (2018: 25%). The Group's policy is to maintain a gearing ratio of between 20%-30%.

The Group's capital management, amongst other things, aims to ensure that it meets its financial covenants. The Group will also manage its capital structure through returns to shareholders, as economic conditions and trading results improve.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section D: Other Disclosures

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

#### 14. Subsidiaries

Name	Country of incorporation	Equity interest	
		2019 %	2018 %
AKN Pty Ltd	Australia	100	100
Sherrin Hire Pty Ltd	Australia	100	100
Shutdown Staffing Pty Ltd	Australia	100	100
Boom Logistics (VIC) Pty Ltd	Australia	100	100

Boom Logistics Limited is the ultimate parent company.

#### Recognition and measurement

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

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

In the parent company financial statements, investments in subsidiaries are carried at cost less impairments.

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

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



## **Notes to the Consolidated Financial Statements**

Year Ended 30 June 2019

---

### **Section D: Other Disclosures (continued)**

#### **15. Deed of Cross Guarantee**

Pursuant to ASIC Corporations Instrument 2016/785 ("Corporations Instrument"), the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' report.

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

The subsidiaries subject to the Deed are:

- Sherrin Hire Pty Ltd (party to the Deed on 6 December 2005);
- AKN Pty Ltd (party to the Deed on 3 November 2006 by virtue of a Deed of Assumption);
- Shutdown Staffing Pty Ltd (party to the Deed on 23 November 2007 by virtue of a Deed of Assumption);

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

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 15. Deed of Cross Guarantee (continued)

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

	CLOSED GROUP	
	2019	2018
	\$'000	\$'000
<b><i>Consolidated Statement of Comprehensive Income</i></b>		
Revenue	170,980	170,210
Other income	4,242	162
Salaries and employee benefits expense	(88,391)	(86,051)
Equipment service and supplies expense	(42,374)	(46,512)
Operating lease expense	(11,750)	(6,235)
Other expenses	(15,351)	(11,584)
Restructuring expense	(1,117)	(370)
Depreciation and amortisation expense	(16,573)	(17,068)
Impairment expense	(1,975)	-
Financing expense	(4,251)	(4,447)
	-----	-----
Loss before income tax	(6,560)	(1,895)
Income tax benefit	164	138
	-----	-----
Net loss for the year	(6,396)	(1,757)
	=====	=====
<i>Other comprehensive loss</i>		
Cash flow hedges recognised in equity	(17)	(60)
	-----	-----
Other comprehensive loss for the year, net of tax	(17)	(60)
	-----	-----
Total comprehensive loss for the year	(6,413)	(1,817)
	=====	=====
Retained losses at the beginning of the year	(185,114)	(183,357)
Adjustment on initial application of AASB 9	(400)	-
	-----	-----
Retained losses at the end of the year	(191,910)	(185,114)
	=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 15. Deed of Cross Guarantee (continued)

	CLOSED GROUP	
	2019	2018
	\$'000	\$'000
<i>Consolidated Statement of Financial Position</i>		
<b>Current assets</b>		
Cash and cash equivalents	1,435	1,659
Trade and other receivables	34,111	35,524
Inventories, prepayments and other current assets	5,282	1,875
Assets classified as held for sale	250	151
Income tax receivable	4,450	4,450
<b>Total current assets</b>	<b>45,528</b>	<b>43,659</b>
<b>Non-current assets</b>		
Investments	599	599
Deferred tax asset	5,350	5,165
Property, plant and equipment	145,585	160,198
<b>Total non-current assets</b>	<b>151,534</b>	<b>165,962</b>
<b>Total assets</b>	<b>197,062</b>	<b>209,621</b>
<b>Current liabilities</b>		
Trade and other payables	13,515	14,131
Interest bearing loans and borrowings	5,167	3,131
Employee provisions	7,214	8,222
Other provisions and liabilities	4,404	4,785
<b>Total current liabilities</b>	<b>30,300</b>	<b>30,269</b>
<b>Non-current liabilities</b>		
Payables	10,736	7,967
Interest bearing loans and borrowings	32,709	35,443
Employee provisions	300	253
Other provisions and liabilities	344	657
Derivative financial instruments	110	85
<b>Total non-current liabilities</b>	<b>44,199</b>	<b>44,405</b>
<b>Total liabilities</b>	<b>74,499</b>	<b>74,674</b>
<b>Net assets</b>	<b>122,563</b>	<b>134,947</b>
<b>Equity</b>		
Contributed equity	312,057	318,065
Retained losses	(191,910)	(185,114)
Reserves	2,416	1,996
<b>Total equity</b>	<b>122,563</b>	<b>134,947</b>

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 16. Parent Entity

2019	2018
\$'000	\$'000

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

#### Statement of financial position

Current assets	40,772	39,171
Total assets	231,430	244,142
Current liabilities	28,075	28,682
Total liabilities	127,450	123,359
<i>Equity</i>		
Contributed equity	312,057	318,065
Reserves	2,416	1,996
Retained losses	(210,493)	(199,278)
Total equity	103,980	120,783
	=====	=====
Net loss after tax for the year	(10,815)	(4,698)
	-----	-----
Total comprehensive loss for the year	(10,832)	(4,758)
	=====	=====

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 17. Key Management Personnel

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

	2019 \$	2018 \$
Short-term employee benefits	1,635,801	2,077,050
Post employment benefits	140,621	144,784
Other long term benefits	42,316	8,231
Retirement benefits	675,000	-
Share based payments	(2,221)	884,909
	-----	-----
Total compensation	2,491,517	3,114,974
	=====	=====

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

#### 18. Share-based Payments

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

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

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

	Salary Sacrifice Rights Plan		Short Term Incentive Plan		Long Term Incentive Plan	
	Average fair value per right	No. of rights	Average fair value per right	No. of rights	Average exercise price per option	No. of options
At start of period	\$0.1326	2,464,267	\$0.1008	1,313,227	\$0.1483	28,636,852
Granted during the period	\$0.1971	1,128,387	\$0.2192	2,397,878	\$0.1643	10,728,789
Exercised during the period	\$0.1583	(2,720,432)	\$0.1767	(1,286,680)	-	-
Lapsed during the period	-	-	-	-	\$0.1080	(16,486,178)
Forfeited during the period	-	-	-	-	\$0.1748	(4,048,970)
At end of period	\$0.1358	872,222	\$0.1776	2,424,425	\$0.1869	18,830,493

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

---

### Section D: Other Disclosures (continued)

#### 18. Share-based Payments (continued)

##### *Salary sacrifice rights plan*

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

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

##### *Short term incentive plan*

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

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

##### *Long term incentive plan*

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

Each option is a right to acquire one ordinary share in the Company (or an equivalent cash amount) subject to payment of the exercise price. The exact number of options to be granted will be the LTIP award divided by the option valuation using a Binomial valuation methodology prior to grant date. The option exercise price is calculated based on the 5 day volume weighted average price prior to the grant date. Options do not carry any dividend or voting rights. Options will be granted within twelve months of the Annual General Meeting. Options are subject to a performance hurdle based on absolute Earnings Per Share ("EPS"), which is measured over a three year performance period. An absolute EPS hurdle must be achieved at the end of year three for any options to vest. The Board of Directors retains a discretion to adjust the EPS hurdle as required to ensure plan participants are neither advantaged nor disadvantaged by matters outside management's control that materially affect absolute EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 18. Share-based Payments (continued)

*Long term incentive plan (continued)*

Options granted have the following details and assumptions:

	2019	2018	2017
Grant date	28 November 2018	30 November 2017	4 November 2016
Vesting date	31 August 2021	31 August 2020	31 August 2019
Expiry date	30 September 2021	30 September 2020	4 September 2019
Share price at grant date	\$0.165	\$0.200	\$0.115
Fair value at grant date	\$0.062	\$0.070	\$0.045
Exercise price	\$0.164	\$0.212	\$0.108
Expected life	2.8 years	2.8 years	2.8 years
Expected price volatility of Boom's shares	55%	55%	55%
Risk-free interest rate	2.07%	1.87%	1.66%
Expected dividend yield	0%	0%	0%

#### (a) Carrying values

	Note	2019 \$'000	2018 \$'000
Salary Sacrifice Rights Plan		600	425
Short Term Incentive Plan		721	196
Long Term Incentive Plan		1,172	1,435
		-----	-----
Total employee equity benefits reserve		2,493	2,056
		=====	=====

#### (b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the financial year are as follows:

Shares issued under previous employee share schemes	-	(14)
Rights issued under employee rights plans	700	461
Options issued under employee option plan	(263)	486
	-----	-----
	437	933
	=====	=====

9

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 18. Share-based Payments (continued)

##### (c) Legacy employee incentive schemes

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

##### (d) Employee share plan share holdings

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

	2019 Number of shares	2018 Number of shares
At start of period	6,196,367	10,287,439
- issued for nil consideration (including unallocated shares in the employee share schemes allocated during the year)	3,615,352	339,573
- sold / transferred during the year	(3,186,957)	(759,593)
- lapsed during the year	(4,655,631)	(3,671,052)
	-----	-----
At end of period	1,969,131	6,196,367
	=====	=====

##### Recognition and measurement

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

In valuing equity settled transactions, the performance conditions are all non-market measures and as such, are not taken into account in determining the fair values of the options.

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

No expense is recognised for awards that do not ultimately vest.



## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 19. Contingencies

##### Contingent liabilities

Performance guarantees totalling \$3.436 million have been provided in relation to wind farm construction projects of which \$2.700 million will expire within a year and the remainder by 1 May 2022. In addition, other bank guarantees totalling \$4.040 million have been provided to landlords and work cover authority. There are no other contingent liabilities identified at reporting date.

#### 20. Auditor's Remuneration

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

##### *Audit services*

- audit and review of financial statements	<b>287,546</b>	200,131
	-----	-----

##### *Taxation, due diligence and other services*

- taxation services	<b>82,778</b>	24,857
	-----	-----

Total remuneration of KPMG Australia	<b>370,324</b>	224,988
	=====	=====

#### 21. Subsequent Events

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2019 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations or the state of affairs of the Group in future financial years.

#### 22. New Accounting Policies and Standards

##### (a) Changes in accounting policies

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year, except for the adoption of the new accounting standards AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. The nature and effect of these new accounting standards are disclosed below.

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 22. New Accounting Policies and Standards (continued)

##### (a) Changes in accounting policies (continued)

Standards	<b>AASB 15 <i>Revenue from Contracts with Customers</i></b>
<b>Nature of change</b>	<p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It provides a five step model that applies to all customer contracts and it aims to better reflect the consideration that an entity expects to receive from customers in exchange for its goods and services.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p>
<b>Effective date</b>	<p>Mandatory for financial years commencing on or after 1 January 2018.</p> <p>The Group elected to use the modified retrospective approach in adopting the new standard which means that the cumulative impact has been recognised in retained earnings as of 1 July 2018 for customer contracts that were not completed at the date of initial application and that comparatives have not been restated.</p>
<b>Impact</b>	<p><u>Rendering of services</u></p> <p>Pre AASB 15, revenue from the hire of lifting/access equipment, labour and other services provided was recognised where the right to be compensated for the services could be reliably measured. This typically occurs when the job dockets or timecards were approved by the customers. If the services under a single arrangement were rendered in different reporting periods, then the consideration was allocated on a relative fair value basis.</p> <p><u>Construction contracts</u></p> <p>Pre AASB 15, revenue from the installation of wind towers was recognised by reference to the stage of completion. The stage of completion was measured by reference to the wind tower units completed to date as a percentage of the total wind tower units under the contract. When the contract outcome cannot be measured reliably, revenue was recognised only to the extent that the expenses incurred are eligible to be recovered.</p> <p>Under AASB 15, the total consideration in the services above is allocated based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the services in separate transactions.</p> <p>Based on the Group's assessment, the fair value and the stand-alone selling prices of both types of services above are broadly similar. Consequently, at the date of initial application, there were no significant differences in the timing of revenue recognition for these services which required the restatement of opening retained earnings as of 1 July 2018.</p>

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 22. New Accounting Policies and Standards (continued)

##### (a) Changes in accounting policies (continued)

Standards	<b>AASB 9 <i>Financial Instruments</i></b>
<b>Nature of change</b>	AASB 9 replaces the existing guidance in AASB 139 Financial Instruments; Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.
<b>Effective date</b>	<p>Mandatory for financial years commencing on or after 1 January 2018.</p> <p>The Group elected to use the modified retrospective approach in adopting the new standard which means that the cumulative impact has been recognised in retained earnings as of 1 July 2018 and that comparatives have not been restated.</p>
<b>Impact</b>	<p><u>Impairment</u></p> <p>The new standard did not have a significant impact on the classification and measurement of the Group's financial assets with the exception of impairment losses on trade receivables and contract assets. The new standard replaces the incurred loss approach with a forward looking expected credit loss ("ECL") approach in measuring impairment losses.</p> <p>The Group has applied the simplified approach and recorded lifetime expected losses on all trade receivables and contract assets.</p> <p>The Group established a provision matrix based on the historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment. The Group considers trade receivables and contract assets are in default when contractual payments are 90 days past due, subject to other internal or external information that indicate otherwise.</p> <p>Based on the assessments undertaken, the impairment losses on trade receivables increased by \$0.4 million and opening retained earnings as of 1 July 2018 was restated as such.</p> <p><u>Hedge accounting</u></p> <p>The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach.</p> <p>At the date of initial application, all the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair values of the entire forward contracts in the Group's cash flow hedge relationships and, as such, the adoption of the new hedge accounting rules had no significant impact on the Group's financial statements.</p>

## Notes to the Consolidated Financial Statements

Year Ended 30 June 2019

### Section D: Other Disclosures (continued)

#### 22. New Accounting Policies and Standards (continued)

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are not yet effective and not adopted by the Group in preparing this financial report.

New standards	AASB 16 <i>Leases</i>
<b>Nature of change</b>	The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting.
<b>Effective date</b>	<p>Mandatory for financial years commencing on or after 1 January 2019.</p> <p>The Group intends to adopt the standard using the modified retrospective (option 2) approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.</p>
<b>Impact</b>	<p>The Group has completed a preliminary assessment of the potential impact on the consolidated financial statements resulting from the application of AASB 16 with respect to existing operating leases for continuing operations as a lessee.</p> <p>The standard will have an impact on key financial measures such as EBITDA, EBIT and net assets, due to the standard replacing straight line operating lease expenses with a depreciation charge for the lease asset and interest expense for the lease liability.</p> <p>The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 July 2019, the composition of the Group's operating lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.</p> <p>Based on the information currently available at reporting date, the Group estimates the impact of AASB 16 adoption at 1 July 2019 as follows:</p> <ul style="list-style-type: none"> <li>• Right-of-Use asset of approximately \$26.8 million;</li> <li>• Lease liabilities of approximately \$23.9 million;</li> <li>• Make good provision and prepaid setup cost adjustment of approximately \$2.9 million.</li> </ul> <p>From a lessor perspective, the Group notes that there may be an impact from possible newly identified embedded leases within contracts under AASB 16 and is working through the impact assessment.</p>

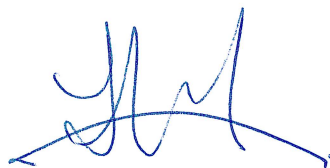
## Directors' Declaration

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 43 to 88, and the Remuneration Report in the Directors' Report, set out on pages 26 to 40, 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 2019 and of its performance for the financial year ended on that date; and
    - (ii) complying with Accounting Standards, (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to page 47 to the Consolidated Financial Statements which includes a statement of compliance with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Company and the group entities identified in note 14 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations Instrument 2016/785.
4. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors:



Maxwell Findlay  
Chairman



Tony Spassopoulos  
Managing Director

Melbourne, 21 August 2019



# Independent Auditor's Report

To the shareholders of Boom Logistics Limited

## Report on the audit of the Financial Report

### Opinion

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

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

- giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated statement of financial position* as at 30 June 2019
- *Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

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

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

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

### Key Audit Matters

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

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

## Valuation of property, plant and equipment (AU\$153.1m)

Refer to Note 8 *Impairment Testing of Assets* to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us is the Group's valuation of its property, plant and equipment assets due to the:</p> <ul style="list-style-type: none"> <li>• net assets of the Group exceeding the Group's market capitalisation at year end, which is an indicator of impairment;</li> <li>• size of the balance (being 76% of total assets).</li> </ul> <p>The Group's policy is to measure the recoverable amount of its cash generating units (CGUs) using a fair value less costs of disposal model, primarily based on an assessment of fair value of operating assets (cranes and travel towers) received from their external expert. We have focused on the market approach valuation methodology used by the Group's external expert, and the resulting assessment of fair value of operating assets (operating asset valuations) determined by the Group.</p> <p>In addition to the above, the Group rationalised its operating structure during the year, necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• considering the appropriateness of the fair value less costs of disposal method applied by the Group to measure the recoverable amount of its CGUs against the requirements of the accounting standards;</li> <li>• assessing the Group's determination of the CGUs, based on our understanding of the rationalisation of the operating structure of the Group's business, how independent cash inflows were generated and the criteria in the accounting standards;</li> <li>• assessing the scope, competence and objectivity of the Group's external expert involved in the assessment of fair value of the operating assets;</li> <li>• working with our valuation specialists: <ul style="list-style-type: none"> <li>• assessing the market approach valuation methodology utilised by the Group's external expert against the requirements of the accounting standards and industry practice;</li> <li>• assessing the operating asset valuations from the Group's external expert report against our experience regarding the feasibility of these in the industry and economic environment in which the Group operates;</li> <li>• comparing a sample of the operating asset valuations across make, model and ageing categories within the Group's external expert report to recent comparable market transactions;</li> <li>• comparing a sample of individual operating asset valuations within the external expert report to the proceeds from sales of assets during the year;</li> <li>• inquiring with the Group's external expert in relation to the condition of the operating asset fleet, general crane and travel tower market conditions, and recent trends in the market;</li> <li>• comparing the implied EBITDA multiples from available market data, including share market valuations, for comparable companies, to the implied EBITDA valuation multiple from the Group's internal forecasts;</li> </ul> </li> <li>• assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.





## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Boom Logistics Limited for the year ended 30 June 2019, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in *pages 26 to 40* of the Directors' report for the year ended 30 June 2019.

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

KPMG

Andrew Hounsell

*Partner*

Melbourne

21 August 2019

## 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 19 August 2019.

### (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	250	47,706
1,001	-	5,000	761	2,656,723
5,001	-	10,000	610	4,799,757
10,001	-	100,000	1,331	47,354,798
100,001	and over		351	384,334,816
			-----	-----
			<b>3,303</b>	<b>439,193,800</b>
			=====	=====
The number of shareholders holding less than a marketable parcel of shares are:			597	923,523
			=====	=====

## ASX Additional Information (continued)

### (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 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,516,551	12.2%
2 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	47,540,775	10.8%
3 NATIONAL NOMINEES LIMITED	38,312,525	8.7%
4 BNP PARIBAS NOMS (NZ) LTD <DRP>	26,205,598	6.0%
5 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	20,720,376	4.7%
6 GROVE INVESTMENT GROUP PTY LTD	8,680,889	2.0%
7 BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,509,034	1.5%
8 HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	5,769,505	1.3%
9 CPU SHARE PLANS PTY LTD <BOL EXEC REM PLAN A/C>	5,482,774	1.2%
10 HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	5,000,000	1.1%
11 HILLMORTON CUSTODIANS PTY LTD <THE LENNOX UNIT A/C>	4,594,776	1.0%
12 KISMAR PTY LTD <THE M KISIRWANI FAM A/C>	4,000,000	0.9%
13 GWYNVILL TRADING PTY LTD	3,965,411	0.9%
14 MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	3,758,286	0.9%
15 TAVERNERS NO 11 PTY LTD <STONEVILLE INVEST UNIT A/C>	3,221,007	0.7%
16 LUTON PTY LTD	2,837,005	0.6%
17 NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,818,068	0.6%
18 S I J NOMINEES PTY LTD <THE S I J PARTNERSHIP A/C>	2,800,253	0.6%
19 CITICORP NOMINEES PTY LIMITED	2,794,782	0.6%
20 STONEYVILLE PTY LTD <PETER SCANLON FAMILY SF A/C>	2,760,559	0.6%
	-----	-----
Top twenty shareholders	251,288,174	57.2%
Remainder	187,905,626	42.8%
	-----	-----
Total	<b>439,193,800</b>	<b>100.0%</b>
	=====	=====

### (c) Substantial Holders

Substantial holders in the Company are set out below:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
Rorema Beheer B.V.	35,380,332	8.1%
Greig & Harrison Pty Ltd	33,823,181	7.7%
Paradise Investment Management Pty Ltd	33,395,384	7.6%
Castle Point Funds Management	26,476,306	6.0%
Forager Funds Management Pty Ltd	22,543,977	5.1%

## **ASX Additional Information (continued)**

### **(d) Voting Rights**

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

### **(e) Unquoted Securities**

There are 3,296,647 rights granted under the Executive Remuneration Plan outstanding held by 23 holders.

There are 18,830,493 options granted under the Executive Remuneration Plan outstanding held by 10 holders.