Resource Equipment Limited

ABN 83 098 812 492

Annual report
for the year ended 30 June 2014

These financial statements are the consolidated financial statements of the consolidated entity consisting of Resource Equipment Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Resource Equipment Limited is a company limited by shares, incorporated and domiciled in Australia.

The registered office is:
Resource Equipment Limited
276 Treasure Road
Welshpool
Western Australia 6106

The registered postal address is:
Resource Equipment Limited
PO Box 328
Welshpool
Western Australia 6986

The financial statements were authorised for issue by the Directors on 24 September 2014. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor's Centre on our website found at www.rel.com.au.

For queries in relation to our reporting please call +61 8 6141 6500 or e-mail admin@rel.com.au.

Directors	S S Donnelley - Non-Executive Director A D Aitken - Managing Director/Chief Executive Officer P G Hutchinson - Non-Executive Director K D Lucas - Non-Executive Director A G Ryder - Executive Director
Company Secretary	M P Kenyon
Principal registered office in Australia	276 Treasure Road Welshpool WA 6106 Australia Telephone: (+61 8) 6141 6500
Share register	Computershare 452 Johnson Street Abbotsford Vic 3067 Telephone: (+61 3) 9415 5000
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: (+61 8) 6382 4600
Bankers	HSBC Bank Australia Ltd Level 1 188-190 St Georges Terrace Perth WA 6000 Telephone: (+61 8) 6141 5030
Stock exchange listings	Resource Equipment Limited shares are listed on the Australian Securities Exchange (ASX) market. ASX code : RQL

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Resource Equipment Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were Directors of Resource Equipment Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

J W Saleeba (Resigned 31 August 2014)
K D Lucas
J D Cullen (Resigned 8 July 2014)
A G Ryder
W B Ryan (Resigned 5 June 2014)
P G Hutchinson
A D Aitken (Appointed 18 July 2014)
S S Donnelley (Appointed 9 April 2014)

Principal activities

The Group provides specialist rental equipment and pipeline installation servicing the mining, oil & gas and heavy engineering industries.

Dividends

No dividends were paid/proposed during the financial year (2013 - $Nil).

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on page 29 of this annual report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

On 8 July 2014 Mr Jamie Cullen resigned as the Company's Chief Executive Officer and as a Director of the Group.

On 18 July 2014 Mr Andrew Aitken was appointed as Managing Director and Chief Executive Officer of the Group.

On 31 August 2014 Mr John Saleeba announced his official retirement as Chairman and resignation as a director of the Group.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Likely developments and expected results of operations

The Group expects to achieve further penetration into the Australian mining sector, both in the rental and sale of specialist equipment.

The Group is primarily focused on delivering on its organic growth but will consider acquisition opportunities that may be presented if they complement its growth strategy.

Information on directors

J W Saleeba Non-Executive Chairman (Resigned 31 August 2014)

Qualifications
Bachelor of Commerce (University of Western Australia)
Bachelor of Law (University of Western Australia)
Certified Practicing Accountant (CPA)
Fellow of the Australian Institute of Company Directors

Experience and expertise
Board member since 2002
Former partner of law firm Clayton Utz

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Member of Remuneration and Nomination Committee (Resigned 8 July 2014)

Interests in shares and options
2,207,367 ordinary shares (Indirect)
Options - Nil

K D Lucas Non-Executive Director

Experience and expertise
Board member since July 2009
Co founder of Resource Equipment Rentals Pty Ltd and Search Equipment Rentals Pty Ltd
Over 36 years' experience in specialist equipment rental industry

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of Remuneration and Nomination Committee (Appointed 8 July 2014)
Member of Audit and Risk Committee (Appointed 8 July 2014)

Interests in shares and options
27,186,026 ordinary shares (Indirect)
Options - Nil

Information on directors (continued)

W B Ryan Non-Executive Director (Resigned 5 June 2014)

Qualifications
Fellow of the Australian Institute of Company Directors

Experience and expertise
Board member since June 2009
Over 36 years' of experience in specialist equipment rental and contracting industries

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of Remuneration and Nomination Committee (Resigned 5 June 2014)
Member of Audit and Risk Committee (Resigned 5 June 2014)

Interests in shares and options
676,947 ordinary shares (Indirect)
Options - Nil

A G Ryder Managing Director

Experience and expertise
Board member since July 2009
Co founder and Managing Director of Resource Equipment Rentals Pty Ltd
Former Sales, Marketing and Operations Manager of Coates Hire (WA)
Former President of Hire and Rental Association Western Australia
Over 26 years' experience in senior management roles in the equipment rental industry in Western Australia and Northern Territory

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Executive Director

Interests in shares and options
28,493,413 ordinary shares (Indirect)
Options - Nil

Information on directors (continued)

J D Cullen Chief Executive Officer (Resigned 8 July 2014)

Qualifications
Bachelor of Commerce (University of Western Australia)
Graduate Diploma in Applied Finance and Investment (Securities Institute of Australia)
Chartered Accountant (CA)
Fellow of the Australian Institute of Company Directors

Experience and expertise
Board member since May 2008
Former Managing Director of PCH Group Limited (1994 to 2007)
PriceWaterhouseCoopers in Australia, New Zealand and Los Angeles (1984 to 1989)
Executive in motion picture industry in Los Angeles (1989 to 1994)

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options
8,265,643 ordinary shares (Indirect)
Options - Nil

P G Hutchinson Non-Executive Director

Qualifications
Bachelor of Commerce (University of Western Australia)
Certified Practicing Accountant (CPA)
Fellow of the Australian Institute of Company Directors

Experience and expertise
Board member since February 2013
Former Managing Director and Executive Chairman of Forge Group Limited (2007 - 2012)
Former Chairman and Managing Director of A.I. Ltd (2001 - 2003)

Other current directorships
Style Limited (Since 2013)

Former directorships in last 3 years
Forge Group Limited (2007 - 2012)

Special responsibilities
Chairman of Audit and Risk Committee
Member of Remuneration and Nomination Committee (Appointed 8 July 2014)

Interests in shares and options
400,000 ordinary shares (Indirect)
Options - Nil

Information on directors (continued)

A D Aitken Managing Director and Chief Executive Officer (Appointed 18 July 2014)

Qualifications
Bachelor of Commerce (Honours) (University of Natal and University of Cape Town)
Post Graduate Diploma (Social Studies) (Oxford University)
Member of the Australian Institute of Company Directors

Experience and expertise
Former Managing Director and Executive Director of National Hire Group Limited
Former Non-Executive Director of Coates Group Holdings Pty Ltd

Other current directorships
None

Former directorships in last 3 years
Executive Director of National Hire Group Limited (2008 - 2012)

Special responsibilities
Executive Director

Interests in shares and options
Nil

S S Donnelley Non-Executive Director (Appointed 9 April 2014)

Experience and expertise
Founder, Former Managing Director and Non-executive Director of National Hire Group Limited
Former Non-Executive Director of Coates Group Holdings Pty Ltd
In excess of 30 years' experience in the equipment rental industry
Member of the Australian Institute of Company Directors

Other current directorships
None

Former directorships in last 3 years
Non-Executive Director of National Hire Group Limited (1996 - 2011)

Special responsibilities
Member of the Audit and Risk Committee (Appointed 8 July 2014)
Member of the Remuneration and Nomination Committee (Appointed 8 July 2014)

Interests in shares and options
61,516,296 ordinary shares (Indirect)
Options - Nil

The numbers of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2014, and the number of meetings attended by each Director were:

Meetings of directors

	Full meetings of directors		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
J W Saleeba (Resigned 31 August 2014)	13	13	1	1	2	2
K D Lucas	13	13	*	*	2	2
J D Cullen (Resigned 8 July 2014)	13	13	*	*	*	*
A G Ryder	11	13	*	*	*	*
W B Ryan (Resigned 5 June 2014)	12	13	1	1	2	2
P G Hutchinson	13	13	2	2	-	-
S S Donnelley (Appointed 9 April 2014)	2	2	*	*	*	*
A D Aitken (Appointed 18 July 2014)	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* = Not a member of the relevant committee

Remuneration report (Audited)

The remuneration report is set out under the following headings:

- Principles used to determine the nature and amount of remuneration
- Base fees
- Amounts of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive rewards with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice. The Board ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management
- health, safety and environment

During the year, the Group did not engage any external remuneration consultant to advise on the executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and delivering constant return on equity as well as focusing the executive on key non financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

Remuneration report (Audited) (continued)
Principles used to determine the nature and amount of remuneration (continued)

The framework provides fixed pay, and a blend of short and long term incentives.

Remuneration governance
The Board has established a Remuneration and Nomination Committee which makes recommendations to the board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also seeks the advice of independent remuneration consultants when necessary to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently of the fees of non-executive directors based on comparative roles in the external market. The Chair is not present at any discussions relating to determination of his own remuneration.

Directors' fees
Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $300,000 per annum and was approved by shareholders at the Annual General Meeting on 27 October 2005.

The following fees currently apply:

Base fees	**From July 2014**	From July 2013
Chair	$99,000	$99,000
Other Non-executive director	$60,500	$60,500

Executive pay
The executive pay and reward framework has three components:

- base pay and benefits, including superannuation
- short term performance incentives, and
- long term incentives.

Base pay and benefits
Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure each executive's pay is competitive with the market.

Remuneration report (Audited) (continued)
Principles used to determine the nature and amount of remuneration (continued)

Short-term incentives

As part of the remuneration package of key executives there is a performance based component, based on agreed key performance indicators (KPI's). The intention of this incentive is to facilitate goal congruence between key executives and that of the business and shareholders. The measures are specifically tailored to the areas each key executive is involved in and has a level of control over.

Performance in relation to the KPI's is assessed annually and bonuses awarded pursuant to an agreed formula that relates to the KPI's. Following the assessment, the KPI's are reviewed by the Remuneration and Nomination Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth. The major KPI's used to assess performance is profit contribution and return on equity.

Long-term incentives

Long term incentives are provided to certain employees via the Directors' and Executives Share Option Plan and the Performance Rights Share Plan. See page 15 for further information.

Amounts of remuneration

Details of the remuneration of the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out below and in the following tables.

The key management personnel of Resource Equipment Limited consisted of the following directors as set out below:

J W Saleeba (Chair and Non-Executive) (Appointed 6 Mar 2002 - Resigned 31 August 2014)
K D Lucas (Non-Executive) (Appointed 8 July 2009)
J D Cullen (Chief Executive Officer) (Appointed 23 May 2008 - Resigned 8 July 2014)
A G Ryder (Non-Executive) (Appointed 8 July 2009)
W B Ryan (Non-Executive) (Appointed 26 Jun 2009 - Resigned 5 June 2014)
P G Hutchinson (Non-Executive) (Appointed 6 February 2013)
A D Aitken (Managing Director and Chief Executive Officer) (Appointed 18 July 2014)
S S Donnelley (Non-Executive) (Appointed 9 April 2014)

and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

M P Kenyon (Chief Financial Officer/Company Secretary) (Appointed 28 June 2013)
M Mattox (Chief Operating Officer/General Manager - Project Delivery) (Appointed on 11 November 2011)

Details of remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the Group for the current and previous financial year.

Remuneration report (Audited) (continued)
Details of remuneration (continued)

2014	Short-term employee benefits			Post employment benefits	Long-term benefits		Share based payments		
Name	**Cash salary and fees**	**Cash bonus***	**Non-monetary benefits**	**Super-annuation**	**Long service leave**	**Termination benefits**	**Vested Shares**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executives									
J W Saleeba (Resigned 31 August 2014)	83,257	-	-	7,701	-	-	-	-	90,958
K D Lucas	55,505	-	-	5,134	-	-	-	-	60,639
W B Ryan (Resigned 5 June 2014)	23,127	-	-	30,745	-	-	-	-	53,872
P G Hutchinson	55,505	-	-	5,470	-	-	-	-	60,975
S S Donnelley (Appointed 9 April 2014)	11,431	-	-	1,057	-	-	-	-	12,488
Executives									
J D Cullen (Resigned 8 July 2014)	491,288	-	8,200	17,410	-	-	104,771	-	621,669
A G Ryder	442,165	-	2,609	25,258	-	-	61,808	-	531,840
M P Kenyon	332,225	-	-	17,781	-	-	-	98,689	448,695
M Mattox	242,530	20,000	24,327	24,409	-	-	224	107,483	418,973
Total key management personnel compensation (Group)	1,737,033	20,000	35,136	134,965	-	-	166,803	206,172	2,300,109

* Cash bonus payments were based on Board's discretion. Consideration is given to hours worked, safety and general performance of the Group.

Remuneration report (Audited) (continued)
Details of remuneration (continued)

2013	Short-term employee benefits			Post employment benefits	Long-term benefits		Share based payments		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termination benefits $	Vested Shares $	Options $	Total $
Non-executives									
J W Saleeba	90,826	-	-	8,174	-	-	-	-	99,000
K D Lucas	55,505	-	-	4,995	-	-	-	-	60,500
W B Ryan	55,505	-	-	4,995	-	-	-	-	60,500
P G Hutchinson	22,131	-	-	1,992	-	-	-	-	24,123
Executives									
J D Cullen	512,273	-	4,826	15,000	-	-	258,103	-	790,202
A G Ryder	455,000	-	-	27,083	-	-	151,810	-	633,893
D A Robertson (Resigned 23 January 2014)	199,670	5,000	14,051	16,470	-	-	-	-	235,191
C L Daly (Resigned 10 April 2014)	269,999	-	-	16,470	-	-	1,244	-	287,713
M Mattox	260,862	15,000	-	25,805	-	-	-	-	301,667
Total key management personnel compensation (Group)	1,921,771	20,000	18,877	120,984	-	-	411,157	-	2,492,789

* Cash bonus payments were based on the Board's discretion. Consideration is given to hours worked, safety and general performance of the Group.

Remuneration report (Audited) (continued)

Executive remuneration policy and framework

The relative proportions of remuneration that are linked to performance and those that are fixed are set out below in percentage terms:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	**2014**	2013	**2014**	2013
Executive Directors of Resource Equipment Limited						
A G Ryder	**100**	100	**-**	-	**-**	-
J D Cullen	**100**	100	**-**	-	**-**	-
Non-executive directors of Resource Equipment Limited						
J W Saleeba	**100**	100	**-**	-	**-**	-
W B Ryan	**100**	100	**-**	-	**-**	-
K D Lucas	**100**	100	**-**	-	**-**	-
PG Hutchinson	**100**	100	**-**	-	**-**	-
Other executives						
M P Kenyon	**100**	-	**-**	-	**-**	-
M Mattox	**94**	95	**6**	5	**-**	-
D A Robertson	**-**	98	**-**	2	**-**	-
C Daly	**-**	100	**-**	-	**-**	-

Remuneration report (Audited) (continued)
Service agreements

On appointment to the board, all directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

A D Aitken, Managing Director and Chief Executive Officer (Appointed 18 July 2014)

- Term of agreement three years from 18 July 2014.
- Total fixed remuneration inclusive of superannuation of $530,000, reviewed annually by the Remuneration and Nomination Committee.
  - Short term incentives: up to a maximum of 50% of the total fixed remuneration
  - Long term incentives: up to a maximum of 50% of the total fixed remuneration
  - Termination clause of six months by either party, or immediate if there is a material breach of contract, gross misconduct or where a criminal offence has been committed.

J D Cullen, Chief Executive Officer (Resigned 8 July 2014)

- Term of agreement three years from 28 August 2011.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of $532,100, reviewed annually by the Remuneration and Nomination Committee.
  - Termination clause of six months by either party, or immediate if there is a material breach of contract, gross misconduct or where a criminal offence has been committed.

A G Ryder, Executive Director - Chief Operating Officer (Effective 8 July 2014)

- Term of agreement three years from 1 July 2012.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of $482,083, reviewed annually by the Remuneration and Nomination Committee.
  - Termination clause of six months by either party, or immediate termination if there is a material breach of contract, gross misconduct or where a criminal offence has been committed.

J W Saleeba, Chairman (Resigned 31 August 2014)

- Term of agreement ongoing, commenced 2002.
- Base salary, exclusive of superannuation, for the year ended 30 June 2014 of $90,826, reviewed annually by the Remuneration and Nomination Committee.

K D Lucas, Non-Executive director

- Term of agreement ongoing, commenced 1 July 2009.
- Base salary, exclusive of superannuation, for the year ended 30 June 2014 of $55,505, reviewed annually by the Remuneration and Nomination Committee

W B Ryan, Non-Executive director (Resigned 5 June 2014)

- Term of agreement ongoing, commenced June 2009.
- Base salary, exclusive of superannuation, for the year ended 30 June 2014 of $55,505, reviewed annually by the Remuneration and Nomination Committee.

P G Hutchinson, Non-Executive director

- Term of agreement ongoing, commenced 5 February 2013
- Base salary, exclusive of superannuation, for the year ended 30 June 2014 of $55,505, reviewed annually by the Remuneration and Nomination Committee.

Remuneration report (Audited) (continued)
Service agreements (continued)

S S Donnelley, Non-Executive director

- Term of agreement ongoing, commenced 9 April 2014
- Base salary, exclusive of superannuation, for the year ended 30 June 2014 of $55,505, reviewed annually by the Remuneration and Nomination Committee.

Voting and comments made at the Company's 2013 Annual General Meeting

At the Annual General Meeting ("AGM"), 80% of the votes received supported the adoption of the remuneration report for the financial year ended on 30 June 2013. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Share-based compensation

Performance Rights Share Plan

Shares in the Group are granted to employees under the Performance Rights Share Plan (PRSP) which was approved by shareholders on 8 September 2010. The PRSP is designed to provide long term incentives for employees including Executive Directors to deliver long term shareholder returns. Under the plan, employees are granted shares based on a multiple of their weekly wages, with such multiple linked to return on equity achieved in the relevant year. Actual entitlements may be adjusted by up to a 20% increase or decrease at the discretion of the Board, taking into account the safety performance of the Group for the relevant year. Employees must still be employed by the Group at the end of the relevant period to qualify for participation in the PRSP, subject to the discretion of the Board. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The table below sets out the status of rights to performance shares at 30 June 2014.

	Rights to Performance Shares							
Name	Year granted	Number granted	Value per share at grant date	Vested %	Vested number	Forfeited %	Financial year which shares may vest	Maximum value yet to vest *
Directors of Resource Equipment Ltd:								
J D Cullen (Resigned 8 July 2014)	2014	-	$ -	-	-	-	-	-
	2013	11,616	$ 0.725	33%	3,872	67%	-	-
	2012	588,153	$ 0.320	67%	392,102	33%	-	-
	2011	1,624,155	$ 0.250	100%	1,624,155	-	-	-
A G Ryder	2014	-	$ -	-	-	-	-	-
	2013	10,740	$ 0.725	33%	3,580	-	2016	$ 859
	2012	546,567	$ 0.320	67%	364,378	-	2015	$ 21,863
	2011	754,659	$ 0.250	100%	754,659	-	-	-
Other Key Management Personnel of Resource Equipment Ltd:								
M Mattox	2014	-	$ -	-	-	-	-	-
	2013	4,752	$ 0.725	33%	1,584	-	2016	$ 380
	2012	-	$ -	-	-	-	-	-
	2011	-	$ -	-	-	-	-	-

* The maximum value yet to vest is based on the share price of the Group at 30 June 2014

Remuneration report (Audited) (continued)
Share-based compensation (continued)

No shares have been issued on the exercise of remuneration options.

3,000,000 options were issued to two executive employees under the Directors and Executives Share Option Plan during the year ended 30 June 2014 as outlined on page 17. The options were granted on 9 August 2013 and have an expiry date of 30 June 2018 and an exercise price of $0.38. The options were valued at $206,172 by an independent expert as outlined in the *Details of remuneration* above using the binominal valuation method.

Shares have been issued in relation to vesting of performance rights as detailed on page 15.

Share holdings

The numbers of shares in the Group held during the financial year by each director of Resource Equipment Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014	**Balance at the start of the year**	**Granted during reporting year as compensation**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Name					
Directors of the Group					
Ordinary shares					
JW Saleeba (Resigned 31 August 2014)	2,207,367	-	-	-	2,207,367
K D Lucas	27,186,026	-	-	-	27,186,026
W B Ryan (Resigned 5 June 2014)	676,947	-	-	-	676,947
A G Ryder	27,870,322	-	-	437,322	28,307,644
J D Cullen (Resigned 8 July 2014)	7,524,335	-	-	741,308	8,265,643
P G Hutchinson	400,000	-	-	-	400,000
S S Donnelley (Appointed 9 April 2014)	-	-	-	61,516,296	61,516,296
Other key management personnel of the Group					
M P Kenyon	-	-	-	-	-
M Mattox	-	-	-	1,584	1,584

Remuneration report (Audited) (continued)

Shares under option

Unissued ordinary shares of Resource Equipment Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
9 August 2013	30 Jun 2018	$0.38	3,000,000
			3,000,000

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

Options granted

Name	Number of options granted during the year 2014	Number of options granted during the year 2013	Number of options vested during the year 2014	Number of options vested during the year 2013
Directors of the Group				
J W Saleeba (Resigned 31 August 2014)	-	-	-	-
K D Lucas	-	-	-	-
W B Ryan (Resigned 5 June 2014)	-	-	-	-
A G Ryder	-	-	-	-
J D Cullen (Resigned 8 July 2014)	-	-	-	-
P G Hutchinson	-	-	-	-
S S Donnelley (Appointed 9 April2014)	-	-	-	-
Other key management personnel of the Group				
M P Kenyon	1,500,000	-	500,000	-
M Mattox	1,500,000	-	1,000,000	-

The numbers of options over ordinary shares in the Group held during the financial year by each director of Resource Equipment Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2014 Name	Balance at start of the year	Granted as compensation	Exercised	Lapsed	Balance at the end of the year	Vested and exercisable	Unvested
Directors of the Group							
J W Saleeba (Resigned 31 August 2014)	17,500	-	-	(17,500)	-	-	-
K D Lucas	-	-	-	-	-	-	-
W B Ryan (Resigned 5 June 2014)	-	-	-	-	-	-	-
A G Ryder	-	-	-	-	-	-	-
J D Cullen (Resigned 8 July 2014)	-	-	-	-	-	-	-
P G Hutchinson							
S S Donnelley (Appointed 9 April 2014)							
Other key management personnel of the Group							
M P Kenyon	-	1,500,000	-	-	1,500,000	500,000	1,000,000
M Mattox	-	1,500,000	-	-	1,500,000	1,000,000	500,000

Remuneration report (Audited) (continued)
Shares issued on the exercise of options

No ordinary shares of Resource Equipment Limited were issued during the year ended 30 June 2014 on the exercise of options granted under the Resource Equipment Limited Employee Option Plan. No further shares have been issued since that date and no amounts are unpaid on any of the shares.

Transactions with related parties

The following transactions occurred with related parties:

Two of the Group's directors, Mr Lucas and Mr Ryder, were directors and equal shareholders of Australasian Project Supplies Pty Ltd ("APS") during the financial year ended 30 June 2014. Mr Ryder ceased being a director and shareholder on 17 December 2013. APS is the exclusive Australian importer and distributor of a leading brand of Japanese manufactured generators and welding equipment. The Group purchases equipment from APS from time to time in the normal course of business and on normal terms and conditions that have been agreed between the companies, which include:

- 12 months warranty;
- Pricing not to exceed an agreed mark up on cost; and
- Equipment specified to relevant Australian standards and to meet rental industry specification

During the year ended 30 June 2014 the total amount of equipment purchased from APS was $132,321 (2013 - $138,354). During the year ended 30 June 2014, there was no equipment sold and rented by the Group to APS (2013 - $Nil). As at 30 June 2014 the Group had a balance owing to APS totalling $603 (2013 - $46,543).

Mr Lucas is also a director (of the trustee company) and owner of The J W Trust, which is a significant shareholder in Jacks Winches, a business that rents and sells a range of specialist equipment to the mining and oil & gas sectors. The Group and Jacks Winches hire and sell equipment to and from each other in the normal course of business and on normal commercial terms.

During the year ended 30 June 2014, the total amount of equipment purchased from Jacks Winches was $199,604 (2013 - $90,960). During the year ended 30 June 2014, there was no equipment sold and rented by the Group to Jacks Winches (2013 - $Nil). As at 30 June 2014 the Group had a balance owing to Jacks Winches totalling $26,875 (2013 - $48,225).

End of Audited Remuneration Report

Insurance of officers

During the financial year, Resource Equipment Limited paid a premium of $21,919 to insure the directors, secretaries and management of the Group and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Agreement to indemnify officers

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The Directors have considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014 **$**	2013 $
Non-audit services		
BDO Audit (WA) Pty Ltd firm:		
Tax compliance services	**3,500**	3,500
Specialised tax advice	**3,750**	-
Other services		
BDO Audit (WA) Pty Ltd-AGM attendance fees	**500**	2,000
Total remuneration for non-audit services	**7,750**	5,500

Non-audit services (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Andrew Aitken
Managing Director
24 September 2014

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF RESOURCE EQUIPMENT LIMITED

As lead auditor of Resource Equipment Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Equipment Limited and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 24 September 2014

Corporate governance statement

Resource Equipment Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Company in this statement.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX Corporate Governance Principles and Recommendations (including 2010 Amendments).

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Company's long term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Board Charter describes the matters that are the reserve of the Board. Responsibility for other matters is delegated to the CEO / Managing Director. A summary of the Board Charter is available on the Company's website.

Responsibilities
The responsibilities of the Board include:

- providing strategic guidance to the Company including contributing to the development of and approving the
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives
- overseeing and monitoring:
    - organisational performance and the achievement of the Company's strategic goals and objectives
    - compliance with the Company's Code of Conduct that can be found on the Company website
    - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- monitoring financial performance including approval of the annual and half year financial reports and liaison with the Company's auditors
- appointment, performance assessment and, if necessary, removal of the Managing Director
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Company's system for compliance and risk management reporting to shareholders
- ensuring appropriate resources are available to senior management.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior management.

Principle 2: Structure the board to add value
Board composition

The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company's website. The charter details the Board's composition, responsibilities and policies regarding independence.

The Board is comprised of Directors with appropriate competencies to enable the Board to discharge its mandate effectively and is limited to a size that is conducive to effective and efficient decision making. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

The Board does not have a majority of independent directors. Due to the relatively small size of the Company, a small but effective Board is considered appropriate.

The Board has established a Nominations and Remuneration Committee. The Committee's Charter, which is available on the Company's website, specifies the Committee's composition and responsibilities.

Directors' independence

The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a Non-executive and the Board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- is or has been employed in an executive capacity by the company or any other group member within three years before commencing to serve on the board
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other group member, or an employee materially associated with the service provided
- is a material supplier or customer of the company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has a material contractual relationship with the company or a controlled entity other than as a director of the group
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgment.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

Recent thinking on corporate governance has introduced the view that a director's independence may also be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a director will not be deemed independent if he or she has served on the Board of the company for more than ten years. The Board will continue to monitor developments on this issue.

The Board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment.

Principle 2: Structure the board to add value (continued)

Board members

Induction

The induction provided to new directors and senior executives enables them to actively participate in Board decision-making as soon as possible. It ensures that they have full understanding of the Company's financial position, strategies, operations and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board and senior executives.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

Performance assessment

The Board undertakes an annual self assessment of its collective performance, the performance of the Chair and of its Committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the company secretary. Management is invited to contribute to this appraisal process which is facilitated by an independent third party. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. An assessment carried out in accordance with this process was undertaken during September and October 2013.

The Chair undertakes an annual assessment of the performance of individual directors and meets privately with each Director to discuss this assessment. Descriptions of the process for performance assessment for the Board and senior executives are available on the company website.

Board committees

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current Committees of the Board are the Remuneration and Nomination Committee and Audit and Risk Committee. Each is comprised of a majority of Non-executive directors. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Minutes of Committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the charter of the individual committees.

Remuneration and Nomination committee

The Remuneration and Nomination Committee consists of the following directors (a majority of whom are independent):

W B Ryan (Committee Chair) (Resigned 5 June 2014)
J W Saleeba (Non-Executive) (Resigned from the committee 8 July 2014) - (Resigned as a director 31 August 2014)
K D Lucas (Committee Chair) (Appointed 8 July 2014)
P G Hutchinson (Non-Executive) (Appointed 8 July 2014)
S S Donnelley (Non-Executive) (Appointed 8 July 2014)

Details of these directors' attendance at meetings are set out in the Directors' Report on page 7.

The Remuneration and Nomination Committee operates in accordance with its charter which is available on the Company's website. The main responsibilities of the Committee are to:

- conduct an annual review of the membership of the Board having regard to present and future needs of the company and to make recommendations on Board composition and appointments
- conduct an annual review of and conclude on the independence of each Director

Principle 2: Structure the board to add value (continued)
Remuneration and Nomination committee (continued)

- propose candidates for Board vacancies
- oversee the annual performance assessment program
- oversee board succession including the succession of the Chair
- assess the effectiveness of the induction process

When a new director is to be appointed the Committee reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants.

The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the company. The Committee's nomination of existing Directors for reappointment is not automatic and is contingent on their past performance, contribution to the company and the current and future needs of the Board and company. The Board and the Committee are also aware of the advantages of Board renewal and succession planning.

Details of the nomination, selection and appointment processes are available on the Company's website.

Notices of meetings for the election of directors comply with the ASX Corporate Governance Council's best practice recommendations.

New directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a formal induction program which covers the operation of the Board and its Committees and financial, strategic, operational and risk management issues.

Principle 3: Promote ethical and responsible decision making
Code of conduct

The Company has developed a Board Code of Conduct and an Employee Code of Conduct, both of which have been fully endorsed by the Board and apply to all directors and employees respectively. Both Codes are regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, both Codes require that at all times Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the Codes and the trading policy are available on the Company's website.

Principle 3: Promote ethical and responsible decision making (continued)
Code of conduct (continued)

Diversity policy

The Company values diversity and recognises the benefits it can bring to the Company's ability to achieve its goals.

The Company has no formal Diversity Policy. However, since its inception, the recruitment policy adopted by the Company promotes Equal Opportunity, regardless of age, gender, ethnic and cultural background.

At 30 June 2014, the total number of employee inclusive of management staff was 191. The gender split was 168 (88%) male and 23 (12%) female.

As the Company's services are predominately provided on-site under extremely harsh operational and environmental conditions, the Board is of the opinion that the Diversity Policy is not pragmatic.

The Board is, however, committed to ensure that the Company's recruitment process promotes aspects of the ASX Corporate Governance Principles on Diversity.

Principle 4: Safeguard integrity in financial reporting
Audit and Risk Committee

The Audit and Risk Committee consists of the following directors:

P G Hutchinson (Committee Chair)
W B Ryan (Non-Executive) (Resigned 5 June 2014)
J D Cullen (Chief Executive Officer) (Resigned 8 July 2014)
K D Lucas (Non-Executive) (Appointed 8 July 2014)
S S Donnelley (Non-Executive) (Appointed 8 July 2014)

Details of these directors' qualifications and attendance at Audit and Risk Committee meetings are set out in the Directors' Report on pages 3 - 6.

All members of the Audit and Risk Committee are financially literate and have an appropriate understanding of the industries in which the Company operates. The Committee is chaired by Mr Hutchinson who has an accounting background and is a Certified Practicing Accountant.

The Audit and Risk Committee operates in accordance with a charter which is available on the Company's website. The main responsibilities of the Committee are to oversee:

- the processes of the Company that ensure financial accounts and statements, approved and published by the Board from time to time, are complete and timely
- the Company's relationship with the external auditors
- the internal controls, policies and procedures which the Company uses to identify and manage risks
- the policies and procedures for ensuring compliance with relevant regulatory and legal requirements
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the Board on matters relevant to the Committee's role and responsibilities

Principle 4: Safeguard integrity in financial reporting (continued)
Audit and Risk Committee (continued)

In fulfilling its responsibilities, the Audit and Risk Committee:

- receives regular reports from management and the internal and the external auditors
- meets with the external auditors at least twice per year, or more frequently if necessary
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved

- meets separately with the external auditors at least twice a year without the presence of management

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The Company Audit and Risk Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors and a break down of fees for non-audit services, is provided in the notes to the financial statements and Directors' Report, respectively. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders
Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the Continuous Disclosure Officer. The Company Secretary is responsible for communications with the Australian Securities Exchange ("ASX"). The Board has the primary responsibility for deciding what information should be disclosed.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The Company website enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on company matters.

Principle 7: Recognise and manage risk

The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the Company website. In summary, the Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The Company's risk management policy and the operation of the risk management and compliance system is managed by the Chief Executive Officer. The Board receives reports from the Chief Executive Officer as to the effectiveness of the Company's management of material risks that may impede meeting business objectives.

Principle 8: Remunerate fairly and responsibly
Remuneration committee

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of the following directors:

W B Ryan (Committee Chair) (Resigned 5 June 2014)
J W Saleeba (Non-Executive) (Resigned from the committee 8 July 2014) (Resigned as a director 31 August 2014)
K D Lucas (Committee Chair) (Appointed 8 July 2014)
P G Hutchinson (Non-Executive) (Appointed 8 July 2014)
S S Donnelley (Non-Executive) (Appointed 8 July 2014)

Details of these directors' attendance at meetings are set out in the Directors' Report on page 7.

The Remuneration and Nomination Committee operates in accordance with its charter which is available on the Company website. The Remuneration and Nomination Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Committee members receive periodic briefings from an external remuneration expert on recent developments on remuneration and related matters.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration report". In accordance with group policy, participants in equity based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The Committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Review of operations

Resource Equipment Limited (REL or the Company) reported a net loss after tax of $4.5 million on revenues of $83.4 million for the year ended 30 June 2014. Earnings before interest, depreciation, amortisation and taxation (EBITDA) of $5.2 million were down 75% from the prior year. Extraordinary items such as redundancy costs and hire purchase termination costs of approximately $1.8 million were included during the period. The Company has recognised an income tax benefit for FY14 in the amount of $3.5 million. Of this amount, $1.8 million relates to the current year's operations and $1.7 million relates to the successful application of the Research and Development Tax Incentive and subsequent amendments to prior years' income tax assessments.

Revenues decreased by 20.7% to $83.4 million, predominantly due to challenging trading conditions found in the mining sector, where the Company has considerable exposure. The construction phase of a number of mining projects has been completed and mining companies are now focusing on cost reductions during the production phase. Commodity prices falls are exacerbating the requirements by the miners to reduce costs even further.

The impact of mining companies' strategies has been felt for more than 18 months, causing utilisation rates of the Company's rental fleet to fall to record lows. Pricing and utilisation rates continue to be a focus for the business as we deal with prevailing market forces.

The increase in the Company's rental fleet and supporting plant and equipment over the previous two years has resulted in depreciation charges increasing from $10.4 million to $11.0 million in the current year. Net Capital expenditure to 30 June 2014 of $2.3 million was significantly lower than the previous financial year of $25.5 million.

The Company's pipeline installation activities have steadily grown as a few more opportunities started to emerge in the latter part of the second half of the financial year with the two major iron ore producers, BHP and Rio Tinto. Management has endeavored to take on smaller projects with the right personnel to ensure profitability and successful delivery, after having sustained losses on various projects over the past two years. Improved management, reporting and communication have evolved during the course of the year and have led to further opportunities being presented to the Company. We are relatively encouraged by our progress in the pipeline area and are beginning to benefit from improved customer relationships through successful completion of projects.

A significant restructure of the Company's hire purchase contracts was undertaken in the second half of the financial year with GE Commercial (GE). This resulted in an additional $5m of funds being provided for use as working capital. Costs associated with the early termination of the hire purchase agreements and establishment of the new facility were almost $1 million.

Although FY14 proved to be a challenging year, a number of positive actions have been taken.

- The Carosti Investor Group injected an amount of $8.1 million into the Company for a 19.9% stake in the second half of the financial year. The Company's balance sheet has been significantly bolstered by this injection of capital. The issue price of the Carosti placement was 14 cents per share.
- Rationalisation of staff numbers and normal attrition will ensure salary and wages costs are reduced in FY15.
- Appointment of Mr Andrew Aitken as Chief Executive Officer and Mr Stephen Donnelley as Non-Executive Director, both of whom bring a wealth of experience with them from the equipment rental industry.
- Restructure of the Company's Indonesian operation during the second half of the financial year has returned it to a break even position.
- The Oil & Gas division continued to perform strongly.

The Directors continue to adopt a conservative approach to managing the Company's balance sheet and have resolved not to pay a dividend for the 2014 year.

In conclusion, whilst there continue to be some challenges for the Company the key focus for FY15 is, on improving utilisation of the rental fleet, delivering on Oil and Gas segment opportunities as well as considering acquisitive growth opportunities that complement current strategy.

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations	4	**83,382**	105,110
Other income		**28**	80
Raw materials and consumables used		**(11,546)**	(9,272)
Installation & commissioning		**(18,938)**	(27,970)
Personnel		**(33,449)**	(33,536)
Maintenance		**(3,307)**	(3,424)
Occupancy		**(2,897)**	(2,601)
Transport		**(1,686)**	(2,129)
Travel and accommodation		**(486)**	(860)
Depreciation and amortisation expense	5	**(11,046)**	(10,425)
Finance costs - net		**(2,139)**	(2,436)
Other expenses		**(5,897)**	(4,508)
Profit / (loss) before income tax		**(7,980)**	8,029
Income tax (expense) / benefit	6	**3,479**	(2,851)
Profit / (loss) after income tax		**(4,501)**	5,178
Other comprehensive income			
Items that may be reclassified subsequently to profit			
Exchange differences on translation of foreign operations		**(351)**	(256)
Other comprehensive income for the year		**(351)**	(256)
Total comprehensive income / (loss) for the year		**(4,852)**	4,922
Total comprehensive income / (loss) for the year is attributable to:			
Owners of Resource Equipment Limited		**(4,852)**	4,922

		Cents	Cents
Earnings / (loss) per share for profit from continuing operations attributable to the ordinary equity holders of the Group:			
Basic earnings / (loss) per share	29(c)	**(1.73)**	2.08
Diluted earnings / (loss) per share	29(c)	**(1.73)**	2.08

The above Consolidated statement of Profit or Loss and Other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**15,824**	3,699
Trade and other receivables	8	**14,342**	16,653
Inventories	9	**2,801**	5,121
Total current assets		**32,967**	25,473
Non-current assets			
Property, plant and equipment	12	**95,788**	104,570
Intangible assets	11	**19,577**	19,577
Deferred tax assets	10	**2,955**	1,096
Total non-current assets		**118,320**	125,242
Total assets		**151,286**	150,716
LIABILITIES			
Current liabilities			
Trade and other payables	13	**11,128**	10,974
Borrowings	14	**6,837**	11,689
Current tax liabilities	18	**-**	2,212
Employee benefits	15	**1,432**	1,556
Total current liabilities		**19,397**	26,432
Non-current liabilities			
Borrowings	16	**21,691**	18,082
Employee benefits	17	**762**	713
Provisions	17	**503**	386
Total non-current liabilities		**22,955**	19,181
Total liabilities		**42,352**	45,613
Net assets		**108,934**	105,103
EQUITY			
Contributed equity	19	**70,690**	61,822
Reserves	20(a)	**3,543**	4,080
Retained earnings	20(b)	**34,701**	39,201
Total equity		**108,934**	105,103

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

		Attributable to owners of Resource Equipment Limited			
Consolidated entity	Notes	**Contributed Equity $'000**	**Reserves $'000**	**Retained Earnings $'000**	**Total Equity $'000**
Balance at 1 July 2012		61,237	4,572	33,961	99,770
Profit for the year after income tax		-	-	5,178	5,178
Other comprehensive income for the year			(277)	21	(256)
Total comprehensive income for the year		-	**(277)**	**5,199**	**4,922**
Transactions with owners in their capacity as owners:					
Employee share base provision		-	332	-	332
Employee share base payment		547	(547)	-	-
Deferred tax credit recognised directly in equity		42	-	42	84
Employee Share Scheme issue costs		(4)	-	-	(4)
		585	(215)	42	412
Balance at 30 June 2013		**61,822**	**4,080**	**39,201**	**105,103**
Balance at 1 July 2013		61,822	4,080	39,201	105,103
Loss for the year after income tax		-	-	(4,501)	(4,501)
Other comprehensive income for the year		-	(351)	**-**	**(351)**
Total comprehensive loss for the year		-	**(351)**	**(4,501)**	**(4,852)**
Transactions with owners in their capacity as owners:					
Allotment		8,119	-	-	8,119
Employee share base provision		-	521	-	521
Employee share base payment		708	(708)	-	-
Deferred tax credit recognised directly in equity		42	-	-	42
		8,869	(187)	-	8,682
Balance at 30 June 2014		**70,690**	**3,543**	**34,701**	**108,934**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**85,253**	106,330
Payments to suppliers and employees (inclusive of goods and services tax)		**(75,036)**	(88,477)
Interest received		**28**	62
Finance costs		**(2,139)**	(2,436)
Income taxes paid		**(593)**	(1,417)
Net cash inflow from operating activities	27	**7,512**	14,062
Cash flows from investing activities			
Payments for property, plant and equipment	12	**(4,748)**	(27,881)
Proceeds from sale of property, plant and equipment		**2,441**	2,336
Net cash outflow from investing activities		**(2,306)**	(25,545)
Cash flows from financing activities			
Proceeds from issue of equity		**8,161**	-
Capital raising costs		**-**	(4)
Proceeds from borrowings		**6,791**	21,305
Repayment of borrowings		**(8,034)**	(10,344)
Net cash inflow from financing activities		**6,919**	10,957
Net increase / (decrease) in cash and cash equivalents		**12,125**	(526)
Cash and cash equivalents at the beginning of the financial year		**3,699**	4,225
Cash and cash equivalents at end of year	7	**15,824**	3,699

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Resource Equipment Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Resource Equipment Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Resource Equipment Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, certain classes of property and plant and equipment.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2013:

AASB 10 *Consolidated Financial Statements* - The consolidated financial statements are those of the consolidated Group, comprising the financial statements of the parent entity and all entities which the parent controls. The core principle that a consolidated entity presents a parent and its subsidiaries as if they were a single economic entity remains unchanged as do the mechanics of consolidation.

The Group concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, adoption of the standard has no impact on the transactions and balances recognised in the financial statements of the Group.

AASB 11 *Joint Arrangements* - There is no impact on transactions and balances recognised in the financial statements as the Group has not entered into any joint arrangements.

AASB 12 *Disclosure of Interests in Other Entities* - There is no impact on amounts recognised in the financial statements.

AASB 13 *Fair Value Measurement* - AASB 13 introduces a fair value framework for all fair value measurements as well as enhanced disclosure requirements. This standard explains how to measure fair value and aims to enhance fair value disclosures.

Application of AASB 13 does not materially change the Group's fair value measurement and additional disclosures have been provided as required.

AASB 119 *Employee Benefits* - The amendments to AASB 119 revise the definition of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The Group has assessed the impact of the amendments to the standard and concluded that its adoption has no material impact on transactions and balances recognised in the financial statements.

(iv) Critical accounting estimates

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. The calculations use cash flow projections based on financial budgets covering a five year

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

period. Cash flows the five year period are extrapolated using an estimated growth rate of 3% (2013: 5%) and a discount rate of approximately 10% (2013: 10%).

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Equipment Limited ('Group' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Resource Equipment Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Resource Equipment Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Sale of goods - wholesale

Revenue from sale of goods is recognised upon delivery of goods to customers.

(ii) Other income

Other revenue comprises sundry income and is earned when goods and services are rendered.

(ii) Interest income

Interest revenue is recognised as it accrues, taking into account the interest rates applicable to the financial assets.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Resource Equipment Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(j) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance 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 back against the provision account).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statements within 'other expenses'. When a trade receivable is uncollectible, it is written

1 Summary of significant accounting policies (continued)

(j) Trade receivables (continued)

off against the allowance account for trade receivables. (Subsequent recoveries of amounts previously written off are credited back against the provision account).

(k) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) and receivables in the consolidated statement of financial position.

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held to maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Measurement
Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss is reclassified from equity and recognised in the profit or loss as a reclassification adjustment. Impairment losses recognised in the profit or loss on equity instruments classified as available for sale are not reversed through the profit or loss.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the profit or loss.

(m) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	2014	2013
Rental Equipment	2-27 years	2-27 years
Vehicles	3-5 years	3-5 years
Furniture, Fittings and Equipment	3-8 years	3-8 years

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

1 Summary of significant accounting policies (continued)

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 3).

(ii) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3 to 5 years.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

1 Summary of significant accounting policies (continued)

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave entitlements expected to be settled within 12 months after the end of the period in which services are rendered are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

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

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Directors and Executives Share Option Plan and the Performance Rights Share Plan. Information relating to these schemes is set out in note 31.

The fair value of options granted under these schemes is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1 Summary of significant accounting policies (continued)

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group does not intend to adopt the new standards before its operative date. The Group's initial assessment of these new standards and interpretations is set out below.

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	1 January 2017	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The entity has not yet made an assessment of the impact of these amendments.	1 July 2017

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
IFRS 15 (issued June 2014)	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Annual reporting periods beginning on or after 1 January 2017	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.	I July 2017
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable	1 January 2017	There will be no impact on the financial statements when these amendments are first adopted because the Group does not currently apply hedge accounting.	1 July 2017

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
		• An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.			

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
AASB 2013-4 (issued July 2013)	Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)	Clarifies treatment of novated hedging instruments and continuation of hedge accounting where entities are required to replace the original party with a central counterparty as a consequence of laws or regulations or the introduction of laws and regulation.	1 January 2014	There will be no impact on first-time adoption of this amendment as the Group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.	1 July 2014
AASB 2013-5 (issued August 2013)	Amendments to Australian Accounting Standards -Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into AASB 12 *Disclosure of Interests in Other Entities* and amends AASB 127 *Separate Financial Statements.*	1 January 2014	As the Group does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with AASB 10 *Consolidated Financial Statements*.	1 July 2014

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
AASB 2013-3 (issued June 2013)	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	1 January 2014	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where recoverable amount for a CGU is determined based on fair value less costs to sell.	1 July 2014
AASB 2014-1	Amendments to Australian Accounting Standards	Non-urgent but necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle	Part A-C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively or are disclosure impacts only.	1 July 2014 1 July 2015 1 July 2016

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on REL financial statements	Application date for REL
Improvements to IFRSs (issued December 2013)	Annual Improvements 2011-2013 Cycle (IFRS13 & IAS 40)	Non-urgent but necessary changes to standards • IFRS13 – Clarifies portfolio exception in relation to contracts under IAS 39 • IAS 40 – Clarifies interrelationship between IFRS 3 & IAS 40 when classifying the acquisition of property as investment or owner occupied	1 July 2014	There will be no impact on the financial statements when these amendments are first adopted	1 July 2014
Interpretation 21 (issued June 2013)	Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	1 January 2014	The Group is not liable to pay any government levies. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 July 2014

1 Summary of significant accounting policies (continued)

(x) New standards and interpretations not yet adopted (continued)

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(y) Parent entity financial information

The financial information for the parent entity, Resource Equipment Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Resource Equipment Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Resource Equipment Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Resource Equipment Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

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

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Resource Equipment Limited for any current tax payable assumed and are compensated by Resource Equipment Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Resource Equipment Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Chief Executive Officer under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

2 Financial risk management (continued)

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**15,824**	3,699
Trade and other receivables	**14,342**	16,653
	30,166	20,352
Financial liabilities		
Trade and other payables	**11,128**	10,974
Borrowings	**28,528**	29,771
	39,656	40,745

(a) Market risk

(i) Foreign exchange risk

During the year, the Group had foreign exchange risk arising from various currency exposures, primarily with respect to the Indonesian Rupiah and United States dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The foreign currency risk arising on large transactions are assessed by the Board and if considered appropriate implement risk mitigation strategies such as hedges through the use of foreign currency contracts.

Exposure	**30 June 2014**		30 June 2013	
	USD	**IDR**	USD	IDR
	$'000	**$'000**	$'000	$'000
Cash and cash equivalents	**3**	**57**	54	527
Accounts and other receivables	**297**	**157**	-	476
Trade and other payables	**(32)**	**(1,269)**	-	(1,603)
Borrowings	**(10)**	**-**	-	-
Forward exchange contracts	-	-	-	-

Amounts recognised in profit or loss	**2014 $'000**	2013 $'000
Net foreign exchange gain / (loss) included in other expenses	(35)	(131)
Net gains / (losses) recognised in other comprehensive income		
Exchange differences on translation of foreign operations	(351)	(256)

Sensitivity to fluctuation in non-functional currencies		Foreign exchange risk			
		-10%		+10%	
30 June 2014	Carrying amount	USD	IDR	USD	IDR
Financial assets	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	**15,824**	-	(5)	-	6
Accounts and other receivables	**14,342**	(27)	(41)	33	50
Financial liabilities					
Trade and other payables	**11,128**	3	95	(4)	(116)
Borrowings	**28,528**	-	-	-	-
Total increase/(decrease) in financial assets		(24)	49	(29)	(60)

2 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

	30 June 2014		30 June 2013	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	**$'000**	%	$'000
Cash and cash equivalents	7.0	**15,824**	2.8	3,699
Trade and other receivables	-	**14,342**	-	16,653
Trade and other payables	-	**(11,128)**	-	(10,974)
Borrowings	8.7	**(28,528)**	7.4	(29,771)
Net exposure to cash flow interest rate risk		**(9,490)**		(20,393)

The Company's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

Sensitivity

At 30 June 2014, if interest rates had increased by 50 or decreased by 50 basis points from the year end rates with all other variables held constant, pre-tax result for the year would have been $79,000 higher / lower. (2013: $18,000 higher / lower).

A change of 70 bps would result in $111,000 lower / higher pre-tax result, while a 100 bps change would change the result by $158,000 lower / higher. The changes are mainly a result of higher / lower interest income from cash and cash equivalents.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		-50bps		+50bps	
30 June 2014	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	15,824	(79)	-	79	-
Accounts receivables	14,342	-	-	-	-
Financial liabilities	-	-	-	-	-
Trade payables	11,128	-	-	-	-
Borrowings	28,528	-	-	-	-
Others	-	-	-	-	-
Total increase/(decrease) in financial assets		(79)	-	79	-

Sensitivity

At 30 June 2013, if interest rates had increased by 50 or decreased by 50 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $18,000 higher / lower. (2012: $21,000 higher / lower).

A change of 70 bps would result in $26,000 lower / higher pre-tax result, while a 100 bps change would change the result by $37,000 lower / higher. The changes are mainly a result of higher / lower interest income from cash and cash equivalents.

2 Financial risk management (continued)

(a) Market risk (continued)

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		-50bps		+50bps	
30 June 2013	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	3,699	(18)	-	18	-
Accounts receivables	16,653	-	-	-	-
Financial liabilities	-	-	-	-	-
Trade payables	10,974	-	-	-	-
Borrowings	29,771	-	-	-	-
Others	-	-	-	-	-
Total increase/(decrease) in financial assets		(18)	-	18	-

(b) Credit risk

Credit risk is the risk of financial loss to the Group due to credit exposures to customers, including outstanding receivables and committed transactions.

The Group manages credit risk by taking into account a customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

	2014 $'000	2013 $'000
Trade receivables		
Counterparties without external credit rating		
New customers (less than 6 months old)	**1,804**	13
Existing customers (over 6 months) no defaults	**12,538**	16,640
	14,342	16,653
Cash at bank and short-term bank deposits		
GE Capital Australia Funding (AA+ credit rating)	**12,270**	-
HSBC Bank Australia Ltd (A+ credit rating)	**3,554**	3,699
	15,824	3,699

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. It arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments.

Management monitors rolling forecasts of the Group’s liquidity reserve of cash and cash equivalents (note 7).

2 Financial risk management (continued)

(c) Liquidity risk

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2014							
$'000							
Non-derivatives							
Trade payables	11,128	-	-	-	-	11,128	11,128
Borrowings (hire purchase)	4,213	4,213	8,375	17,016	-	33,817	28,528
Borrowings (Bank)	-	-	-	-	-	-	-
Total non-derivatives	15,341	4,213	8,375	17,016	-	44,945	39,656
At 30 June 2013							
Non-derivatives							
Trade payables	10,974	-	-	-	-	10,974	10,974
Borrowings (hire purchase)	6,533	6,131	10,127	9,330	-	32,121	28,916
Borrowings (Bank)	131	131	261	332	-	855	855
Total non-derivatives	17,638	6,262	10,388	9,662	-	43,950	40,745

3 Segment information

(a) Description of reportable segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Business segment - Equipment supply

Includes the manufacture, assembly, sales and support of equipment together with pipeline installation servicing the mining, oil & gas and heavy engineering industries.

(b) Reportable business segments

Please refer to page 55 and 56.

3 Segment information (continued)

(b) Reportable business segments (continued)

2014	Equipment supply $'000	$'000
Segment revenue		
Sales to external customers	**83,410**	**83,410**
Intersegment sales	**-**	**-**
Total sales revenue	**83,410**	**83,410**
Total segment revenue	**83,410**	**83,410**
Consolidated revenue		**83,410**
Segment result	**(7,980)**	**(7,980)**
Profit before income tax		**(7,980)**
Income tax expense		**(3,479)**
Loss for the year		**(4,501)**
Segment assets	**151,286**	**151,286**
Total assets		**151,286**
Segment liabilities	**42,352**	**42,352**
Total liabilities		**42,352**
Other segment information		
Depreciation and amortisation expense	**11,046**	**11,046**
Total depreciation and amortisation		**11,046**
Impairment of intangible assets arising from business combinations (note 11)		**-**
Cash flow information		
Cash flows from operating activities (Direct)	**7,512**	**7,512**
Cash flows from investing activities	**(2,306)**	**(2,306)**
Cash flows from financing activities	**6,919**	**6,919**

3 Segment information (continued)

(b) Reportable business segments (continued)

2013	Equipment supply $'000	$'000
Segment revenue		
Sales to external customers	105,190	105,190
Total sales revenue	105,190	105,190
Total segment revenue	105,190	105,190
Consolidated revenue		105,190
Segment result	8,010	8,010
Profit before income tax		8,010
Income tax expense		(2,871)
Profit for the year		5,139
Segment assets	150,802	150,802
Total assets		150,802
Segment liabilities	45,574	45,574
Total liabilities		45,574
Other segment information		
Depreciation and amortisation expense	10,425	10,425
Total depreciation and amortisation		10,425
Impairment of intangible assets arising from business combinations (note 11)	-	-
Cash flow information		
Cash flows from operating activities (Direct)	14,062	14,062
Cash flows from investing activities	(25,545)	(25,545)
Cash flows from financing activities	10,957	10,957

4 Revenue

	2014 $'000	2013 $'000
From continuing operations		
Equipment supply income	**83,382**	105,110

5 Expenses

	2014 $'000	2013 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**48**	45
Plant and equipment	**2,154**	530
Rental Fleet	**8,353**	8,039
Furniture and Fittings	**191**	236
Motor vehicles	**301**	1,576
Total depreciation	**11,046**	10,425
Total depreciation and amortisation	**11,046**	10,425
Provision for impairment - trade receivables	**361**	3
Operating leases	**361**	361
	722	364
Finance costs		
Interest	**2,139**	2,436
Finance costs expensed	**2,139**	2,436
Net loss on disposal of property, plant and equipment	**346**	65

(a) Net foreign exchange gains and losses

Net foreign exchange (gains) included in other income / other expenses - unrealised	**(35)**	(131)

6 Income tax expense

(a) Income tax expense

	2014 $'000	2013 $'000
Current tax (refund) / expense	**(1,899)**	2,908
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	**82**	(76)
Adjustments for under / (over) provision of prior year income tax	**(1,662)**	19
	(3,479)	2,851
Income tax expense / (benefit) is attributable to:		
Profit from continuing operations	**(3,479)**	2,851

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2014 $'000	2013 $'000
Profit / (Loss) from continuing operations before income tax expense	**(7,980)**	8,029
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**(2,394)**	2,409
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign Entity Losses not deductible	**391**	206
Non-allowable items	**30**	116
Share-based payments	**156**	100
	(1,817)	2,831
Under / (over) provision for income tax from prior years	**(1,662)**	20
Previously unrecognised tax losses now recouped to reduce current tax expense	**-**	-
Income tax expense/(credit)	**(3,479)**	2,851

(c) Amounts recognised directly in equity

	2014 $'000	2013 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax assets	**(42)**	(84)
Deferred tax liabilities	-	-
	(42)	(84)

7 Current assets - Cash and cash equivalents

	2014 $'000	2013 $'000
Bank balances	**14,914**	3,689
Deposits at call	**905**	5
Other cash and cash equivalents	**5**	5
	15,824	3,699

Risk exposure
The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class and cash equivalents mentioned above.

8 Current assets - Trade and other receivables

	2014 $'000	2013 $'000
Trade receivables	**13,553**	15,402
Provision for impairment of receivables (a)	**(336)**	(61)
	13,217	15,341
Other receivables (c)	**734**	492
Prepayments		
Insurance	**299**	221
Property costs	**35**	39
IT expenses	**34**	78
Project costs	**18**	220
Other	**5**	262
Total Prepayments	**391**	820
Trade and other receivables	**14,342**	16,653

(a) Impaired trade receivables

Movements in the provision for impairment of receivables are as follows:

	2014 $'000	2013 $'000
At 1 July	**61**	338
Provision for impairment recognised during the year	**361**	3
Receivables written off during the year as uncollectable	**(86)**	(280)
At 30 June	**336**	61

(b) Past due but not impaired

	2014 $'000	2013 $'000
Up to 3 months	**103**	107
3 to 6 months	**156**	-
	259	107

As at 30 June 2014, trade receivables of $259,363 (2013 - $107,017) were past due but not impaired. These amounts relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables are set out in the above table.

(c) Other receivables

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

The Group did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

9 Current assets – Inventories

	2014 $'000	2013 $'000
Stock on hand	**930**	819
Work in progress	**138**	1,736
Inventory for sale	**1,733**	2,566
	2,801	5,121

10 Current assets - Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Credited directly to equity	**126**	84
Charged to income statement/(credited)	**2,829**	1,012
Total deferred tax assets	**2,955**	1,096

The balance comprises temporary differences attributable to:

Employee benefits	**686**	751
Other accruals	**79**	108
Doubtful debts	**100**	18
Borrowing costs	**19**	27
Other	**172**	192
Losses	**1,899**	-
Total deferred tax assets	**2,955**	1,096

11 Non-current assets - Intangible assets

	Goodwill $'000	Patents, trademarks and other rights $'000	Total $'000
Year ended 30 June 2014			
Opening net book amount	19,574	3	19,577
Additions	-	-	-
Closing net book amount	19,574	3	19,577
Cost	19,816	3	19,819
Accumulation amortisation and impairment	(242)	-	(242)
Net book amount	19,574	3	19,577
Year ended 30 June 2013			
Opening net book amount	19,574	3	19,577
Additions	-	-	-
Closing net book amount	19,574	3	19,577
Cost	19,816	3	19,819
Accumulated amortisation and impairment	(242)	-	(242)
Net book amount	19,574	3	19,577

(a) Impairment tests for goodwill

Goodwill is monitored by management at the cash-generating unit (CGU) level. Management reviews the business performance based on a singular CGU.

A CGU summary of the goodwill allocation is presented below.

2014	**Australia $'000**	**Total $'000**
Equipment supply	**19,574**	19,574

2013	Australia $'000	Total $'000
Equipment supply	19,574	19,574

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(b) Key assumptions used for value-in-use calculations

The key assumptions used in the calculation are set out below:

CGU	**Growth rate ***		**Discount rate**	
	2014 %	2013 %	**2014 %**	2013 %
Equipment supply	**3.0**	5.0	**10.0**	10.0

* Weighted average growth rate used to extrapolate cash flows beyond the budget period

11 Non-current assets - Intangible assets

(c) Impairment charge

There was no impairment charged for the year.

(d) Impact of possible changes in key assumptions

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

12 Non-current assets - Property, plant and equipment

Consolidated entity	**Rental fleet $'000**	**Furniture & fittings $'000**	**Vehicles $'000**	**Leasehold improvements $'000**	**Plant & equipment $'000**	**Total $'000**
Year ended 30 June 2013						
Opening net book amount	76,605	856	3,427	343	5,012	86,243
Additions	25,777	1,373	696	352	3,609	31,807
Depreciation charge	(8,039)	(236)	(1,576)	(45)	(530)	(10,426)
Disposals	(2,841)	(1)	(126)	-	(86)	(3,054)
Closing net book amount	91,502	1,992	2,421	650	8,005	104,570
At 30 June 2013						
Cost or fair value	110,163	2,717	4,495	750	10,153	128,278
Accumulated depreciation	(18,661)	(725)	(2,074)	(100)	(2,148)	(23,708)
Net book amount	91,502	1,992	2,421	650	8,005	104,570

Consolidated entity						
Year ended 30 June 2014						
Opening net book amount	91,502	1,992	2,421	650	8,005	104,570
Additions	3,998	230	16	-	504	4,748
Depreciation charge	(8,353)	(191)	(301)	(48)	(2,154)	(11,046)
Disposals	(2,230)	-	(254)	-	-	(2,484)
Closing net book amount	84,917	2,031	1,882	602	6,355	95,788
At 30 June 2014						
Cost or fair value	111,931	2,947	4,257	750	10,657	130,542
Accumulated depreciation	(27,014)	(916)	(2,375)	(148)	(4,302)	(34,754)
Net book amount	84,917	2,031	1,882	602	6,355	95,788

Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the Group.

13 Current liabilities - Trade and other payables

	2014 $'000	2013 $'000
Trade payables	**11,128**	10,974

All amounts are expected to be settled within the next twelve months.

14 Current liabilities - Borrowings

	2014 $'000	2013 $'000
Secured borrowings		
Bank loans	**-**	855
Hire purchase	**6,837**	10,834
Total secured current borrowings	**6,837**	11,689

Assets pledged as security
Equipment financed under hire purchase arrangements and bank loans were secured by way of a general security agreement over the Group's tangible assets.

The hire purchase liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Unrestricted access was available at reporting date to the following lines of credit from the Group's bankers:

	2014 $'000	2013 $'000
Total facilities		
Bank overdraft	**-**	1,500
Bank loans	**-**	921
	-	2,421
Used at the reporting date		
Bank overdraft	**-**	-
Bank loans	**-**	855
	-	855
Unused at the reporting date		
Bank overdraft	**-**	1,500
Bank loans	**-**	66
	-	1,566

Compliance with loan covenants
The Group has complied with the financial covenants of its borrowing facilities during the 2014 reporting period.

15 Current liabilities - Provisions

	2014 $'000	2013 $'000
Employee benefits	**1,432**	1,556
	1,432	1,556

(a) Movements in provisions

Consolidated entity **2014**	**Employee benefits $'000**
Carrying amount at the start of the year	1,556
Additional provisions recognised	1,905
Amounts used during the year	(2,029)
Carrying amount at end of year	1,432

Amounts not expected to be settled within the next 12 months
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payments within the next 12 months.

16 Non-current liabilities - Borrowings

	2014 $'000	2013 $'000
Secured borrowings		
Hire purchase	**21,691**	18,082

The hire purchase borrowings are for a term of less than five years, secured by the equipment financed. The weighted average interest was 8.4%. (2013: 7.8%)

The hire purchase borrowings that fall due within 12 months are shown in note 14.

17 Non-current liabilities – Employee benefits and other provisions

	2014 $'000	2013 $'000
Employees benefit long service leave	**762**	713
Other provisions	**503**	386
	1,264	1,099

(a) Movements in provisions

	Employee benefits long service leave	**Other provisions**	**Total**
2014	**$'000**	**$'000**	**$'000**
Carrying amount at start of year	713	386	1,099
Additions	49	117	166
Amounts used during the year	-	-	-
Carrying amount at end of year	762	503	1,264

18 Current liabilities - Current tax liabilities

	2014 $'000	2013 $'000
Current tax liabilities	**-**	2,212
	-	2,212

19 Contributed equity

(a) Share capital

	Notes	**30 June 2014 Shares**	30 June 2013 Shares	**2014 $'000**	2013 $'000
Ordinary shares					
Ordinary shares - fully paid	19(b)	**309,527,115**	248,990,471	**70,690**	61,822

(b) Movements in ordinary share capital

Date	**Details**	**Number of shares**	**Issue price**	**$'000**
1 July 2012	Opening balance	247,044,935		61,237
23 July 2012	Share plan issue	1,945,536	$0.30	589
1 June 2013	Costs relating to share issue	-		(4)
30 June 2013	Balance	248,990,471		61,822
1 July 2013	Opening balance	248,990,471		61,822
9 August 2013	Share issue pursuant to employment contract	75,000	$0.15	11
29 January 2014	Share plan issue	2,066,158	$0.31	649
4 April 2014	Share issue	37,583,494	$0.14	5,262
10 June 2014	Share issue pursuant to two employment contracts	400,000	$0.12	47
13 June 2014	Share issue	20,411,992	$0.14	2,858
30 June 2014	Deferred tax credit recognised in equity	-	-	41
30 June 2014	Balance	309,527,115		70,690

20 Reserves and retained earnings

(a) Other reserves

	2014 $'000	2013 $'000
Share-based payments	**4,171**	4,357
Foreign currency translation	**(628)**	(277)
	3,543	4,080

Movements in other reserves were as follows:

Balance 1 July	**4,080**	4,572
Employee share based provision	**520**	332
Employee share based payment	**(708)**	(547)
Foreign exchange transaction	**(351)**	(277)
Balance 30 June	**3,543**	4,080

The purpose of these reserves are to record share-based payments that have occurred as well as any translation differences that have arisen in relation to any foreign currency loans. These loans came into existence when operations commenced in Indonesia during the financial year ended 30 June 2013.

(b) Retained earnings

Movements in retained earnings were as follows:

	2014 $'000	2013 $'000
Balance 1 July	**39,201**	33,961
Net profit for the year	**(4,501)**	5,178
Deferred tax recognised directly in equity	**-**	41
Foreign currency recognised directly in equity	**-**	21
Balance 30 June	**34,701**	39,201

21 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) BDO Audit (WA) Pty Ltd

	30 June 2014 $	30 June 2013 $
Audit and other assurance services		
Audit and review of financial statements	**95,000**	71,758
Total remuneration for audit and other assurance services	**95,000**	71,758

(b) Network firms of BDO Audit (WA) Pty Ltd

	30 June 2014 $	30 June 2013 $
Other services		
Tax compliance services BDO (WA) Pty Ltd	**3,500**	3,500
Specialised tax advice	**3,750**	-
Other services		
AGM attendance fees	**500**	2,000
Total remuneration of network firms of BDO Audit (WA) Pty Ltd	**7,750**	5,500

(c) Non-BDO Audit (WA) Pty Ltd related audit firms

	30 June 2014 $	30 June 2013 $
Other services		
Tax compliance services - other firm	**18,950**	20,850

22 Contingencies

(a) Contingent liabilities

(i) Guarantees

As at 30 June 2014 Resource Equipment Limited has agreed to indemnify its bankers in respect of guarantees issued for its operations amounting to $856,964 (2013: $637,367). In addition, Resource Equipment Limited had issued insurance bonds to customers to the value of $196,917 (2013: $Nil).

Since the financial year end, no additional bank guarantees have been issued in favour of third parties.

23 Commitments

(a) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The Group leases various offices and warehouses under non cancellable operating leases expiring within 4 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases various plant and machinery under non cancellable operating leases.

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**2,220**	2,927
Later than one year but not later than five years	**6,690**	4,271
Later than five years	**314**	103
	9,224	7,301

24 Related party transactions

(a) Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	**1,792,169**	1,960,648
Post-employment benefits	**134,965**	120,984
Termination benefits	**-**	-
Share-based payments	**372,975**	411,157
	2,300,109	2,492,789

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 18.

(b) Transactions with related parties

Two of the Group's directors, Mr Lucas and Mr Ryder, were directors and equal shareholders of Australasian Project Supplies Pty Ltd ("APS") during the financial year ended 30 June 2014. Mr Ryder ceased being a director and shareholder on 17 December 2013. APS is the exclusive Australian importer and distributor of a leading brand of Japanese manufactured generators and welding equipment. The Group purchases equipment from APS from time to time in the normal course of business and on normal terms and conditions that have been agreed between the companies,

Mr Lucas is also a director (of the trustee company) and owner of The J W Trust, which is a significant shareholder in Jacks Winches, a business that rents and sells a range of specialist equipment to the mining and oil & gas sectors. The Group and Jacks Winches hire and sell equipment to and from each other in the normal course of business and on normal commercial terms.

Related third party	**2014 $'000**		2013 $'000	
	Equipment purchases	**Balance owing at 30 June**	Equipment purchases	Balance owing at 30 June
Australasian Project Supplies Pty Ltd	**132**	**1**	138	47
Jacks Winches	**200**	**27**	91	48
Total	**332**	**28**	229	95

25 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Australian Group Number	Country of incorporation	Class of shares	Equity holding	
				2014 %	2013 %
Resource Equipment Ltd (formerly RER Group Ltd)	098 812 492	Australia	Ordinary	**100**	100
Resource Equipment Rentals Pty Ltd	106 547 040	Australia	Ordinary	**100**	100
Dewatering Services Australia Pty Ltd	107 054 188	Australia	Ordinary	**100**	100
DSA Plant Co Pty Ltd	116 555 830	Australia	Ordinary	**100**	100
PT Resource Equipment Indonesia	N/A	Indonesia	Ordinary	**100**	100

26 Events occurring after the reporting period

On 8 July 2014 Mr Jamie Cullen resigned as the Group's Chief Executive Officer and as a director of the Group.

On 18 July 2014 Mr Andrew Aitken was appointed as Managing Director and Chief Executive Officer of the Group.

On 31 August 2014 Mr John Saleeba announced his official retirement and resignation as a director of the Group.

No other matters or circumstances have arisen since 30 June 2014 that have significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

27 Reconciliation of profit after income tax to net cash inflow from operating activities

	2014 $'000	2013 $'000
(Loss) / profit for the year	**(4,501)**	5,178
Depreciation and amortisation	**11,046**	10,425
Non-cash employee benefits expense	**-**	332
Net loss on sale of non-current assets	**346**	65
Decrease in trade debtors and bills of exchange	**1,703**	3,561
Decrease/(Increase) in inventories	**2,320**	(3,108)
Decrease/(Increase) in operating assets	**305**	(426)
(Increase)/Decrease in Future Income Tax Benefit	**(1,859)**	-
Increase/(Decrease) in trade creditors	**891**	(2,278)
Decrease in other operating liabilities	**(526)**	(2,790)
(Decrease)/Increase in tax provisions	**(2,212)**	3,103
Net cash inflow from operating activities	**7,512**	14,062

28 Non-cash investing and financing activities

During the financial year, a total of $786,740 (2013 - $Nil) of plant and equipment was acquired by means of finance leases.

29 Earnings per share

(a) Reconciliation of earnings used in calculating earnings per share

	2014 $'000	2013 $'000
Basic earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	**(4,501)**	5,178

(b) Weighted average number of shares used as denominator

	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**259,891,222**	248,867,289
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**259,891,222**	248,867,289

(c) Earnings / Loss per share

	2014 Cents	2013 Cents
Basic earnings / (loss) per share	**(1.73)**	2.08
Diluted earnings / (loss) per share	**(1.73)**	2.08

30 Share-based payments

(a) Directors and Executive Share Option Plan

Options over shares in Resource Equipment Ltd have been granted under the Directors and Executives Share Option Plan. The Directors and Executives Share Option Plan is designed to provide long term incentives for executives to deliver long term shareholder returns. Under the plan, participants are granted options which vest in three tranches. One third is exercisable after 12 months of issue, a further third is exercisable after 24 months of issue and the final third is exercisable after 36 months of issue. The unlisted options expire 60 months from issue or at termination of employment, whichever shall first occur.

Options granted under the plan carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of year Number
30 June 2014								
9 Aug 2013	30 Jun 2018	$0.38	-	3,000,000	-	-	3,000,000	1,500,000
30 Jun 2009	30 Jun 2014	$0.24	3,750,000	-	-	(3,750,000)	-	-
			3,750,000	3,000,000	-	(3,750,000)	3,000,000	1,500,000
Weighted average exercise price			$0.24	$0.38	-	$0.24	$0.38	$0.38
30 June 2013								
30 Jun 2009	30 Jun 2014	$0.24	3,750.000	-	-	-	3,750,000	3,750,000
6 Dec 2005	31 Dec 2012	$13.28	17,500	-	-	(17,500)	-	-
			3,767,500	-	-	(17,500)	3,750,000	3,750,000

(b) Performance Rights Share Plan

A scheme under which shares may be issued by the Group to employees for no cash consideration was approved by shareholders on 8 September 2010. All Australian resident permanent employees including executive directors who have completed a designated period of service are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

Under the plan, employees are granted rights to shares based on a multiple of their weekly wages, with such multiple linked to return on equity achieved in the relevant year. Actual entitlements may be adjusted by up to a 20% increase or decrease at the discretion of the Board, taking into account the safety performance of the Group for the relevant year. Employees must still be employed by the Group at the end of the relevant period to qualify for participation in the PRSP, subject to the discretion of the Board.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

	2014 Number	2013 Number
Number of rights issued under the plan to participating employees	**2,066,158**	1,945,536

30 Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

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

	2014 $'000	2013 $'000
Expense for Directors and Executives Option Plan	**180**	-
Expense for Employee Performance Rights Plan	**339**	332
	519	332

31 Parent entity financial information

(a) Summary financial information

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

	2014 $'000	2013 $'000
Statement of financial position		
Current assets	**22,657**	28,684
Non-current assets	**116,444**	123,211
Total assets	**139,101**	151,895
Current liabilities	**17,873**	25,892
Non-current liabilities	**10,685**	20,036
Total liabilities	**28,558**	45,928
Shareholders' equity		
Issued capital	**69,679**	61,780
Reserves		
Share based payments	**4,169**	4,357
Retained earnings	**36,694**	39,829
	110,543	105,966
Profit for the year	**(3,197)**	5,828
Total comprehensive income	**(3,197)**	5,828

(b) Contingent liabilities of the parent entity

The parent entity's contingent liabilities are disclosed in note 23.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30 to 73 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Andrew Aitken
Managing Director
24 September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Resource Equipment Limited

Report on the Financial Report

We have audited the accompanying financial report of Resource Equipment Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Equipment Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Resource Equipment Limited is 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 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Resource Equipment Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 24 September 2014

The shareholder information set out below was applicable as at 23 September 2014:

A. Distribution of equity securities

	Total Holders			
	Class of equity security			
Range of Units	**Shares**	**Options**	**Preference shares**	**Convertible notes**
1 - 1,000	491	-	-	-
1,001 - 5,000	462	-	-	-
5,001 - 10,000	276	-	-	-
10,001 - 100,000	655	-	-	-
100,001 and over	182	-	-	-
	2,066	-	-	-

There were 841 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
Carosti Investments Pty Ltd <Carosti Investments Unit A/C>	61,516,296	19.78
Mr Anthony Gerard Ryder <The Dynamic Investments A/C>	27,870,322	8.96
Mr Keith Danby Lucas <Arrowtown A/C>	27,186,026	8.74
UBS Nominees Pty Ltd	23,559,844	7.57
Wyllie Funds Management Pty Ltd	23,467,077	7.54
Chemco Superannuation Fund Pty Ltd <Chemco Super Fund No 2 A/C>	14,096,158	4.53
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	8,318,735	2.67
Cowoso Capital Pty Ltd <The Cowoso S/F A/C>	6.750,000	2.17
Kahala Holdings Pty Ltd	6,643,279	2.14
Caversham Nominees Pty Ltd <SB Lauder Family A/C>	6,200,026	1.99
Caversham Nominees Pty Ltd <S B Lauder Family A/C>	4,115,620	1.32
Mr Hong Keong Chiu + Ms Yok Kee Khoo	3,664,132	1.18
Tecca Pty Ltd <C & E Retirement Fund A/C>	2,551,300	0.82
Pyxis Holdings Pty Ltd <The Mapletree A/C>	2,400,000	0.77
Reneagle Pty Ltd <Sharnem Investment A/C>	2,190,900	0.70
Jasper Hill Resources Pty Ltd <Superannuation Account>	1,910,000	0.61
S G J Investments Pty Ltd	1,500,000	0.48
Kahala Holdings Pty Ltd <Kilauea Super Fund A/C>	1,420,364	0.46
Future Super Pty Ltd <JWS Super Fund A/C>	1,350,000	0.43
Mrs Sarah Jane Watson	1,286,000	0.41
	227,996,079	73.29

C. Substantial holders

Substantial holders in the Group are set out below:

	Number held	Percentage
Ordinary shares		
Carosti Investments Pty Ltd <Carosti Investments Unit A/C>	61,516,296	19.78
Mr Anthony Gerard Ryder	28,493,413	9.16
Mr Keith Danby Lucas <Arrowtown A/C>	27,186,026	8.74
UBS Nominees Pty Ltd	23,559,844	7.57
Wyllie Funds Management Pty Ltd	23,467,077	7.54

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.