Emeco

2016

ANNUAL REPORT

Emeco Holdings Limited and its Controlled Entities

ABN 89 112 188 815

Annual Financial Report

30 June 2016

Contents

Chairman's Report

Dear Shareholder,

We are pleased to present the Emeco Holdings Limited Annual Report for financial year 2015/2016 (**FY16**).

Improved earnings performance despite poor market conditions

Emeco improved its operating performance over FY16, combining increased utilisation with cost reduction initiatives, to deliver a turnaround in earnings after several years of decline. Despite conditions deteriorating further in the markets in which Emeco operates over the past 12 months, management generated improved performance through growth of market share in Australia, proactively restructuring the Canada operations to minimise value leakage, improving operating utilisation in Chile and driving efficiency gains across the business. Importantly, the business evidenced significantly improved operating performance over the second half of the previous financial year.

Operating conditions weakened in Canada, driven by the oil price falling from approximately US$60/barrel at the commencement of FY16 to a low of close to US$25/barrel in January 2016. This resulted in a substantially lower volume of winter works impacting first half FY16, while the last six months in Canada was adversely affected by the bushfire natural disaster which shut down the oil sands industry for two months. The Company responded to the challenging conditions in Canada by right-sizing the business and entering into a strategic asset sharing partnership with Heavy Metal Equipment Rentals (**HMER**). An unexpected change in a major customers mine plan in Chile significantly impacted its operating utilisation over March and April 2016.

The Company has been well led by Ian Testrow, who as Managing Director, is driving a focus on improving operational efficiency across the business and instilling a culture of identifying innovative solutions for Emeco and our customers. This is evident from our partnership in Chile, the asset sharing arrangement with HMER in Canada, the asset swap executed in Canada and the strategic relationship with The Red Button Group.

The business ended the year with net debt of $365.4 million, being a $48.5 million decrease on the prior year. This achievement was driven by strong cash flow management and a reduction in gross debt with the purchase of bonds on market. This was affected in the first half of FY16 through the partial closure of interest rate swaps to execute an on-market purchase of US$52.3 million face value of our 144A bonds. Year-end cash of $24.8 million was only $3.0 million down on the prior year as a result of working capital release, disposals and improved earnings.

Safety and sustainability

Similar to FY15, the challenges faced over FY16 have not impacted Emeco's efforts in maintaining our commitment to our people, the environment and the community. The Company continues to adopt safety practices of the highest standard. Cost reduction initiatives have not diminished our commitment to safety or sustainability processes or procedures. Overall, our LTIFR reduced 42% to 1.1, while our TRIFR decreased 25% to 5.6, which are pleasing trends.

Emeco's workforce composition was heavily influenced by the current market conditions in which we operate. Both the Australian and Canadian workforce saw significant changes as the business was right-sized to reflect our current operating conditions. Overall our employee numbers reduced to 254 (from 336), reflecting the market, but Emeco continues to work on the development and retention of our personnel.

Refer to our website for Emeco's FY16 Sustainability Report and details on our safety and sustainability achievements over the year.

Focus on operational excellence and cash management

Heading into FY17 the focus remains on further driving efficiency gains in the business and maintaining tight capital management. Project Fit phase 2 initiatives implemented over FY16 will continue to drive margin improvements in FY17, while improved operating utilisation in Australia and the HMER arrangement in Canada are expected to stabilise revenue compared to FY16. Building on the success of Project Fit, management is now focused on operational excellence and seeking opportunities to reduce our cost base further through smarter fleet management solutions and efficiency improvements.

The board is pleased with Emeco's progress over FY16, in particular the improved earnings and minimal cash out flow achieved despite continuing market weakness. The business will continue to build on its accomplishments over the past 12 months and the earnings run rate into FY17 indicates further revenue improvements are likely.

Finally, the board would like to extend its appreciation of the efforts of Alec Brennan who retired during the year after ten years as Chairman. Alec steered Emeco through the transition from a privately held company to a listed global enterprise and presided resolutely over the past few years of extreme volatility in our markets. We wish him all the best in his retirement.

Peter Richards
Chairman

Dear Shareholder,

In the past year we have made significant progress in reducing our costs, increasing our customer focus and service level and evolving our rental value proposition through the use of the Emeco Operating System (**EOS**) technology. I am especially proud of our significant improved safety performance with our TRIFR decreasing from 7.5 at the end of FY15 to 5.6 at the end of FY16. The improvements in FY16 were driven by our employees' commitment, creativity and resilience. I would like to thank the Emeco team for all of their hard work.

Progress on turnaround

Emeco improved its earnings and profitability in FY16. This was driven by cost reductions and the Emeco team's determination to provide our customers quality service regardless of the market conditions.

In FY16 we achieved a sustainable annual cost reduction run rate of $26.7m. Going into FY17, our continuous improvement focus moves to "Operational Excellence". We are excited about the opportunities to create further savings in labour productivity, extending component life, alternate component sourcing, optimising inventory and improving logistics.

Emeco ended FY16 with an operating EBITDA of $54.2 million (up $10.8 million on FY15 operating EBITDA of $43.4 million) and an operating net loss after tax of $90.5 million. Continued weakness in the markets in which Emeco operates resulted in the business recognising tangible asset impairments totalling $179.6 million over the year, primarily in Canada.

Average group operating utilisation for FY16 of 44% was slightly lower than the FY15 average of 46%. This decrease was a result of a significant drop in Canada utilisation, offset by improvements in Australia. Excluding Canada, operating utilisation averaged 50% for FY16.

Increasing our overall earnings in FY16 against the backdrop of the Canadian business' drop in earnings, continued weak operating utilisation and low rental rates is a testament to Emeco's ability to operate in challenging market conditions. Cost discipline and senior management focus on customers and operational performance has Emeco well placed to outperform the industry in the current environment and generate significantly improved returns when the market eventually recovers.

Strategic achievements across the business

The Australian business improved average operating utilisation over FY16 to 50%, which was lead primarily by growth in both New South Wales and Queensland.

The New South Wales business continues to remain the strongest of the Australian business units with FY16 operating utilisation of 59%. Queensland continued its strong recovery from a low during 2014 with a number of projects commencing late in FY15 driving improved operating utilisation. Although the market in Western Australia continues to be challenged, we recently installed the EOS technology at Evolution Mining's Mungari operation. The initial success of EOS at Mungari suggests our fully maintained EOS supported rental model is well suited to gold projects. Our WA business development team is working hard to win additional projects utilising this model.

The focus for our Australian business in FY17 will be increasing operating utilisation, utilising our EOS technology to assist our customers achieve improved equipment productivity and reducing costs through the implementation of operational excellence initiatives.

The Canadian business was severely impacted by falling oil prices. In response to the deteriorating conditions, management restructured the business by forming a partnership with Heavy Metals Equipment Rentals, which allowed the companies to combine fleet resources whilst significantly reducing overheads. This business returned to cash positive in Q4 and is now well placed for stabilisation in FY17.

In Chile, AMSA temporarily suspended the development of the Encuentro mine and relocated our fleet to the existing Esperanza operations. Although the fleet shift to Esperanza hampered Chile's FY16 performance due to the slow ramp up, the fleet is expected to be relocated back to Encuentro during third quarter FY17, which effectively increases our five year project by an additional 12 months.

Tight capital management

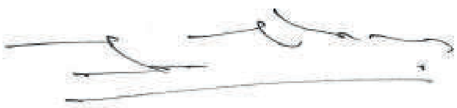
Net debt decreased by $48.5 million to $365.4 million over FY16 as a result of the company purchasing US$52.3 million of bonds on market. The effect on net debt as a result of the bond purchase was offset by depreciation in the AUD increasing the underlying value of the bonds.

Following the on market purchase of bonds, Emeco's debt structure consists of US$282.7 million of 144A bonds due March 2019 and the asset backed loan (**ABL**) expiring in December 2017 (see page 12 for further details). At 30 June 2016 the ABL was undrawn with the exception of $11.5 million of bank guarantees utilised against the facility. Emeco's cash balance fell marginally to $24.8 million at 30 June 2016, down from $27.8 million at the start of the reporting period.

Operational excellence and a continued focus on innovative solutions for customers

The benefits of our cost reductions over FY16 will result in a more profitable business from the outset of FY17. During the year ahead our strategy is focused on continuing to increase operating utilisation, whilst reducing costs through our operational excellence initiatives and create additional project sites through the value of EOS technology.

We continue to expect consolidation and rationalisation in the sector if there is no recovery in the market over the near term. Our improved operating performance and capital management positions us well to evaluate these opportunities as they arise. We remain conservative in our approach to capital management and continue to assess opportunities to deleverage the business.



Ian Testrow
Managing Director & Chief Executive Officer

Operating and Financial Review

The Emeco Group supplies safe, reliable and maintained equipment rental solutions to the global mining industry. Established in 1972, the business listed on the ASX in July 2006 and is headquartered in Perth, Western Australia. Emeco currently employs 254 permanent and fixed term staff and owns 431 pieces of earthmoving equipment across Australia, Canada and Chile.

Emeco generates earnings from two primary revenue streams, equipment rental and maintenance services. Operating costs principally comprise parts, labour and tooling associated with maintaining earthmoving equipment. Capital expenditure principally comprises the purchase of equipment and replacement of major components over the asset's life cycle while owned by Emeco.

Chart 1: Revenue by region

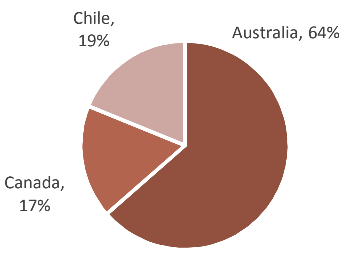


Chart 2: Revenue by commodity

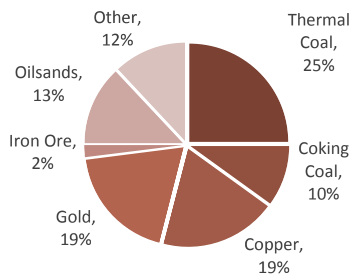
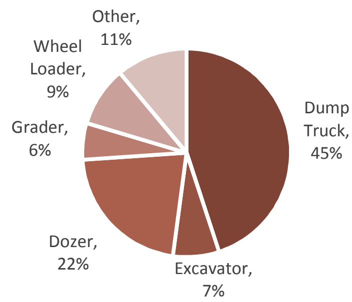


Chart 3: Fleet composition by asset class



Note: Above analysis relates to 12 month period ended 30 June 2016 and excludes discontinued operations.

Table 1: Group financial results

	Operating results[1,3]		Statutory results	
A$ millions	2016	2015	2016	2015
Revenue[5]	208.0	242.8	206.6	241.4
EBITDA[4]	54.2	43.4	47.6	32.8
EBIT[4]	(14.2)	(59.2)	(201.4)	(96.8)
NPAT[4]	(90.5)	(94.9)	(225.4)	(123.1)
ROC[4] %	(2.7)%	(9.4)%	(25.0)%	(15.2)%
EBIT margin	(6.8)%	(24.4)%	(97.5)%	(40.1)%
EBITDA margin	26.1%	17.9%	(23.1)%	13.6%

Note:
1. Significant items have been excluded from the statutory result to aid the comparability and usefulness of the financial information. This adjusted information (operating results) enables users to better understand the underlying financial performance of the business in the current period.
2. Operating and statutory results exclude discontinued operations.
3. Operating results are non-IFRS.
4. EBITDA: Earnings before interest, tax, depreciation and amortisation; EBIT: Earnings before interest and tax; NPAT: Net profit after tax; ROC: Return on capital.
5. Includes other income

Table 2: 2016 operating results to statutory results reconciliation

A$ millions	Tangible asset impairments	Redundancy	Long-term incentive program	One-off corporate development costs	Amortisation of borrowing costs	Tax effect	NPAT
Operating							(90.5)
Australia	(36.8)	(1.7)	(1.5)	(2.2)	(5.5)	14.3	(33.4)
Canada	(94.0)	(1.5)	(0.2)	0.0	0.0	28.7	(67.0)
Chile	(48.8)	(0.2)	0.0	(0.3)	0.0	14.8	(34.5)
Statutory	(179.6)	(3.4)	(1.7)	(2.5)	(5.5)	57.8	(225.4)

Reconciliation of differences between operating and statutory results:

1. FY16 operating results (non-IFRS) excludes the following:
   - **Tangible asset impairments:** Over FY16 impairment testing indicated the Australia, Chile and Canada CGUs were impaired which resulted in an impairment of $173.8 million being recognised. Additionally, net impairments totalling $5.8 million were recognised across the business on assets held for sale and subsequently disposed during the period. A small number of held for sale assets were reclassified to the rental fleet in Australia to source growth in New South Wales and Queensland businesses, resulting in reversal of impairments recognised in prior reporting periods.
   - **Redundancies:** Redundancies in FY16 resulted in a one off cost totalling $3.4 million before tax.
   - **Long-term incentive program:** During FY16 Emeco recognised $1.7 million of non-cash expenses relating to the employee long-term incentive plan.
   - **One-off corporate development expenses:** During FY16 Emeco undertook corporate development activities which resulted in one off costs totalling $2.5 million before tax.
   - **Accelerated amortisation of borrowing costs:** Accelerated amortisation related to the borrowing costs associated with the repurchase of US$52.3 million face value 144A notes.
2. Refer to our 2015 Annual Report for reconciliation of differences between FY15 operating and statutory results.
3. All reconciling items relating to FY16 operating results are discussed in further detail later in the operating and financial review.

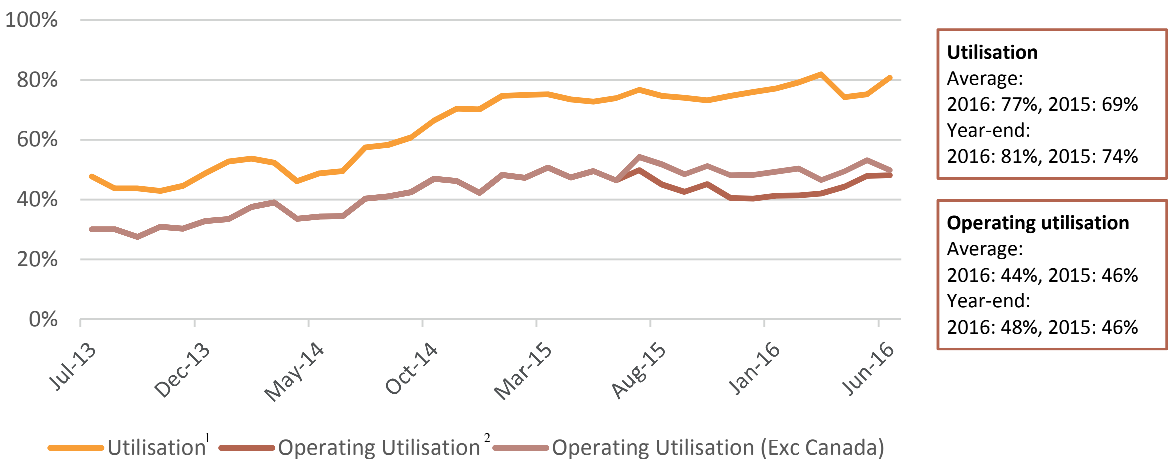
FLEET HAS CAPACITY FOR INCREASED EARNINGS

Average utilisation improved from 69% in FY15 to 77% in FY16 driving earnings growth in Australia (NSW and QLD) and Chile. The increase in these three regions was however offset by weakening market conditions in Canada and Western region.

Operating utilisation declined over FY16 with the deterioration of the Canada business. Excluding Canada, operating utilisation improved from 47% in FY15 to 50% in FY16.

Given historical operating utilisation has been above 65%, the Emeco fleet remains underutilised. Given our lower cost base there is potential for significant earnings growth as the market recovers.

Chart 4: 2016 average Group utilisation



Note: 1. Utilisation defined as % of fleet rented to customers (measured by written down value).
2. Operating utilisation defined as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month.

Group operating revenue from continuing operations reduced in FY16 to $208.0 million (2015: $242.8 million). Rental revenue was down to $177.7 million (2015: $206.7 million) as a result of the reduced contribution from the Canada business and sustained pressure on rental rates in Australia and Chile. Maintenance services revenue decreased 26.9% to $23.3 million (2015: $31.9 million) primarily driven by the completion of the Saracen contract in Western Australia. Sale of parts and machines increased in FY16 to $5.5 million, up from $2.8 million in FY15 attributable to rationalisation of inventory balances.

The successful implementation of Project Fit initiatives were the key drivers for an increase in Operating EBITDA margins from 17.9% in FY15 to 26.1% in FY16. EBITDA margin recovery improved operating return on capital (**ROC**) to negative 2.7% in FY16 (FY15: negative 9.4%).

Refer to the regional business overview on page 13 for further detail on regional operating and financial performance.

REDUCTION IN OPERATING EXPENSES IMPROVING EBITDA

Table 3: Operating cost summary (statutory results)

A$ millions	2016	2015
Revenue	**206.6**	**241.4**
Operating expenses		
Changes in machinery and parts inventory	(8.9)	(11.8)
Repairs and maintenance	(71.0)	(99.2)
Employee expenses	(34.0)	(43.6)
Hired in equipment and labour	(21.1)	(22.4)
Net other expenses[1]	(24.0)	(31.6)
EBITDA	**47.6**	**32.8**
Impairment of tangible assets	(179.6)	(30.8)
Depreciation expense	(69.2)	(98.7)
Amortisation	(0.1)	(0.1)
EBIT	**(201.4)**	**(96.8)**

Note: 1. Excludes net foreign exchange (gain)/loss. Incorporates other income.

Project Fit initiatives reduced total operating expenses by 23.7% (excluding tangible asset impairments) from $208.6 million in FY15 to $159.0 million in FY16.

Repairs and maintenance expense decreased 28.4% to $71.0 million (2015: $99.2 million). One-off prep-for-rent costs incurred in FY15 amounting to $14.1 million which was not replicated in FY16.

Changes in machinery and parts inventory and transportation costs declined in FY16 to $8.9 million, down from $11.8 million in FY15. The decrease was primarily the result of our ability to foresee and match our fleet mix to regional demand reducing expenses related to transportation requirements.

Employee expenses decreased 22.0% in FY16 to $34.0 million (FY15: $43.6 million) as a result of headcount reduction of 82 in FY16, reducing total number of employees to 254.

Other expenses decreased to $45.1 million (FY15: $54.0 million) largely as a result of the reversal of a previously recognised doubtful debt ($5.6 million) and cost reduction initiatives ($4.3 million), which were partially offset by an increase in restructuring costs rising to $3.4 million (FY15: $2.6 million). Costs associated with hired in equipment and labour remained relatively flat year on year as Emeco used external contractors to reduce its operating cost base. Refer to note 8 in the financial statements for further breakdown of net other expenses (page 74).

Refer below for information on tangible and intangible asset impairments.

Depreciation expense decreased to $69.2 million in FY16 (FY15: $98.7 million) driven by a decrease in rental revenue combined with the impairment of the Canadian fleet in December 2015 and the designation of non-core fleet to be disposed as non-current assets held for sale (**NCAHFS**).

MATCHING THE RENTAL FLEET TO MARKET DEMAND

Table 4: Asset impairments (statutory results)

A$ millions	2016	2015
Rental fleet	264.6	458.8
Non-current assets held for sale	30.7	32.3
Asset impairments		
Stock write down	11.5	6.9
Freehold land and buildings	4.0	0.0
Plant and equipment	159.0	23.9
Other assets	5.1	0.0

The written down value (**WDV**) of the rental fleet decreased to $264.6 million over FY16.

Impairment loss on plant and equipment increased to $159.0 million in FY16, up from $23.9 million in FY15 (refer to note 22). In FY15, the management team was more bullish on the recovery of the mining sector. The expected improvement in market conditions is now expected to occur at a slower and softer rate than first assumed. Continued weakness in the markets in which Emeco operates resulted in the business recognising tangible asset impairments. This is reflective of current operating conditions and the expectation that the market is unlikely to recover in the near term, despite our improved operating and financial performance. During FY16 management reclassified net $22.0 million of rental fleet to NCAHFS with corresponding net impairments of $5.8 million to represent the expected market value of those assets. NCAHFS as at 30 June 2016 was $30.7 million. Assets held for sale are not marketed for rental and as such are not considered as part of our value in use impairment testing.

Inventory was written down by $11.5 million (2015: $6.9 million), land and buildings were impaired by $4.0 million and other asset write downs of $5.1 million were recognised in FY16 largely as a result of the allocation of impairment testing results to regional assets based on the value in use methodology.

Over FY16 the business executed a successful asset swap with a mining contractor in Canada which resulted in $3.0 million of in-demand fleet entering the Australian operations in the fourth quarter. This fleet transfer supports equipment needs in Australia, particularly on the east coast where utilisation in New South Wales and Queensland is currently over 90%.

We continually review our rental fleet, matching fleet mix to regional demand. Idle units identified as having low rental demand and end of life machines are transferred to NCAHFS and are actively marketed through Emeco's global network of brokers. Conversely assets held as NCAHFS that match a rental opportunity will be reclassified to the rental fleet and placed to rent on an opportunistic basis.

INCREASED EARNINGS IMPACTING FREE CASH FLOW

Table 5: Cash flow summary

A$ millions	1H FY16	2H FY16	2016	2015
Operating EBITDA	23.3	30.9	54.2	43.4
Working Capital	1.9	6.1	8.0	(0.8)
Income tax cash flows	4.0	0.0	4.0	0.0
Operating free cash flow	**29.2**	**37.0**	**66.2**	**42.6**
Sustaining capital expenditure	(18.7)	(15.2)	(33.9)	(35.1)
Other property, plant and equipment	(3.2)	(1.1)	(4.3)	(2.7)
Disposals	8.8	6.3	15.1	14.0
Net capital expenditure	**(13.1)**	**(10.0)**	**(23.1)**	**(23.8)**
Free cash flow	**16.1**	**27.0**	**43.1**	**18.8**

Note: 2015 results exclude discontinued operations

The free cash inflow in FY16 of $43.1 million improved on FY15 of $18.8 million primarily due to increased operating free cash flow. This improved in FY16 to $66.2 million compared to FY15 operating free cash flow of $42.6 million driven by increased EBITDA as a result of Project Fit initiatives and working capital management. The business also received a tax refund of $4.0 million during FY16 following review of prior year tax returns.

Net capital expenditure remained largely consistent with the prior year. As a result of higher utilisation across Australia, capital expenditure increased from $37.8 million in the prior period to $38.2 million. This increase was offset by a $1.1 million increase in fleet disposals in FY16.

The improved free cash flow provided the base to service our ongoing debt requirements throughout the year.

During the year Emeco released $6.2 million related to funds received from the partial closure of the cross-currency interest rate swaps, net of on market bond purchases. This enabled Emeco to reduce its net debt position. See below for further information on the partial closure of interest rate swaps.

IMPROVING BALANCE SHEET FLEXIBILITY

Table 6: Net debt and gearing summary

A$ millions	2016	2015
Interest bearing liabilities (current and non-current)		
144A bond notes	380.7	436.2
Asset backed loan	0.0	0.0
Lease liabilities	9.0	4.9
Other	0.5	0.6
Cash	24.8	27.8
Net debt	365.4	413.9
Derivative asset / (liability)	18.9	49.4
Net debt (including hedging instruments)	346.5	364.5
Gearing ratio	6.74	10.29
Leverage ratio	85.8%	57.1%
Interest cover ratio	1.14	0.79

Note: Above figures based on facilities drawn – bank guarantees are excluded
Gearing ratio - Net debt : Operating EBITDA
Leverage ratio - Net debt : Net tangible assets
Interest cover ratio - Operating EBITDA : Interest expense

Net debt reduced to $365.4 million over FY16 as a result of the company purchasing US$53.2 million of bonds on market in December 2015. This transaction was funded by the partial closure of the company's cross currency interest swaps, which released US$34.2 million of value held in the mark to market position hedging this facility. The bond purchase was offset by a decline in the cash balance and depreciation in the AUD increasing the underlying value of the bonds.

Following the on market purchase of bonds, Emeco's debt structure consists of US$282.7 million of 144A bonds issued in March 2014 and the A$75 million asset backed loan (**ABL**) entered into December 2014. The 9.875% senior secured notes mature in March 2019 require interest to be paid on 15 March and 15 September each year. The notes are secured and guaranteed by Emeco Holdings Limited and its operating subsidiaries. The 144A notes do not contain maintenance covenants.

Operating as a source of liquidity, the ABL has springing maintenance covenants which engage if the facility is utilised greater than 50% , these covenants require Emeco to have an interest cover ratio of no less than 1.25 times and leverage ratio of no more than 65%. The ABL matures in December 2017. At 30 June 2016 the ABL was undrawn with the exception of $11.5 million of bank guarantees utilised against the facility.

Across the year, the AUD depreciated against the USD from $0.7680 as at 30 June 2015 to $0.7426 at 30 June 2016. The fall in value of the AUD resulted in a $14.9 million increase in the underlying value of the USD denominated bonds. Following the partial closure of the company's cross currency swaps the remaining derivatives cover US$71.5 million of exposure to the bonds and had a fair value of A$18.9 million as at 30 June 2016.

Finance lease liabilities increased from $4.9 million at 30 June 2015 to $9.0 million at 30 June 2016 with Emeco acquiring a number of finance lease assets for the purpose of the Encuentro project in Chile.

Emeco's cash balance fell marginally to $24.8 million at 30 June 2016, down from $27.8 million the prior comparative period. Combined with the reduced value in the remaining swaps and 50% facility limit on the ABL, available liquidity has reduced to approximately $70 million, down from $92.3 million as at 30 June 2015.

Refer to note 24 in the accompanying financial statements for additional information on Emeco's financing facilities.

NIL DIVIDENDS DECLARED IN FY16

Table 7: Shareholder returns

	2016	2015
Dividends declared during the period		
Interim dividend (cents)	0.0	0.0
Final dividend (cents)	0.0	0.0
Total dividend (cents)	0.0	0.0
Dividend payout ratio	0.0%	0.0%
Per share statistics		
Earnings per share (cents)	(15.1)	(15.8)
NTA per share ($)	0.01	0.37
Closing share price ($)	0.03	0.08

Note: Non-IFRS results. Dividend payout ratio is measured as dividends paid as a percentage of operating NPAT.

Similar to FY15 the board declared a nil interim and final dividend for FY16 as a result of the net operating loss for the period.

BUILDING ON PROJECT FIT AND A CONTINUED FOCUS ON CAPITAL MANAGEMENT

Heading into FY17 the focus remains on further driving efficiency gains in the business and maintaining tight capital management. Building on the success of Project Fit, management is now focused on operational excellence and seeking opportunities to reduce our cost base further through reductions in maintenance costs achieved by extending component life, alternate component sourcing and improving labour productivity.

We will continue to capture market share through creative rental solutions, the use of our EOS technology to widen Emeco's value proposition and building on our partnering arrangements with industry peers, customers and suppliers.

Chart 5: Rental revenue by region

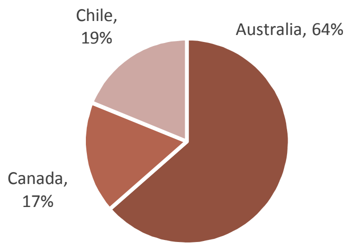


Chart 6: Operating EBITDA contribution by region

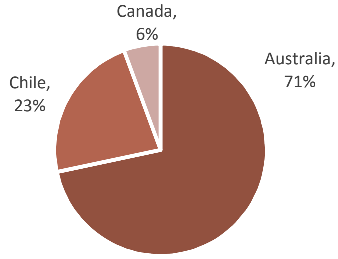
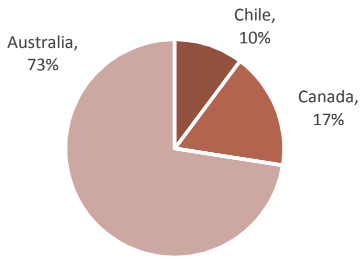


Chart 7: Fleet by region

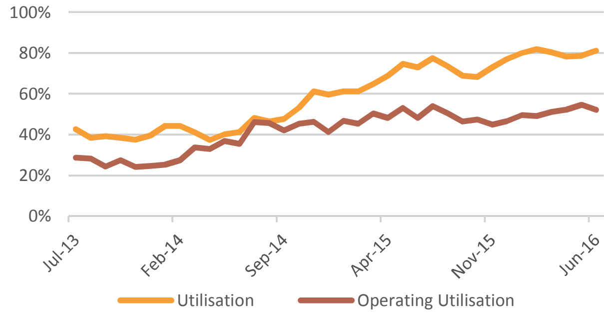


AUSTRALIA

Table 8: Performance indicators

A$ millions	Operating results 2016	2015	Var
Revenue	132.2	137.0	(4.8)
EBITDA	46.0	35.0	11.0
EBIT	(8.3)	(26.3)	18
Funds employed	244.5	312.9	(68.4)
ROFE	(3.4)%	(8.4)%	5.0%
No. workforce	165	217	(52)

Chart 8: Average fleet utilisation



Utilisation	Operating utilisation
Average: 2016: 77%, 2015: 60%	Average: 2016: 50%, 2015: 47%
Year-end: 2016: 81%, 2015: 73%	Year-end: 2016: 52%, 2015: 48%

Notes:

- For a reconciliation of statutory to operating results refer to table 1 on page 7, table 2 on page 8 and accompanying notes.
- Utilisation defined as % of fleet rented to customers (measured by written down value).
- Operating utilisation defined as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month.
- Australia results in table 8 represent the Australian Rental segment.

Main markets

Comprised of three operating units, Western Region (including Western Australia, Northern Territory and South Australia), Queensland and New South Wales, the Australian rental business is well diversified across bulk commodities and metals. The business services high quality customers leveraged to the production phase of the mining cycle. Operating unit performance is summarised below:

Table 9: Operating unit average utilisation

	Operating utilisation			Revenue ($ million)	
	Current	2016	2015	2016	2015
Western Region	36%	34%	43%	30.4	57.0
New South Wales	61%	59%	56%	72.3	58.7
Queensland	54%	53%	35%	29.4	21.3

FY16 rental revenue commodity mix was weighted toward metals (30%), thermal coal (35%), metallurgical coal (33%) and iron ore (2%) (FY15: metals 50%, thermal coal 24%, metallurgical coal 20% and iron ore 6%).

FY16 performance

The Australia business improved average operating utilisation over FY16 to 50%, which was led by increased market share in both New South Wales and Queensland. Despite a 3.5% fall in operating revenue to $132.2 million, the business improved operating EBITDA margins from 25.5% in FY15 to 27.1% in FY16. This margin improvement was driven primarily from cost reduction initiatives. Headcount in Australia declined from 217 at 30 June 2015 to 165 at 30 June 2016.

The New South Wales business continues to remain the strongest of the Australian business units with FY16 operating utilisation of 59% compared to 56% over FY15.

Queensland continued its strong recovery with a number of projects commencing late in FY15 driving improved operating utilisation during FY16 to an average of 53% (up from 35% in FY15).

The Western Australian business did not recover as expected from the completion of major projects at the end of FY15 and the commencement of FY16.

The year ahead

Moving forward we expect New South Wales and Queensland to continue performing strongly. New project works in Queensland with a mining contractor commenced over Q3 FY16, which is expected to drive volume growth in FY17. In New South Wales our existing customer base continues to demonstrate increased demand for our assets.

The asset transfers from our Canada business to Australia will provide $21.5 million of in-demand assets to support New South Wales and Queensland.

While the Western Region still faces challenging market conditions, the low cost base enables the business to rebuild whilst remaining cash positive. We are encouraged by the implementation of EOS at Evolution Mining's Mungari operation in Western Australia (our second EOS project site). This fully maintained EOS enhanced rental model is well suited to the WA gold sector. Our objective is to create additional project sites utilising this model in FY17.

Medium term outlook

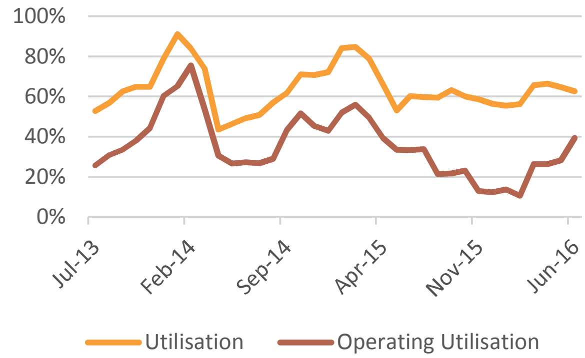
The medium term outlook for the Australian mining market continues to be challenging. Although commodities prices have generally recovered slightly over second half FY16, the impact from oversupply in the commodity and yellow equipment markets is expected to push any sector recovery beyond the medium term. While opportunities exist to further increase market share, the competitive landscape across all markets continues to impact the potential for any substantial rental rate recovery.

CANADA

Table 10: Performance indicators

A$ millions	Operating results 2016	2015	Var
Revenue	36.6	76.3	(39.7)
EBITDA	3.5	19.3	(15.8)
EBIT	(3.9)	(5.2)	1.3
Funds employed	83.3	156.8	(73.5)
ROFE	(4.7)%	(3.3)%	(1.4)%
No. employees	64	96	(32)

Chart 9: Average fleet utilisation



Utilisation	**Operating utilisation**
Average: 2016: 61%, 2015: 68%	Average: 2016: 22%, 2015: 42%
Year-end: 2016: 63%, 2015: 60%	Year-end: 2016: 39%, 2015: 33%

Notes:

- For a reconciliation of statutory to operating results refer to table 1 on page 7, table 2 on page 8 and accompanying notes.
- Utilisation defined as % of fleet rented to customers (measured by written down value).
- Operating utilisation defined as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month.

Main markets

The Canada business is strategically located in the Alberta region to primarily service oil sands and bulk commodity projects in Western Canada. The business supplies rental equipment and mine site services to oil companies and contractors, as well as coal mines in Western Canada and iron ore mines in Eastern Canada. Rental revenue composition in FY16 remained heavily weighted toward oil sands (79%) with the remainder derived from thermal coal (12%) and iron ore (7%).

FY16 performance

The oil sands industry was hit hard over FY16 by the sustained lower oil price with producers delaying reclamation works to reduce operating costs. The result of the weak market conditions was significantly lower utilisation and operating utilisation than FY15, driving a 52.0% decline in revenue.

Management dealt with the sharp decline in performance by restructuring the business over the third quarter. This restructure resulted in significant cost reductions and was primarily driven through the formation of an asset sharing partnership with Heavy Metals Equipment Rentals (**HMER**), which is designed to combine fleet resources, whilst reducing overheads.

The year ahead

Following formation of the HMER partnership and the successful asset swap the business is expected to generate positive cash flow in FY17. Overall, after a very difficult FY16 in the oil sands, the Canadian business has been restructured to provide positive EBITDA. The strategic partnership with one of Emeco's peers in the region is expected to improve the utilisation of our equipment. We will continue to closely monitor the operating conditions in Canada.

Medium term outlook

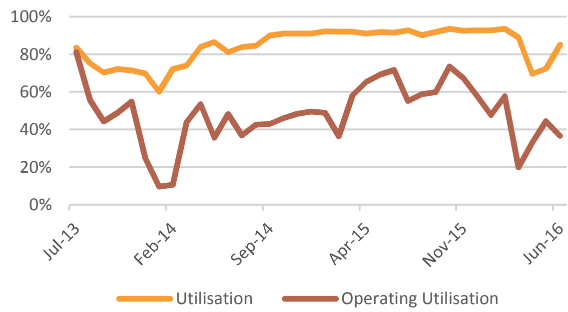
The current low oil price environment is expected to continue for the foreseeable future. The macro-economic conditions in this market reduce visibility on the timing of a recovery. Emeco will continue to explore opportunities to work closely with peers and customers in this region.

CHILE

Table 11: Performance indicators

	Operating results		
A$ millions	2016	2015	Var
Revenue	39.1	29.6	9.5
EBITDA	14.6	6.6	8.0
EBIT	(3.3)	(9.8)	6.5
Funds employed	153.1	146.5	6.6
ROFE	(2.2)%	(6.6)%	4.4%
No. employees	25	23	2

Chart 10: Average fleet utilisation



Utilisation	Operating utilisation
Average: 2016: 88%, 2015: 90%	Average: 2016: 51%, 2015: 51%
Year-end: 2016: 85%, 2015: 91%	Year-end: 2016: 37%, 2015: 72%

Notes:

- For a reconciliation of statutory to operating results refer to table 1 on page 7, table 2 on page 8 and accompanying notes.
- Utilisation defined as % of fleet rented to customers (measured by written down value).
- Operating utilisation defined as ratio of operating hours recognised over a month, compared to a target average number of 400 operating hours over a month.

Main markets

Emeco provides mining equipment rental services to mining companies and contractors in Chile. Rental revenue in FY16 was 100% weighted toward the copper industry.

FY16 performance

Following operational issues in FY15, the Chile business was stabilised in FY16 through the formation of a partnership agreement with a leading global mining contractor to complete the five year project at AMSA's Encuentro mine. Increased utilisation at Encuentro in first half of FY16 and a wet-hire project at AMSA's Esperanza mine drove a 32.4% increase in revenue compared to FY15.

During second half FY16 AMSA's mine plan changed with temporary suspension of the Encuentro mine development. The equipment was relocated to AMSA's Esperanza operation where it is expected to work for the remainder of calendar year 2016. Delays in transferring the equipment to Esperanza and the completion of the wet hire project impacted second half earnings.

The year ahead

Emeco's fleet will return to the Encuentro project early second half FY17, with four years remaining on this contract from recommencement. The temporary delay and relocation to Esperanza effectively increases the duration of the project by 12 months. Emeco will look to improve margins through cost efficiencies and broaden its customer base through strategic relationships with its peers.

Medium term outlook

The current copper price is expected to stay relatively flat in the future with production volumes in Chile only marginally increasing. This environment may provide opportunities with capital constrained miners looking to outsource its fleet requirements. Emeco is well positioned to maintain and grow earnings in Chile.

Table 12: Five year financial summary

		2016	2015	2014	2013	2012
REVENUE						
Revenue from rental income	$'000	177,744	206,718	205,368	314,068	440,299
Revenue from sale of machines and parts	$'000	5,472	2,788	8,145	23,413	66,689
Revenue from maintenance services	$'000	23,348	31,925	27,582	41,894	58,182
Total	$'000	206,564	241,431	241,095	379,375	565,170
PROFIT						
EBITDA[2]	$'000	47,600	32,856	66,064	148,268	260,507
EBIT[3]	$'000	(201,351)	(96,784)	(213,608)	32,075	124,820
PBT	$'000	(219,463)	(162,595)	(251,378)	7,459	100,406
NPAT from continuing operations	$'000	(219,463)	(123,131)	(224,172)	12	69,972
Profit/(loss) from discontinued operations	$'000	-	(4,572)	(51,137)	5,992	(227)
Profit for the year	$'000	(219,463)	(127,703)	(275,309)	6,004	69,745
One-off significant items	$'000	(128,944)	(18,652)	(202,629)	(28,487)	(1,375)
Operating profit	**$'000**	**(90,519)**	**(94,813)**	**(21,543)**	**28,499**	**71,120**
Basic EPS	cents	(15.1)	(15.8)	(3.6)	4.8	11.3
BALANCE SHEET						
Total assets	$'000	427,692	708,755	748,362	1,126,022	1,216,116
Total liabilities	$'000	421,695	487,284	424,390	514,846	575,729
Shareholders' equity	**$'000**	**5,997**	**221,471**	**323,972**	**611,176**	**640,387**
Total debt	$'000	377,818	423,971	343,774	415,426	459,484
CASH FLOWS						
Net cash flows from operating activities	$'000	70,644	(2,894)	82,072	181,303	230,467
Net cash flows from investing activities	$'000	(23,112)	(13,013)	25,032	(129,124)	(281,817)
Net cash flows from financing activities	$'000	(49,311)	(6,733)	(71,364)	(119,281)	118,958
Free cash flow after repayment/(drawdown) of net debt	**$'000**	**(1,779)**	**(22,640)**	**35,740**	**(67,102)**	**67,608**
Free cash flow before repayment/(drawdown) of net debt[1]	**$'000**	**5,561**	**(18,495)**	**85,889**	**(9,273)**	**(90,958)**
DIVIDENDS						
Number of ordinary shares at year end	'000	599,675	599,675	599,675	599,675	631,238
Total dividends paid in respect to financial year	$'000	0	0	0	15,109	37,874
Ordinary dividends per share declared	**cents**	**0.0**	**0.0**	**0.0**	**2.5**	**6.0**
Special dividends per share declared	**cents**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
KEY RATIO'S						
Average fleet utilisation	%	76.5	69.0	48.0	67.0	86.0
Average fleet operating utilisation	%	44.0	45.7	32.9	44.3	49.6
EBIT ROC	%	(2.7)	(9.4)	(0.8)	7.1	13.2
EBIT ROFE (operating goodwill)	%	(2.8)	(9.6)	(0.9)	8.5	15.7
Net debt to operating EBITDA	x	6.74	10.29	4.78	2.15	1.47

Financial information as reported in the corresponding financial year and includes operations now discontinued.

1 Includes capex funded via finance lease facilities (excluded from statutory cash flow).

2 FY16, FY15 and FY14 reported exclude tangible asset impairments and foreign exchange gains and losses being reported below EBITDA.

3 FY16, FY15 and FY14 reported exclude foreign exchange gains and losses being reported below EBIT.

Financial Report

Directors' Report

For the year ended 30 June 2016

The directors of Emeco Holdings Limited (**Emeco** or **Company**) present their report together with the financial reports of the consolidated entity, being Emeco and its controlled entities (**Group**) and the auditor's report for the financial year ended 30 June 2016 (**FY16**).

Directors

The directors of the Company during FY16 were:

PETER RICHARDS BCom, 57

Appointment: Independent Non-Executive Director since June 2010. Chairman since January 2016.

Board committee membership: Member of the Audit and Risk Management Committee and Remuneration and Nomination Committee.

Skills and experience: Peter has over 35 years of international business experience with global and regional companies including British Petroleum (including its mining arm Seltrust Holdings), Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. During his time at Dyno Nobel, he held a number of senior positions with the North American and Asia Pacific business, before being appointed as Chief Executive Officer in Australia (2005 to 2008). Peter was a Non-Executive Director (2009 to 2015) of Bradken Limited and a Non-Executive Director (2010 to 2015) of Sedgman Limited.

Current appointments:

- Chairman of Cockatoo Coal Ltd (since 2014).
- Chairman of NSL Consolidated Limited (since 2014, Non-Executive Director since 2009).
- Non-Executive Director of Graincorp Limited (since 2015).

IAN TESTROW BEng (Civil), MBA, 46

Appointment: Managing Director since 20 August 2015.

Skills and experience: Ian was appointed Chief Executive Officer in August 2015. Prior to this, Ian was Emeco's Chief Operating Officer, responsible for the Australian and Chilean operations as well as Global Asset Management. Ian has also held the positions of President, New and Developing Business after establishing Emeco's Chilean business in 2012 and President, Americas where Ian managed the exit of Emeco's USA business in 2010 and Emeco's Canadian business commencing in 2009. Ian joined Emeco in 2005, responsible for the business in Queensland and Northern Territory and, then in addition in 2007, New South Wales. Prior to Emeco Ian worked for Wesfarmers Limited, BHP Billiton Ltd, Thiess Pty Ltd and Dyno Nobel.

JOHN CAHILL BBus, Grad Dip Bus, FCPA, GAICD, 60

Appointment: Independent Non-Executive Director since September 2008.

Board committee membership: Chairman of the Audit and Risk Management Committee. Member of the Remuneration and Nomination Committee.

Skills and experience: John has over 25 years' experience working in senior treasury, finance, accounting and risk management positions, predominantly in the energy utility sector. John is a past Chief Executive Officer of Alinta Infrastructure Holdings and past Chief Financial Officer of Alinta Ltd. John was previously Non-Executive Director (2007 to 2013) and President and Chairman (2011 to 2013) of CPA Australia Ltd and Non-Executive Director (2009 to 2014) and Deputy Chairman (2010 to 2014) of Electricity Networks Corporation, Western Australia (trading as Western Power).

Current appointments:

- Councillor of Edith Cowan University and Chair of the University's Resources Committee (since 2011).
- Non-Executive Director of Accounting Professional & Ethical Standards Board (since February 2014).
- Non-Executive Director of Toro Energy Limited (since January 2015) and Chair of Toro Energy Limited Audit and Risk Management Committee (since April 2015).

ERICA SMYTH MSc, FAICD, FTSE, 64

Appointment: Independent Non-Executive Director since December 2011.

Board committee membership: Chair of the Remuneration and Nomination Committee. Member of the Audit and Risk Management Committee.

Skills and experience: With over 40 years' experience in the mineral and petroleum industries, Erica's career highlights include her positions as Chair of Toro Energy, Manager - Gas Market Development WA for BHP Petroleum and General Manager - Corporate Affairs with Woodside Petroleum Limited. In 2016 she was added to the WA Women's Hall of Fame and the Chamber of Mines & Energy Western Australia awarded Erica a Lifetime Achievement Award for her contribution to the industry as part of the Women in Resources Awards 2010. Erica was elected as a Fellow of the Academy of Technological Science and Engineering in 2012.

Current appointments:

- Chair of Diabetes Research Foundation of Western Australia (since 2007).
- Deputy Chair of the Australian Nuclear Science and Technology Organisation (since 2009).
- Director of the Royal Flying Doctor Service Western Operations (since 2010).
- Director of the Deep Exploration Technologies CRC (since 2013).
- Director National Energy Resources Australia Growth Centre (since November 2015).
- Director International Centre for Radio Astronomy Research (since June 2016).

GREGORY HAWKINS BCom, FCA, 48

Appointment: Executive Director Finance from 20 August 2015 until 19 August 2016.

Skills and experience: Greg joined Emeco as Chief Financial Officer in July 2014. Before joining Emeco, Greg was Chief Executive Officer of African Barrick Gold plc based in London where he made significant improvements to that business, dealt with considerable challenges in the African environment and set the company on a solid platform of improvement in performance for its long term future. Prior to this he was Chief Financial Officer at Barrick Gold Corporation's Australia Pacific division, based in Perth. Greg is a Fellow of the Institute of Chartered Accountants.

ALEC BRENNAN AM, BSc Hons, MBA Dist, FAICD, 69

Appointment: Independent Non-Executive Director between July 2006 and 22 April 2016. Chairman from November 2006 to December 2015.

Board committee membership: Chairman of the Remuneration and Nomination Committee and member of the Audit and Risk Management Committee until 22 April 2016.

Skills and experience: Alec was Chief Executive Officer of CSR from April 2003 until March 2007, prior to which he held a range of positions with CSR and related companies, including time as Director of Finance and of Strategy for the group. He was Chief Executive Officer of a number of group companies including Readymix Group, Bradford Insulation and Gove Aluminium. Alec has been a public company director for more than 20 years. Alec is a Member of the Order of Australia for significant service to business and commerce, tertiary education administration and to the community.

KENNETH LEWSEY BBus, MAICD, 53

Appointment: Managing Director from November 2013 until 20 August 2015.

Skills and experience: Prior to Emeco, Ken served as Executive Vice President - Business Development at Aurizon Holdings Limited from 2011 to 2013. This included responsibility for business development, major projects, mergers and acquisitions, as well as profit and loss responsibility for Aurizon's iron ore and intermodal business units. Ken was Aurizon's Chief Executive Officer - Freight Group from 2009 to 2011 and Chief Executive Officer of Aurizon's subsidiary, ARG, from 2007 to 2011. Ken was previously Managing Director of Cleanaway Industrial, Regional Director of Brambles Industrial Services, and held senior and general management roles in the steel industry with Smorgon Steel and BHP Steel.

Company secretary

The Company Secretary of the Company during FY16 was:

THAO PHAM LLB (Hons), BCom

Thao was appointed to the position of Company Secretary to the Emeco Board and General Counsel effective 1 July 2014. Thao joined Emeco as Legal Counsel in May 2011 and became Senior Legal Counsel in October 2012. In November 2015 Thao also took on the Global HR & HSE function, before being appointed as Emeco's Chief Legal, Risk & Business Improvement Officer in April 2016. Prior to joining Emeco, Thao spent several years as a corporate/commercial lawyer with an Australian law firm.

Directors' meetings

The number of board and committee meetings held and attended by each director in FY16 is outlined in the following table below:

Table 13: Board and committee meetings held and director attendance

Director	Board meetings		Audit & risk management committee meetings		Remuneration & nomination committee meetings	
	A	B	A	B	A	B
Peter Richards	11	11	6	6	2 #	2
Alec Brennan	9	10	5	5	2	2
Ian Testrow	11	10	5 *	5	1 *	1
John Cahill	11	11	6	6	2	2
Gregory Hawkins	11	10	6 *	5	2 *	1
Erica Smyth	11	11	6 #	6	2	2
Kenneth Lewsey	1	1	1 *	1	1 *	1

A Number of meetings attended.
B Number of meetings held during the time the director held office during the year.
* Not a member of this committee.
# Mr Richards and Ms Smyth were appointed to the remuneration and nomination committee and the audit and risk management committee respectively on 13 January 2016.

Corporate governance statement

The Company's corporate governance statement is located on the Company's website at http://www.emecogroup.com/view/investors/corporate-governance.

Principal activities

The principal activity during FY16 of the Group was the provision of heavy earthmoving equipment rental solutions to mining companies and contractors.

As set out in this report, the nature of the Group's operations and principal activities have been consistent throughout the financial year.

Operating and financial review

A review of Group operations, and the results of those operations for FY16, is set out in the operating and financial review section at pages 7 to 17 and in the accompanying financial statements.

Dividends

No dividends were declared or paid during FY16. No dividends have been declared or paid since the end of FY16.

Significant changes in state of affairs

Other than those disclosed in the operating and financial review section or the financial statements and the notes thereto, in the opinion of the directors, there were no significant changes in the Group's state of affairs that occurred during the financial year under review.

Events subsequent to report date

On 19 August 2016, Mr Gregory Hawkins ceased employment with the Company.

Likely developments

Likely developments in, and expected results of, the operations of the Emeco Group are referred to in the operating and financial review section at pages 7 to 17. This report omits information on likely developments in the Emeco Group in future financial years and the expected results of those operations the disclosure of which, in the opinion of the directors, would be likely to result in unreasonable prejudice to the Emeco Group.

Directors' interest

The relevant interests of each director in the shares, debentures, and rights or options over such shares or debentures issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

Table 14: Directors' Interests

Director	Ordinary shares	Options or rights	
Peter Richards	40,000	-	
Ian Testrow	715,714	1,705,268	[A]
John Cahill	120,000	-	
Erica Smyth	71,049	-	

[A] This comprises unvested performance shares issued under the Company's long term incentive plan prior to Mr Testrow's appointment as a director and shares held by the trustee of the plan under the FY15 employee share ownership plan. See section 5.4 and 5.6.

Indemnification and insurance of officers and auditors

The Company has entered into a deed of access, indemnity and insurance with each of its current and former directors, the chief financial officer and the company secretary. Under the terms of the deed, the Company indemnifies the officer or former officer, to the extent permitted by law, for liabilities incurred as an officer of the Company. The deed provides that the Company must advance the officer reasonable costs incurred by the officer in defending certain proceedings or appearing before an inquiry or hearing of a government agency.

Since the end of the previous financial year, the Company has paid premiums in respect of contracts insuring current and former officers of the Emeco Group, including executives, against liabilities incurred by such an officer to the extent permitted by the *Corporations Act 2001*. The contracts of insurance prohibit disclosure of the nature of the liability cover and the amount of the premium.

The Group has not indemnified its auditor, Deloitte Touche Tohmatsu.

Non-audit services

During the year, Deloitte Touche Tohmatsu, the Group's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit and risk management committee to ensure they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing the risks and rewards.

Details of the amounts paid to the auditor of the Group, Deloitte Touche Tohmatsu and its network firms, for audit and non-audit services provided during the year are found in note 9 of the notes to the financial statements.

Lead 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 38 and forms part of the directors' report.

Rounding off

The amounts contained in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company as referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. The Company is an entity to which the class order applies.

Remuneration report (audited)

Remuneration report contents

This report covers the following matters:

1. Introduction
2. Remuneration governance
3. Executive remuneration
4. Non-executive director remuneration
5. Details of remuneration
6. Service contracts

1. Introduction

This report details the Group's remuneration objectives, practices and outcomes for key management personnel (**KMP**), which includes directors and executives, for the year ended 30 June 2016. Any reference to 'executives' in this report refers to KMP who are not non-executive directors.

The following persons were directors of the Company during FY16:

Non-executive directors	
Peter Richards	Chair (appointed as Chair on 1 January 2016)
Alec Brennan	(Ceased role as Chair on 1 January 2016 and ceased role as non-executive director on 22 April 2016)
John Cahill	
Erica Smyth	
Executive directors	
Ian Testrow	Managing Director & Chief Executive Officer (commenced role on 20 August 2015), previously Chief Operating Officer
Gregory Hawkins	Executive Director, Finance (commenced role on 20 August 2015 and ceased role on 19 August 2016), previously Chief Financial Officer
Kenneth Lewsey	Managing Director & Chief Executive Officer (ceased role on 20 August 2015)

The following persons were also employed as executives of the Company during FY16:

Other executives	Position
Thao Pham	Chief Legal, Risk & Business Transformation Officer and Company Secretary (commenced role on 29 April 2016), previously General Counsel and Company Secretary
Christopher Hayman	President North America (ceased role on 6 November 2015)
Kalien Selby	Executive General Manager Strategy & Business Improvement (ceased role on 28 August 2015)

2. Remuneration governance

The board is committed to implementing KMP remuneration structures which achieve a balance between:

- rewarding executives for the achievement of the Company's short and long term financial, strategic and safety goals;
- incentivising executives to remain with the Group; and
- aligning the interests and expectations of executives, shareholders and other stakeholders.

The board engages with shareholders, management and other stakeholders as required to continuously refine and improve KMP remuneration policies and practices.

The remuneration and nomination committee is responsible for reviewing and suggesting recommendations to the board in relation to:

- the general remuneration strategy of the Company;
- the terms of KMP remuneration and the outcomes of remuneration reviews;
- employee equity plans and the allocations under those plans;
- recruitment, retention, performance measurement and termination policies and procedures for all KMP;
- disclosure of remuneration in the Company's public materials including ASX filings and the annual report; and
- retirement payments.

The members of the remuneration and nomination committee in FY16 were Mr Alec Brennan (Chair, ceased membership on 22 April 2016), Ms Erica Smyth (appointed Chair on 22 April 2016), Mr John Cahill and Mr Peter Richards (appointed on 13 January 2016).

3. Executive remuneration

3.1 Remuneration policy

The Group remuneration policy is substantially reflected in the objectives of the Company's remuneration and nomination committee. The committee's objectives are summarised in the following table:

Objective	Practices aligned with objective
Remunerate fairly and appropriately	Maintain balance between the interests of shareholders and the reward of executives in order to secure the long term benefits of executive energy and loyalty. Benchmark remuneration structures to ensure alignment with industry trends.
Align executive interests with those of shareholders	Provide a significant proportion of 'at risk' remuneration to ensure that executive reward is directly linked to the creation of shareholder value. Ensure human resources policies and practices are consistent and complementary to the strategic direction of the Company. Prohibit the hedging of unvested equity to ensure alignment with shareholder outcomes.
Attract, retain and develop proven performers	Provide total remuneration which is sufficient to attract and retain proven and experienced executives who are capable of: • fulfilling their respective roles with the Group; • achieving the Group's strategic objectives; and • maximising Group earnings and returns to shareholders.

The remuneration structure for the Company's executives consists of fixed and variable components. The variable component ensures that a proportion of pay varies with Company performance.

3.2 Fixed remuneration

Fixed remuneration comprises base salary, employer superannuation contributions and other non-cash benefits.

Each executive's fixed remuneration is reviewed and benchmarked annually in August. In FY16, this process did not result in any change in any Executive's fixed remuneration. However, the fixed remuneration of Mr Ian Testrow, Mr Gregory Hawkins and Ms Thao Pham increased in FY16 as a result of expanded responsibilities in their new roles.

It is also noted that the fixed remuneration of Mr Ian Testrow is 29% lower than that of his predecessor, Mr Ken Lewsey.

The level of remuneration is set to enable the Company to attract and retain proven performers once they are working within the business. An executive's responsibilities, experience, qualifications, performance and geographic location are also taken into account.

Fixed remuneration for executives has previously been set by reference to the fixed remuneration of comparable positions in comparable sized companies in the mining and mining services sectors. These sectors are considered to be appropriate as they are the key source of talent for the Company.

3.3 Variable remuneration

Variable remuneration is remuneration which consists of short and long term incentives.

In FY16, the short and long term incentives offered to executives underwent a thorough review taking into account the Company's share price and the Group's key items of focus for the financial year. The importance of retaining executives, deleveraging the Group, refinancing the Group's notes which expire in 2019 and alignment with shareholder value resulted in the creation of a new retention incentive (**RI**) plan to replace the previous long term incentive share plan offered by the Company from FY08 to FY15.

In FY16, short term incentive (**STI**) awards continue to be for performance assessed over one year. See section 3.3.1 for more information. RI awards are used as a retention tool to incentivise executives to continue with the Group for at least three years and drive shareholder value over this period. See section 3.3.2 for more information.

The below table sets out the maximum remuneration for each executive in FY16 attributable to:

- STIs as a percentage of total fixed remuneration (**TFR**) if maximum performance is achieved; and
- RIs as a percentage of TFR if the executives remain employed by the Group until the day after the announcement of Emeco's annual results in 2018 (**vesting date**).

Table 15: Components of variable remuneration

Executive [A]	Position	Target STI	Stretch STI component [B]	Maximum total STI	Maximum total RI	Maximum total variable remuneration
Ian Testrow	Managing Director & Chief Executive Officer	80%	20%	100%	120%	220%
Gregory Hawkins	Executive Officer, Finance	35%	9%	44%	75%	119%
Thao Pham	Chief Legal, Risk & Business Improvement Officer and Company Secretary	35%	9%	44%	65%	109%

[A] Mr Ken Lewsey, Ms Kalien Selby and Mr Christopher Hayman ceased their roles effective on 20 August 2015, 28 August 2015 and 6 November 2015 respectively and were not offered STIs or RIs in FY16.

[B] The stretch STI component relates to additional awards for better than target FY16 performance (see section 3.3.1).

3.3.1 STI remuneration

Cash and potential equity

STIs are used to reward the performance of executives over a full financial year. The actual amount of STI awarded is determined after the end of the financial year in light of the Company's financial performance and performance against agreed key performance indicators (**KPIs**). All executive STI awards require review and approval by the remuneration and nomination committee and the board.

An executive's maximum achievable STI award is set as a percentage of TFR (see table 15 above for details).

FY16 STI awards are made 100% in cash.

Company performance factor and key performance indicators

Along with financial performance indicators tailored to the Group's key items of focus for the financial year, the KPIs are chosen to ensure that important non-financial metrics which are aligned with the long term sustainability and strategic success of the Company are included.

With the exception of one KPI, the FY16 STI plan provided for pro-rata entitlements where performance in respect of the KPIs was between the thresholds and targets (see table 16). In respect of the FY16 STI plan, all executives had identical KPIs, with no applicable personal KPIs. This was to focus executive efforts on the overall performance of the Company and promote collaboration and support between executives and to senior managers and the Group as a whole.

Executive achievement in respect of the KPIs was then multiplied by the EBITDA company performance factor (**CPF**) outlined and shaded in grey in table 16. The CPF was introduced into the STI plan in FY16 to enhance alignment between Group performance and executive reward. Although many of the target KPIs were met in FY16, FY16 operating EBITDA was below FY16 target EBITDA. Consequently, all executives only received 25% of their target STI.

Table 16 below sets out the KPIs for the FY16 STI plan and the weightings attributable to each of them. In the board's view, these KPIs align the reward of executives with the interests of shareholders.

Table 16: FY16 STI plan KPI weightings and entitlements

KPI	Weighting	Entitlement	Rationale	Achievement
Direct costs	15%	0% if FY16 direct costs equal or exceed FY15 actual direct costs. 100% if direct costs are FY16 target or less. Pro-rata payments between these levels.	Control of operating costs is essential in the current operating environment to increase margins.	Above target
Overheads	15%	0% if overheads equal or exceed FY15 actual overheads. 100% if overheads are FY16 target or less. Pro-rata payments between these levels.	Control of overheads reflects the focus of the Company on increasing margins.	Above target
Capital expenditure	10%	0% for achievement equal to or above FY16 budget. 100% if capital expenditure is $10m below FY16 budget. Pro-rata payments between these levels.	Managing capital expenditure reflects the focus of the Company on improving cash flow generation.	Between threshold and target
Disposals	10%	0% if disposals are equal to or below 33% of available assets held for sale. 100% if disposals are 50% or more of available assets held for sale. Pro-rata payments between these levels.	Disposals converts end of life or surplus assets into cash for the Company.	Above target
Net working capital	15%	0% if working capital is a nil or negative movement for the year. 100% if working capital is positive $10m. Pro-rata payments between these levels.	Control of working capital is key component in generating net cash flow to deleverage the Company.	Between threshold and target
Safety [A]	15%	0% if TRIFR as at 30 June 2016 is an improvement of 10% or less on FY15 performance. 100% if TRIFR as at 30 June 2016 is a 25% or more improvement on FY15 performance. Pro-rata payments between these levels.	The board regularly reviews the Company's safety performance in detail and is striving to achieve a 'zero-harm' workplace at Emeco. TRIFR measures progress towards this aspiration.	Above target
Free cash flow (FCF) per share accretive transaction	20%	0% if not achieved. 100% if achieved.	Transactions which are accretive to FCF per share increase shareholder value.	Not achieved
Operating EBITDA	Overall achievements were multiplied by this CPF to determine the STI awarded	0% if operating EBITDA is equal to or lower than FY15 actual operating EBITDA. 100% if operating EBITDA is equal to FY16 target EBITDA. 125% if operating EBITDA is FY16 stretch EBITDA. Pro-rata between these levels.	Reflects the financial performance and the ability of the Company to pay STI awards.	Between threshold and target

[A] $$\text{TRIFR} = \frac{\text{Number of recordable injuries} \times 1{,}000{,}000 \text{ hours}}{\text{Total hours worked}}$$

3.3.2 RI remuneration

Performance shares and performance rights

In FY16 Emeco offered an equity based RI plan to provide a reward for senior managers (which includes executives) that remain employed by the Group over a three year period (**vesting period**).

The RI remuneration aligns the interests of Emeco's senior managers with the long term interests of its shareholders by providing Emeco's senior managers with an ongoing incentive to remain employed with the Group to deliver the long term objectives of the Emeco Group and increase shareholder wealth.

RI remuneration is in the form of performance shares or performance rights (**RI securities**). Performance shares are offered to Australian based senior managers. Performance rights are used for senior managers who are resident outside Australia due to the complexity and cost of compliance issues associated with the offer of performance shares in the relevant foreign jurisdictions.

A performance share is a fully paid ordinary Emeco share, the vesting of which is subject to the retention condition described below being met. A performance right is a right to receive a fully paid ordinary Emeco share, the vesting of which is subject to the retention condition being met.

In FY16 all executives were based in Australia at the time of the RI offers. As such, only performance shares were offered to executives. The number of performance shares offered was determined by reference to the executive's maximum long term incentive entitlement and the fair value of the RI securities as at the commencement of the vesting period. Performance shares were offered at no cost to the executive, however, award of the shares is subject to the retention condition described below.

Retention condition

The performance shares offered under the RI plan are not conditional on Company performance but rather vest at the end of a three year period. This is to encourage senior management to remain with Group for the three year vesting period. This currently is particularly important to the Company as the Group's notes are due to expire at the end of this three year vesting period.

Previous long term incentive plans included a performance condition based on the relative total shareholder return (**TSR**) of the Company measured against a peer group over a three year vesting period. In recent years the TSR performance conditions have been particularly difficult to satisfy given the downturn in the mining sector, evidenced by nil vesting over the last four financial years. This appears to have affected the value of the Company's previous long term incentive plans as a retention tool, with the Company seeing a high turnover in senior managers over the previous two years.

Each RI security has a higher fair value than those that would be issued under a long term incentive plan with a TSR performance condition. The higher fair value results in a decrease in the number of RI securities which would otherwise be granted to executives under the previous long term incentive plans. Furthermore, during a period where market perception questions the Company's ability to refinance its notes before 2019, a refinancing becomes the inherent performance hurdle for the vesting of the RI securities. This will affect the share price of the Company and, therefore, the value of the performance shares at the vesting date.

Performance shares which vest are transferred to the employee.

RI securities that do not vest will lapse. The shares associated with these RI securities will be transferred to a nominee of the Company and held on trust for subsequent reallocation.

Vesting on involuntary termination

If an executive's employment is terminated due to death, total and permanent disability, retrenchment or retirement, then the executive's unvested RI securities will vest, pro-rated based on the period that the executive has been employed with Emeco during the vesting period.

All unvested RI securities lapse if an executive resigns or is terminated for cause.

3.4 Prohibition of hedging RI securities

Emeco's share trading policy prohibits executives, directors and other officers of the Company from entering into transactions intended to hedge their exposure to Emeco securities which have been issued as part of remuneration.

3.5 Relationship between remuneration and Company performance

Emeco's remuneration objectives effectively align the interests of Emeco's executives with the interests of the Company and its shareholders.

This has been achieved by ensuring that a significant proportion of an executive's STI remuneration is 'at risk'. STI awards are linked to the achievement of financial measures of the Company's profitability and cash generating performance, and non-financial measures of operational outcomes. In respect of FY16, 25% of the executives' target STI were awarded.

RI awards are dependent on continued employment with the Group over, and the value of which are ultimately dependent on the share price at the end of, the vesting period. No incentives under the Company's previous long term incentive plans vested. See section 5.4 for more detail.

In FY16, the primary focus of the Company was to generate cash by reducing costs, disposing surplus fleet and managing capital expenditure and working capital in order to deleverage and strengthen its balance sheet. Strategic achievements over FY16 were executed to continue to drive the Emeco business through this current downturn in the global market and position the business for future growth, and hence greater shareholder returns.

Details of the KPIs for the FY16 STI and RI plans are set out in the following table:

KPI	RI	STI
Financial	Share price	Direct costs Overheads Capital expenditure Disposals Net working capital FCF per share accretive transaction Operating EBITDA
Non-financial	Continued employment	Safety

Further details regarding Emeco's executive remuneration structure are set out in sections 3.2 and 3.3.

The extent to which Emeco has set financial KPIs which are genuinely challenging, and which mean that STI remuneration is genuinely at risk, is highlighted by the fact that no executive subject to the financial hurdle in FY15 received a STI payment in that year. STI payments to executives in FY12 decreased from the amounts paid in FY11, with a further decrease in FY13, principally because FY12 and FY13 financial KPIs were not met to the same extent as in FY11. In FY14, the STI awards increased slightly from FY13 due to safety, personal goals and the sale of idle assets KPIs being met - no STIs in respect of financial KPIs were awarded. In FY16, the STI awards to executives slightly increased from FY15 due to improved financial performance. Details of these KPIs are set out above in section 3.3.

Details of the Group's performance and benefits for shareholder wealth are set out in the following table:

	FY16	FY15	FY14	FY13	FY12
Profit/(loss) from continuing operations ($m)	(225.3)	(123.1)	(224.2)	(0.0)	70.0
Profit/(loss) from discontinuing operations ($m)	-	(4.6)	(51.1)	6.0	(0.2)
Statutory profit/(loss) ($m)	(225.3)	(127.7)	(275.3)	6.0	69.7
Total dividends declared ($m)	-	-	-	15.0	37.9
Statutory return on capital employed	(61.6%)	(20.7%)	(30.7%)	4.2%	13.0%
Closing share price as at 30 June	$0.03	$0.08	$0.20	$0.28	$0.87

During FY12 the Company's share price peaked at $1.18 and ended the financial year at 87 cents, which led to a partial vesting of long term incentive securities offered under the Company's previous long term incentive plan (**LTI securities**) as the share price three years prior was only 40 cents. A factor which was a primary cause of the volatility in the Company's share price during FY12 was the uncertainty in the global macroeconomic environment. Continued macroeconomic uncertainty, a downturn in the resources sector globally, difficult trading conditions in Emeco's markets and a resultant decline in the Company's earnings saw the Company's share price close at 28 cents, 20 cents, 8 cents and 3 cents on 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016 respectively. No LTI securities vested as a result of the Company's performance in FY13, FY14, FY15 and FY16. This highlights the genuinely challenging nature of the TSR performance condition in previous financial years.

The change in FY16 to the RI plan provides senior managers with a more meaningful incentive to remain with the Group over the longer term. The Company considers that retaining senior managers will be a key factor in the performance of the Group over the coming years and its ability to refinance the notes before 2019. The value of the RI plan upon vesting will be wholly dependent on the Company's share price.

The primary means available to the Company to grow shareholder wealth, whether by way of dividend distributions or increases in the Company's share price, is to strive to increase earnings and return on capital. In this regard, the Company will maintain remuneration policies and practices which reward strong financial performance and align the interests of management with the interests of shareholders.

4. Non-executive director remuneration

Fees for non-executive directors are fixed and are not linked to the financial performance of the Company. The board believes this is necessary for non-executive directors to maintain their independence.

Non-executive director fees are reviewed and benchmarked annually in August. In FY16, this process did not result in any change in non-executive director fees.

An annual cap of $1,200,000 is currently prescribed in the Company's constitution as the total aggregate remuneration available to non-executive directors.

The allocation of fees to non-executive directors within this cap has been determined after consideration of a number of factors including the time commitment of directors, the size and scale of the Company's operations, the skill sets of board members, the quantum of fees paid to non-executive directors of comparable companies and participation in board committee work.

The chair is entitled to an annual fee of $158,238. All other non-executive directors receive an annual fee of $90,422. An additional annual fee of $6,782 is paid to a director who is a member of a board committee. This fee is increased to $9,042 for a director who chairs a committee. All amounts specified in this section are inclusive of superannuation contributions.

Due to the decrease in the number of non-executive directors in FY16, all non-executive directors now sit on more than one committee. However, in January 2016, the board resolved that non-executive directors would only be paid for sitting on one committee.

5. Details of remuneration

5.1 Remuneration received in relation to FY16

Details of the elements comprising the remuneration of the Group's KMP in FY16 are set out in table 17 below. The table does not include the following components of remuneration because they were either not provided to KMP during FY16 or were not available to KMP by reason of their executive role:

- Short term cash profit sharing bonuses.
- Long term incentives distributed in cash.
- Post-employment benefits other than superannuation.
- Share based payments other than shares and units and share based payments in the form of options.

Also, payments made in respect of a period before the appointment, or after the cessation, of a person as KMP are not included in table 17.

Table 17: FY16 KMP remuneration (Company and consolidated)

	Short-term employee benefits			Post-employment benefits			Share based payments		
	Salary and fees $	STI [1] $	Non-monetary $	Super-annuation benefits $	Other long term benefits $	Termina-tion benefits $	LTIs [2] $	Total $	% of remuneration performance related %
Non-executive directors									
Alec Brennan [A]	113,495	-	-	10,782	-	-	-	124,277	-
John Cahill	97,853	-	-	9,296	-	-	-	107,149	-
Peter Richards	123,388	-	-	11,721	-	-	-	135,109	-
Erica Smyth	92,589	-	-	8,795	-	-	-	101,384	-
Executive directors									
Ian Testrow [B]	611,000	130,000	97,995	32,938	-	-	219,761	1,091,694	20%
Gregory Hawkins	484,121	-	-	31,321	-	-	94,583	610,025	16%
Kenneth Lewsey [C]	259,747	-	-	24,675	-	501,539	783,723	1,569,684	50%
TOTAL ALL DIRECTORS	**1,782,193**	**130,000**	**97,995**	**129,528**	**-**	**501,539**	**1,098,067**	**3,739,322**	
Other executives									
Thao Pham	290,767	26,857	-	31,011	-	-	89,065	437,700	20%
Christopher Hayman [D]	69,431	-	-	-	-	174,081	(150,083)	93,429	-161%
Kalien Selby [E]	53,906	-	-	18,435	-	190,935	24,983	288,259	9%
TOTAL ALL EXECUTIVES	**414,104**	**26,857**	**-**	**49,446**	**-**	**365,016**	**(36,035)**	**819,388**	
TOTAL	**2,196,297**	**156,857**	**97,995**	**178,974**	**-**	**866,555**	**1,062,032**	**4,558,710**	

[1] STI awards under the FY16 plan were finally determined on 24 August 2016 after completion of performance reviews (refer to table 18).
[3} This figure includes long term incentives offered under the Company's previous long term incentive plan and, in respect of Ms Thao Pham, RIs offered in FY16.
[A] Mr Alec Brennan ceased his role as non-executive director on 22 April 2016.
[B] Mr Testrow received non-monetary benefits including housing in respect of his relocation arrangement back to Australia is 2014.
[C] Mr Kenneth Lewsey ceased his role as managing director and chief executive officer on 20 August 2015. All unvested long term securities granted to Mr Lewsey were forfeited in accordance with the terms of the grant and expensed through the income statement.
[D] Mr Christopher Hayman's remuneration has been converted to Australian dollars on the basis of an AUD/CAD exchange rate of 0.9890. Mr Hayman ceased his employment on 6 November 2015. All unvested long term securities granted to Mr Hayman were forfeited in accordance with the terms of the grant and reversed through the income statement.
[E] Ms Kalien Selby ceased her employment on 28 August 2015. All unvested long term securities granted to Ms Selby were forfeited in accordance with the terms of the grant and expensed through the income statement.

Comparative information relating to remuneration of the Group's KMP for the prior financial year is set out below:

	Short-term employee benefits			Post-employment benefits			Share based payments			
	Salary and fees $	STI [1] $	Non-monetary [2] $	Super-annuation benefits $	Other long term benefits $	Termina-tion benefits $	LTIs $	Total $	% of remuneration performance related %	Value of options as at % of total remuneration %
Non-executive directors										
Alec Brennan	160,495	-	-	13,566	-	-	-	174,061	-	-
John Cahill	97,594	-	-	8,651	-	-	-	106,245	-	-
Peter Richards	89,288	-	-	7,915	-	-	-	97,203	-	-
Erica Smyth	89,288	-	-	7,915	-	-	-	97,203	-	-
Executive director										
Kenneth Lewsey	809,330	-	-	73,744	-	-	333,554	1,216,628	27%	-
TOTAL ALL DIRECTORS	**1,245,995**	**-**	**-**	**111,791**	**-**	**-**	**333,554**	**1,691,340**		
Executives at report date										
Gregory Hawkins	468,356	-	-	41,644	-	-	39,859	549,859	7%	-
Christopher Hayman [A]	343,118	-	21,717	-	-	-	70,375	435,209	16%	-
Kalien Selby [B]	96,375	-	-	9,155	-	-	3,922	109,452	4%	-
Ian Testrow	443,524	-	81,671	42,135	-	-	201,793	769,123	26%	-
Thao Pham	244,615	40,800	-	22,800	-	-	40,291	348,506	12%	-
Other executives										
Kellie Benda [C]	184,849	-	-	17,561	-	-	(11,237)	191,173	0%	-
David Greig [D]	280,222	-	115,561	-	-	-	47,774	443,558	11%	-
Stuart Jenner	235,974	-	-	24,292	-	-	43,115	303,381	14%	-
Grant Stubbs [E]	158,203	-	-	15,029	-	-	(68,945)	104,287	0%	-
TOTAL ALL EXECUTIVES	**2,455,236**	**40,800**	**218,949**	**172,616**	**-**	**-**	**366,946**	**3,254,547**		
TOTAL	**3,701,231**	**40,800**	**218,949**	**284,407**	**-**	**-**	**700,500**	**4,945,887**		

[1] STI awards under the FY15 plan were finally determined on 19 August 2015 after completion of performance reviews.
[2] Non-monetary benefits include housing, vehicle and health benefits.
[A] Mr Christopher Hayman's remuneration has been converted to Australian dollars on the basis of an AUD/CAD exchange rate of 0.9606.
[B] Ms Kalien Selby was appointed as an executive on 18 February 2015.
[C] Ms Kellie Benda ceased her role as an executive on 19 December 2014. All unvested LTI securities granted to Ms Benda were forfeited in accordance with the terms of the grant and reversed through the income statement.
[D] Mr David Greig was an executive from 1 October 2014 to 22 June 2015. Mr Greig's remuneration has been converted to Australian dollars on the basis of an AUD/USD exchange rate of 0.8090.
[E] Mr Grant Stubbs ceased his role as an executive on 1 October 2014. All unvested LTI securities granted to Mr Stubbs were forfeited in accordance with the terms of the respective grants and reversed through the income statement.

5.2 FY16 STI grants

The terms of the FY16 STI plan are discussed at pages 28 to 29.

Details of the vesting profile of the STI grants awarded to executives in respect of FY16 are set out below:

Table 18: FY16 executive STI vesting information

Executive [A]	Maximum total STI value [1]	% of STI awarded	% of STI forfeited
Ian Testrow	$520,000	25%	75%
Gregory Hawkins [B]	$175,000	0%	100%
Thao Pham	$107,430	25%	75%

[1] The minimum STI value for each KMP is zero. All STI awards will be paid in cash.
[A] Mr Ken Lewsey, Ms Kalien Selby and Mr Christopher Hayman ceased their roles as executives on 20 August 2015, 28 August 2015 and 6 November 2015 respectively, and did not have FY16 STI entitlements.
[B] Mr Gregory Hawkins ceased employment with the Company on 19 August 2016, being prior to review and approval by the remuneration and nomination committee and the board, and therefore forfeits, his STI award.

5.3 FY16 RI grants

The terms of the RI plan are discussed at page 30.

Grants and vesting of RI securities made to executives under the Company's RI plans are set out in the following table:

Table 19: RI security grants and vesting to executives

Executive [A]	Grant date	Equity instrument	Number granted	Maximum value [1]	Vesting date [2]	Fair value per share/right at grant date [3]	Number held at year end
Thao Pham	05/02/2016	Shares	3,330,756	$199,525	Sep-18	$0.03	3,330,756

[A] Mr Ken Lewsey, Mr Christopher Hayman and Ms Kalien Selby ceased employment with Emeco during FY16. Mr Lewsey, Mr Hayman and Ms Selby were not offered RI securities in FY16. The RI security offers made to Mr Ian Testrow and Mr Gregory Hawkins in FY16 (13,021,703 and 6,260,434 respectively), were not allocated prior to their appointment as directors of the Company and, as such, are subject to shareholder approval. However, Mr Hawkins has ceased employment with the Group and, therefore, all unvested securities offered to Mr Hawkins will be forfeited in accordance with their terms.
[1] The minimum value of each grant is zero.
[2] The vesting date is the day after the announcement of the Company's annual results in 2018.
[3] The fair value of the securities was determined using a Monte Carlo share price simulation model, and is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the KMP remuneration table (table 17) is the portion of the fair value of the securities recognised in FY16.

5.4 Long Term Incentives

During FY08 to FY15, the Company offered long term incentives (**LTI**s) to executives to reward them for Company performance over a three year period (**vesting period**).

LTI remuneration was in the form of performance shares or performance rights (**LTI securities**). A performance share is a fully paid ordinary Emeco share, the vesting of which is subject to the performance condition being met. A performance right is a right to receive a fully paid ordinary Emeco share, the vesting of which is subject to the performance condition being met.

The performance condition for the vesting of LTI securities was based on the relative total shareholder return (**TSR**) of the Company measured against a peer group (**peer group**) over the vesting period.

TSR is a performance measure that calculates the return to a shareholder taking into account share price growth, dividend payments and capital returns.

At the end of the vesting period, the TSR for Emeco and each company in the peer group will be measured and ranked. Emeco will be allocated a percentile rank representing the percentage of companies in the peer group that has a lower TSR than Emeco (**percentile rank**).

LTI securities will only vest if a certain percentile rank is achieved by Emeco. There is a maximum and minimum vesting range and vesting occurs in this range on a sliding scale as set out in the following table:

Percentile rank	Percentage of LTI securities that vest
50% or lower	Nil
Between 50% and 75%	50% plus 2% for each percentile rank over 50%
75% or higher	100%

LTI securities that do not vest at the end of the vesting period will lapse. The shares associated with these LTI securities will be transferred to a nominee of the Company and held on trust for subsequent reallocation.

Performance shares which vest are transferred to the employee. In respect of performance rights which vest, corresponding shares are transferred to the employee.

Grants and vesting of LTI securities made to executives under the Company's LTI plans are set out in the following table:

Executive [A]	Grant date	Equity instrument	Number granted	Maximum value [1]	% vested in FY16	% forfeited in FY16	Vesting date [2]	Fair value per share/right at grant date [3]	Number held at year end
Ian Testrow	19/10/2012	Rights	451,371	$207,631	-	100%	Sep-15	$0.46	0
	04/12/2013	Rights	1,633,151	$228,641	-	-	Sep-16	$0.15	1,633,151
Thao Pham	05/10/2012	Shares	53,571	$30,000	-	100%	Sep-15	$0.56	0
	02/11/2012	Shares	5,357	$3,000	-	100%	Sep-15	$0.56	0
	07/10/2013	Shares	199,456	$33,908	-	-	Sep-16	$0.18	199,456
	24/11/2014	Shares	640,000	$96,000	-	-	Sep-17	$0.12	640,000
Kenneth Lewsey	04/11/2013	Shares	4,553,571	$637,500	-	100%	Sep-16	$0.15	0
	24/11/2014	Shares	4,250,000	$637,500	-	100%	Sep-17	$0.12	0
Christopher Hayman	07/10/2013	Rights	986,967	$138,175	-	100%	Sep-16	$0.15	0
	24/11/2014	Rights	844,040	$126,606	-	100%	Sep-17	$0.12	0
Kalien Selby	24/11/2014	Shares	260,000	$39,000	-	100%	Sep-17	$0.12	0

[A] Mr Ken Lewsey, Mr Christopher Hayman and Ms Kalien Selby ceased employment with Emeco during FY16. All unvested LTI securities granted to Mr Lewsey, Mr Hayman and Ms Selby in FY14 and FY15 were forfeited in accordance with the terms of the respective grants. The LTI securities offers made to Mr Ian Testrow and Mr Gregory Hawkins in FY15 (1,550,000 and 1,600,000 respectively) were not allocated prior to their appointment as directors of the Company and, as such, are subject to shareholder approval. However, Mr Hawkins has ceased employment with the Group and, therefore, all unvested securities offered to Mr Hawkins under the FY15 plan will be forfeited in accordance with their terms.

[1] The minimum value of each grant is zero.

[2] For LTI securities granted in FY13, FY14 and FY15 the vesting date is the twentieth trading day after the announcement of the Company's annual results in 2015, 2016 and 2017 respectively

[3] The fair value of the LTI securities was determined using a Monte Carlo share price simulation model, and is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the KMP remuneration table (table 17) is the portion of the fair value of the securities recognised in FY16.

5.5 Management incentive share plan

Emeco offered shares pursuant to a management incentive share plan (**MISP**) between 2005 and 2008. The shares offered under this plan were not conditional on performance but rather vested over time so as to encourage participants to remain with Group.

Under the MISP, the Company provided each MISP participant with an interest free, limited recourse loan (**loan**) to enable them to subscribe for the MISP shares. Any dividends or capital distributions which were paid on the MISP shares were applied by the Company in reducing the amount of the loan. The shares vested over a five year period.

Subject to the approval of the board, the loan was capable of repayment at any time but, in most instances, was to be repaid by 1 July 2015, being the tenth anniversary of the commencement date of the MISP. Eligible participants of the plan at 1 July 2015 were given the option to either pay the loan amount outstanding in respect of the shares or to extinguish the loan by forfeiting their interest in the shares. All KMP participants elected to forfeit their outstanding MISP shares in FY16.

As detailed below, there were no share based payments to any KMP under the MISP during FY16:

KMP	Number of shares issued	Issue price of shares	Grant date	Amount of loan outstanding as at 30 June 2016	Highest amount of indebtedness during FY16	Fair value recognised as remuneration during FY16
Alec Brennan	500,000	$0.61	18/08/2005	$0	$142,500	$0.00
Ian Testrow	300,000	$1.16	12/06/2006	$0	$249,000	$0.00

5.6 Emeco employee share ownership plan

Emeco's employee share ownership plan (**ESOP**) was an elective plan which was open to all Australian employees between FY08 and FY15. Under the ESOP, for every five shares acquired and paid for by the employee under the ESOP (**ESOP shares**), Emeco acquired one matching share on market at no cost to the employee.

The matching shares are subject to a vesting condition. Under the ESOP, a participating employee must remain employed with Emeco for one year after the end of the calendar year in which the matching shares are acquired (**restriction period**). If an employee resigns from the Group before the expiry of the restriction period, the matching shares are forfeited. All matching shares automatically vest if an employee is made redundant before the expiry of the restriction period.

The ESOP shares are held in escrow by the trustee during the restriction period. The ESOP administrator, Link Market Services, releases the ESOP shares from escrow at the earlier of the expiry of the restriction period and the termination of the employee's employment with Emeco.

Emeco did not offer any shares under the ESOP in FY16. However, shares acquired in 2014 under previous ESOPs vested for participating employees that remain employed with Emeco at 31 December 2015.

During FY16 ESOP shares were released from escrow, and matching shares vested, under previous ESOPs as set out below:

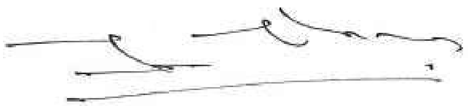
Executive	Released ESOP shares	Vested matching shares
Ian Testrow	10,217	2,041
Thao Pham	22,599	4,515
Kalien Selby [A]	35,103	7,014

[A] Ms Kalien Selby ceased employment with Emeco during FY16 and all ESOP Shares and matching shares were released and vested in accordance with their terms.

6. Service contracts

Each executive is employed pursuant to contracts which provide for an indefinite term and which are terminable on either party giving six months' notice or on the payment to the executive of up to six months' salary in lieu of notice. No termination payments other than salary in lieu of notice and accrued statutory leave entitlements are payable under these contracts.

Signed in accordance with a resolution of the directors.



Ian Testrow
Managing Director

Dated at Perth, 30th day of August 2016

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place,
123 St Georges Tce,
Perth WA 6000, Australia

Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Emeco Holdings Limited
3/71 Walters Drive
Perth WA 6017

30 August 2016

Dear Board Members

Emeco Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Emeco Holdings Limited.

As lead audit partner for the audit of the financial statements of Emeco Holdings Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Continuing operations			
Revenue from rental income		177,744	206,718
Revenue from the sale of machines and parts		5,472	2,788
Revenue from maintenance services		23,348	31,925
		206,564	241,431
Changes in machinery and parts inventory	8	(8,921)	(11,780)
Repairs and maintenance		(70,967)	(99,216)
Employee expenses		(33,995)	(43,608)
Hired in equipment and labour		(21,102)	(22,411)
Gross profit		71,579	64,416
Other income	7	1,791	512
Other expenses	8	(25,770)	(32,072)
Impairment of tangible assets	8	(179,609)	(30,836)
Depreciation expense	8	(69,194)	(98,720)
Amortisation expense	8	(148)	(84)
Finance income	8	79,345	2,781
Finance costs	8	(55,455)	(52,260)
Net foreign exchange gain/(loss)	8	(42,002)	(16,332)
Loss before tax expense		(219,463)	(162,595)
Tax benefit/(expense)	10	(5,926)	39,464
Loss from continuing operations		(225,389)	(123,131)
Discontinued operations			
Loss from discontinued operations (net of tax)	14	-	(4,572)
Loss from discontinued operations		-	(4,572)
Loss for the year		(225,389)	(127,703)
Other comprehensive (loss)/income			
Items that are or may be reclassified to profit and loss:			
Foreign currency translation differences for foreign operations (net of tax)		(3,403)	28,871
Effective portion of changes in fair value of cash flow hedges (net of tax)		11,821	(4,306)
Total other comprehensive income/(loss) for the year		8,418	24,565
Total comprehensive income/(loss) for the year		(216,971)	(103,138)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 44 to 118.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Loss attributable to:			
Owners of the Company	35	(225,389)	(127,703)
Loss for the year		(225,389)	(127,703)
Total comprehensive loss attributable to:			
Owners of the Company	35	(216,971)	(103,138)
Total comprehensive loss for the year		(216,971)	(103,138)

	Note	2016 Cents	2015 Cents
Earnings per share:			
Basic earnings per share	35	(40.42)	(22.90)
Diluted earning per share	35	(40.42)	(22.90)
Earnings per share from continuing operations			
Basic earnings per share	35	(40.42)	(22.08)
Diluted earnings per share	35	(40.42)	(22.08)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 44 to 118.

Consolidated Statement of Financial Position

as at 30 June 2016

	Note	2016 $'000	2015 $'000
Current Assets			
Cash assets	17	24,854	27,800
Trade and other receivables	18	37,734	60,272
Derivative financial instruments	19	6,315	12,761
Inventories	20	5,333	20,931
Prepayments		1,832	2,134
Assets held for sale	15	30,728	32,328
Total current assets		106,796	156,226
Non-current Assets			
Trade and other receivables	18	6,234	5,375
Derivative financial instruments	19	12,629	38,282
Intangible assets and goodwill	21	2,344	1,641
Property, plant and equipment	22	280,182	482,351
Deferred tax assets	12	19,507	24,880
Total non-current assets		320,896	552,529
Total assets		427,692	708,755
Current Liabilities			
Trade and other payables	23	38,035	45,363
Liabilities directly associated with assets classified as held for sale	15	883	-
Interest bearing liabilities	24	4,579	5,484
Provisions	26	3,469	3,652
Total current liabilities		46,966	54,499
Non-current Liabilities			
Derivative financial instruments	19	-	1,663
Interest bearing liabilities	24	373,239	418,487
Deferred tax liabilities	12	-	10,884
Provisions	26	1,490	1,751
Total non-current liabilities		374,729	432,785
Total liabilities		421,695	487,284
Net assets		5,997	221,471
Equity			
Share capital	13	593,616	593,616
Reserves		12,505	2,590
Accumulated losses		(600,124)	(374,735)
Total equity attributable to equity holders of the Company		5,997	221,471

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 44 to 118.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Share capital $'000	Share based payment reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Reserve for own shares $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2014	593,616	14,598	(7,321)	(9,267)	(20,622)	(247,032)	323,972
Total comprehensive income for the period							
Profit or (loss)	-	-	-	-	-	(127,703)	(127,703)
Other comprehensive income							
Foreign currency translation differences	-	-	3,408	25,463	-	-	28,871
Effective portion of changes in fair value of cash flow hedge, net of tax	-	-	(4,306)	-	-	-	(4,306)
Total comprehensive income/(loss) for the period	-	-	(898)	25,463	-	(127,703)	(103,138)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Own shares acquired by employee share plan trust	-	-	-	-	(12)	-	(12)
Share-based payment transactions	-	649	-	-	-	-	649
Total contributions by and distributions to owners	-	649	-	-	(12)	-	637
Balance at 30 June 2015	593,616	15,247	(8,219)	16,196	(20,634)	(374,735)	221,471

	Share capital $'000	Share based payment reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Reserve for own shares $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2015	593,616	15,247	(8,219)	16,196	(20,634)	(374,735)	221,471
Total comprehensive income for the period							
Profit or (loss)	-	-	-	-	-	(225,389)	(225,389)
Other comprehensive income							
Foreign currency translation differences	-	-	(3,257)	(146)	-	-	(3,403)
Effective portion of changes in fair value of cash flow hedge, net of tax	-	-	11,821	-	-	-	11,821
Total comprehensive income/(loss) for the period	-	-	8,564	(146)	-	(225,389)	(216,971)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Own shares acquired by employee share plan trust	-	-	-	-	-	-	-
Share-based payment transactions	-	1,497	-	-	-	-	1,497
Total contributions by and distributions to owners	-	1,497	-	-	-	-	1,497
Balance at 30 June 2016	593,616	16,744	345	16,050	(20,634)	(600,124)	5,997

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 44 to 118.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Cash receipts from customers		228,558	237,151
Cash paid to suppliers and employees		(166,245)	(194,510)
Cash generated from operations		62,313	42,641
Finance income received		702	240
Finance expense paid		(44,503)	(42,974)
Cash receipts from derivatives sold		48,167	-
Taxes received/(paid)		3,965	-
Net cash inflow (outflow) from operating activities of discontinued operations		-	(2,801)
Net cash from/(used in) operating activities	30	70,644	(2,894)
Cash flows from investing activities			
Proceeds on disposal of non-current assets		15,103	14,005
Payment for property, plant and equipment		(38,215)	(37,824)
Net cash inflow from investing activities of discontinued operations		-	10,806
Net cash used in investing activities		(23,112)	(13,013)
Cash flows from financing activities			
Net proceeds from asset backed loan		-	-
Repurchase of issued debt		(41,971)	-
Purchase of own shares		-	(12)
Payment for debt establishment costs		-	(2,576)
Payment of finance lease liabilities		(7,340)	(4,145)
Net cash outflow from financing activities of discontinued operations		-	-
Net cash from used in financing activities		(49,311)	(6,733)
Net decrease in cash		(1,779)	(22,640)
Cash at beginning of the period		27,800	41,830
Effects of exchange rate fluctuations on cash held		(1,167)	8,610
Cash at the end of the financial period		24,854	27,800

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 44 to 118.

1 Reporting entity

Emeco Holdings Limited (the '**Company**') is domiciled in Australia. The address of the Company's registered office is Level 3, 71 Walters Drive, Osborne Park WA 6017. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the '**Group**'). The Group is a for profit entity and primarily involved in the provision of safe, reliable and maintained heavy earthmoving equipment solutions to customers in the mining industry (refer note 16).

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**).

The consolidated financial statements were authorised for issue by the board of directors on 30 August 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- assets held for sale at fair value less costs of disposal; and
- financial instruments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial /Directors' Reports) Instrument, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with the AASB requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of assets

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 that are subject to amortisation are reviewed 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 of disposal and value in use, in accordance with the Company's accounting policy note 3(h)(ii). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Recognition of tax losses

In accordance with the Company's accounting policies for deferred taxes (refer note 3(o)), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise these losses. This includes estimates and judgements about future profitability, capital structure and tax rates. Changes in these estimates and assumptions could impact on the amount and probability of unused tax losses and accordingly the recoverability of deferred tax assets. The carrying amount of deferred tax assets are set out in note 12.

Assets held for sale

In accordance with the Company's accounting policies for assets held for sale (refer note 3(i)), non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Fair value less costs of disposal includes estimates and judgements about the market value of these assets. Changes in these estimates and assumptions could impact on the carrying amount of these assets held for sale. The carrying amount of assets held for sale are set out note 15.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (**FCTR**) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(c) Financial instruments

(i) Non-derivative financial assets and financial liabilities recognition and derecognition

The Group initially recognises loans and receivables and deposits and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities recognition and de-recognition (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group has non-derivative financial assets being: loans and receivables.

(ii) Non-derivative financial assets - measurement

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

(iii) Non-derivative financial liabilities - measurement

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method unless the Group has applied fair value hedging, in which case amortised cost is adjusted to reflect the movement in the fair value of the underlying hedge item. This adjustment is recorded in the statement of profit and loss.

Other financial liabilities comprise loans and borrowings, debt securities issued, and trade and other payables.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss unless designated as a hedge instrument.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derivative financial instruments, including hedge accounting (continued)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Fair value hedges

The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or unrecognised firm commitment that may affect the income statement. Changes in fair value might arise through changes in interest rates or foreign exchange rates. The Group's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed rate long term financial instruments due to movements in market interest rates. The application of fair value hedge accounting results in the fair value adjustment on the hedged item attributable to the hedged risk being recognised in the income statement at the same time the hedging instrument impacts the income statement. If a hedging relationship is terminated, the fair value adjustment to the hedged item continues to be recognised as part of the carrying amount of the item or group of items and is amortised to the income statement as a part of the effective yield over the period to maturity. Where the hedged item is derecognised from the Group's balance sheet, the fair value adjustment is included in the income statement as a part of the gain or loss on disposal.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with the recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares net of any tax effects are recognised as a deduction from equity.

Purchase of share capital (treasury shares)
When share capital recognised as equity is purchased by the employee share plan trust, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Purchased shares are classified as treasury shares and are presented in the reserve for own shares net of any tax effects. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Repurchase and reissue of share capital (treasury shares)
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented in retained earnings.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, and estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure on major overhauls and refurbishments of equipment is capitalised in property, plant and equipment as it is incurred, where that expenditure is expected to provide future economic benefits. The costs of the day-to-day servicing of property, plant and equipment and on going repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment, excluding freehold land, are depreciated over their estimated useful lives and are charged to the statement of comprehensive income. Estimates of remaining useful lives, residual values and the depreciation method are made on a regular basis, with annual reassessments for major items.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Where subsequent expenditure is capitalised into the asset, the estimated useful life of the total new asset is reassessed and depreciation charged accordingly.

Depreciation on buildings, leasehold improvements, furniture, fixtures and fittings, office equipment, motor vehicles and sundry plant is calculated on a straight line basis. Depreciation on plant and equipment is calculated on a units of production method and charged on machine hours worked over their estimated useful life. In certain specific contracts, depreciation methodology on some items of plant and equipment are reassessed in line with their effective lives. In these situations, depreciation is recognised in line with the pattern of economic benefits expected to be consumed. (2015: All plant and equipment is depreciated to a minimum of 100 machine hours per month).

The estimated useful lives are as follows:

Leasehold improvements	15 years
Plant and equipment	3 – 15 years
Furniture, fixtures and fittings	10 years
Office equipment	3 – 10 years
Motor vehicles	5 years
Sundry plant	7 – 10 years

(e) Intangible assets

(i) Research and Development

Expenditure on research activities is recognised in profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at costs less accumulated amortisation and any accumulated impairment losses.

3 Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

Intangible assets are amortised on a straight line basis in profit or loss over their estimated useful lives, from the date they are available for use.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 0 – 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Inventory is occasionally sold under a rental purchase option (**RPO**). Under the RPO the purchaser is entitled to a rebate upon exercising the option. A charge is recognised against the carrying value of inventory on RPOs to reflect the consumption of economic benefits related to that inventory.

(g) Work in progress

Progressive capital work to inventory and fixed assets are carried in work in progress accounts within their respective statement of financial position classifications with fixed assets being disclosed as a ‘capital work in progress’. Upon work completion the balance is capitalised.

3 Significant accounting policies (continued)

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

3 Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

(i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long term employee benefits

The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3 Significant accounting policies (continued)

(j) Employee benefits (continued)

(iv) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share based payment transactions

(a) A management incentive share plan (**MISP**) allows certain consolidated entity employees to acquire shares of the Company. Employees have been granted a limited recourse 10 year interest free loan in which to acquire the shares. The loan has not been recognised as the Company only has recourse to the value of the shares. The arrangement is accounted for as an in-substance option over ordinary shares. The grant date fair value of the shares granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to the shares. The fair value of the MISP granted is measured using a Black Scholes pricing model, taking into account the terms and conditions upon which the in-substance options were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where forfeiture is only due to shares prices not achieving the threshold for vesting.

(b) A Retention Incentive (**RI**) plan allows certain management personnel to receive shares or rights of the Company. Under the RI, rights or shares granted to each RI participant vest to the employee after three years. The 2015 long term incentive plan (**LTIP**), included a performance condition included a performance hurdle based on relative total shareholder return (**TSR**). The peer group that the Company's TSR is measured against consists of 123 Companies (this number may change as a result of takeovers, mergers etc) and includes 16 Companies that are considered direct peers to Emeco, in addition to the S&P/ASX Small Industrials (excluding banks, insurance companies, property trust companies and investment property trust/companies and other stapled securities). The fair value of the performance rights or shares granted under the LTIP have been measured using Monte Carlo simulation analysis and are expensed evenly over the period from grant date to vesting date.

(c) In FY11 an employee share ownership plan (**ESOP**) was established to allow certain employees to acquire shares in the Company via salary sacrifice up to a limit of $5,000 each year. For every five shares purchased by the employee, recognised as treasury shares, the Company provides one matching share, recognised as a share based payment. Under the ESOP, the matching share will vest to the employee after one year after the end of calendar year in which the matching shares are acquired. These matching shares are fair valued and are expensed evenly over the period from grant date to vesting date. ESOP employees are entitled to dividends on the matching share when the dividends are declared.

3 Significant accounting policies (continued)

(j) Employee benefits (continued)

(v) Share based payment transactions (continued)

(d) Dividends received while satisfying the performance conditions of share issues under the MISP are allocated against the employee outstanding loan. For all previous LTIP and ESOP plans, all LTIP and ESOP recipients are entitled to any dividends that are declared during the vesting period. For the Group's executives, commencing with the FY13 grant and all subsequent grants, dividends or shadow dividends will not be paid on any unvested securities and dividends or shadow dividends will accrue on unvested LTI securities and will only be paid at the time of vesting on those LTI securities that vest, provided all vesting conditions are met.

(e) A short term incentive (**STI**) plan allows the executive leadership team to receive, on board approval, cash or shares of the Company upon satisfying performance conditions. This is determined at the end of each financial year based on the executive's performance. The performance conditions related to KPIs include EBITDA, direct costs, overheads, capital expenditure, working capital, free cash flow, sale of idle assets, safety and personal goals.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructure provision

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(l) Revenue

(i) Rental revenue

Revenue from the rental of machines is recognised in profit and loss based on the number of hours the machines operate each month. Customers are billed monthly.

(ii) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3 Significant accounting policies (continued)

(l) Revenue (continued)

(iii) Maintenance services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(m) Leases

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- discount on repurchased debt;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and liabilities;
- the fair value loss on contingent consideration classified as financial liability;
- withholding tax;
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- amortisation of borrowing costs capitalised using the effective interest method.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

3 Significant accounting policies (continued)

(o) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 16 December 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Emeco Holdings Limited.

(p) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale or distribution, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(q) Segment reporting

Segment results that are reported to the board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash, interest bearing liabilities and finance expense.

4 New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. Those which may be relevant to the Group are set out below.

(i) AASB 16 Leases (2016)

AASB16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligations to make lease payments.

(ii) AASB 15 Revenue from Contracts with Customers (2015)

The new standard replaces AASB 118 which covers the revenues arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

(iii) AASB 9 Financial Instruments (2014)

AASB 9 will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost estimates reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, are estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

5 Determination of fair values (continued)

(c) Forward exchange contracts and interest rate swaps

The fair value of forward exchange contracts is based on the discounted value of the difference between the rate the contractual forward price and the current forward price for the residual maturity of the contract using a credit adjusted risk free rate.

The fair value of interest rate swaps is based on third party valuations provided by financiers. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(d) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(e) Share based payment transactions

The fair value of employee share options, management incentive plan shares, long term incentive plan and retention incentive plan shares are measured using an option pricing model. Measurement inputs include share price on issue, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, market performance conditions, expected dividends, and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. The employee share ownership plan shares are measured at market price at purchase date.

(f) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market related discount rate. The fair value of held to maturity investments is determined for disclosure purposes only.

(g) Assets held for sale

The fair value of assets designated as held for sale are determined with reference to an independent external valuation, market demand and costs of disposal.

6 Financial instruments

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

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the audit and risk management committee (**Committee**), which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the internal audit function. Internal audit undertakes reviews of risk management controls and procedures at the direction of the Committee. The results of the reviews are reported to the Committee.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument or financial asset fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated	
		Carrying amount	
		2016	2015
	Note	$'000	$'000
Trade receivables	18	32,803	54,147
Other receivables	18	12,255	17,374
Cash and cash equivalents	17	24,854	27,800
Derivatives	19	18,944	51,043
		88,856	150,364

6 Financial instruments (continued)

Credit risk (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group sets individual counter party limits and where possible insures its rental income within Australia, Indonesia, Chile and Canada, and generally operates on a 'cash for keys' policy for the sale of equipment and parts.

Both insured and uninsured debtors are subject to the Group's credit policy. The Group's credit policy requires each new customer to be analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer according to the external rating and are approved by the appropriate management level dependent on the size of the limit. In the instance that a customer fails to meet the Group's creditworthiness and the Group is unable to secure credit insurance, future transactions with the customer will only be assessed on a case by case basis and where possible, prepayment or appropriate security such as a bank guarantee or letter of credit.

Where commercially available the Group aims to insure the majority of rental customers that are not considered either blue chip customers, subsidiaries of blue chip companies or Government. Blue chip customers are determined as those customers who have a market capitalisation of greater than $700,000,000 (2015: $700,000,000). The Australian and Chilean businesses held insurance for the entire financial year ended 30 June 2016. The Canadian business held credit insurance from 1 September 2015 to 30 June 2016.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The specific loss component is made up of the insurance excess for insured debts that have been classified as doubtful and uninsured customers that are classified as doubtful.

As at 30 June 2016 the Group's doubtful debts provision for continuing and discontinued operations was $1,090,000 (2015: $5,874,000). As at 30 June 2016 the Group recognised bad debt write offs for continuing and discontinued operations for a total amount of $4,924,000 (2015: $4,089,000) which $4,924,000 related to one customer in Indonesia.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Consolidated		Consolidated	
	Gross 2016 $'000	Impairment provision 2016 $'000	Gross 2015 $'000	Impairment provision 2015 $'000
Australia	21,070	(37)	25,002	-
Asia	-	-	8,233	(5,376)
North America	4,095	(938)	9,762	(172)
South America	7,638	(115)	11,150	(326)
	32,803	(1,090)	54,147	(5,874)

6 Financial instruments (continued)

Credit risk (continued)

Trade and other receivables (continued)

The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated	
	Carrying amount	
	2016	2015
	$'000	$'000
Insured	15,245	21,292
Blue chip (including subsidiaries)	15,294	12,987
Other security	-	9,884
Uninsured	2,264	9,984
	32,803	54,147

The aging of the Group's trade receivables at the reporting date was:

	Consolidated		Consolidated	
	Gross	Impairment	Gross	Impairment
	2016	2016	2015	2015
	$'000	$'000	$'000	$'000
Not past due	25,338	-	38,565	-
Past due 0-30 days	2,993	-	2,292	-
Past due 31-60 days	2,414	-	3,329	-
Past due 61 days	2,058	(1,090)	9,961	(5,874)
	32,803	(1,090)	54,147	(5,874)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated	
	2016	2015
	$'000	$'000
Balance at 1 July	5,874	5,191
Bad debt written off	(4,924)	(4,089)
Change in provision for doubtful debts	140	4,772
Balance at 30 June	1,090	5,874

6 Financial instruments (continued)

Credit risk (continued)

Derivatives

The Group also held derivative assets in relation to cross currency interest rate swaps and forward exchange rate swaps to the total value of $18,944,000 (2015: $51,043,000) at 30 June 2016, which represents its maximum credit exposure on these assets. The interest rate swaps and cross currency interest rate swaps are held with bank and financial institution counter parties which are rated greater than A-.

Cash

The Group held cash and cash equivalents of $24,854,000 at 30 June 2016 (2015: $27,800,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated greater than AA-.

Collateral

Collateral is held for customers that are assessed to be a higher risk. At 30 June 2016 the Group held $116,000 of bank guarantees (2015: $9,884,000) and $Nil of prepayments (2015: $Nil).

Guarantees

Financial guarantees are generally only provided to wholly owned subsidiaries or when entering into a premise rental agreement or performance bonds for completion of contract. Details of outstanding guarantees are provided in note 29. At 30 June 2016 $11,504,000 guarantees were outstanding (2015: $10,491,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors working capital limits and employs maintenance planning and life cycle costing models to price its rental contracts. These processes assist it in monitoring cash flow requirements and optimising cash return in its operations. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

6 Financial instruments (continued)

Liquidity risk (continued)

The Group has issued secured fixed interest notes in the 144A high yield bond market comprising US$335,000,000 which matures on 15 March 2019. The nominal fixed interest rate is 9.875%. These notes will remain fully drawn until maturity.

The Group has an A$75,000,000 asset backed loan facility that matures in December 2017 and will be available for general corporate purposes. When utilised, the nominal interest rate is equal to the aggregate of the margin of 1.75% per annum and bank bill swap rate (**BBSY**). The asset backed loan has no maintenance covenants unless the facility is more than 50% utilised, at which stage it requires Emeco to have an interest cover ratio of 1.25 times and gearing of less than 65%. At 30 June 2016 the loan was undrawn but had utilised A$11,504,000 in bank guarantees.

The Group has a facility agreement comprising a credit card facility with a limit of A$750,000 and bank guarantee where the aggregate face value shall not exceed A$866,013. The facility matures in December 2016 and will be available for general corporate purposes. The facility is secured via a cash cover account. The bank guarantee is subject to a fee of 3% per annum on the face value of the bank guarantee. At 30 June 2016 the facility was utilised at A$866,013.

The Group has finance lease facilities totalling A$9,006,000 (2015: A$4,915,000) which have various maturities up to November 2020.

The Group has financed its insurance payments with A$535,000 remaining at year end which matures in August 2016.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

6 Financial instruments (continued)

Liquidity risk (continued)

Consolidated 30 June 2016	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Secured notes issue	368,277	493,504	18,798	18,798	37,596	418,312	-
Finance lease liabilities	9,006	9,692	2,823	1,551	1,689	3,642	-
Insurance financing	535	535	535	-	-	-	-
Trade and other payables	13,658	13,658	13,658	-	-	-	-
Liabilities directly associated with assets classified as held for sale	883	896	896	-	-	-	-
	392,359	518,285	36,710	20,349	39,285	421,954	-
Derivative financial assets							
Cross currency interest rate swaps used for hedging asset/(liability)	18,944	19,805	29	114	19,662	-	-
	18,944	19,805	29	114	19,662	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Consolidated 30 June 2015	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Secured notes issue	418,487	608,494	21,537	21,537	43,074	522,346	-
Finance lease liabilities	4,915	4,972	4,972	-	-	-	-
Insurance financing	569	569	569	-	-	-	-
Trade and other payables	15,805	15,805	15,805	-	-	-	-
	439,776	629,840	42,883	21,537	43,074	522,346	-
Derivative financial assets							
Cross currency interest rate swaps used for hedging asset/(liability)	49,380	43,127	329	409	607	41,781	-
	49,380	43,127	329	409	607	41,781	-

The gross inflows/(outflows) disclosed in the previous table represents the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement, e.g. cross currency interest rate swaps.

6 Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group's hedging policy. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on revenue, expenditure, assets and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (**AUD**), but also the United States Dollars (**USD**) and Canadian Dollars (**CAD**). The currencies in which these transactions primarily are denominated are AUD, USD, CAD, Euro dollars (**EURO**), Indonesian Rupiah (**IDR**) and Chilean Peso (**CLP**).

When possible, the Group hedges all trade receivables and trade payables that are denominated in a currency that is not the functional currency of the respective subsidiary exposed to the transaction, and is an amount greater than $50,000. If available, the Group uses forward exchange contracts to hedge this currency risk. Most of the forward exchange contracts have maturities of less than six months.

In respect of other monetary assets and liabilities held in currencies other than the AUD, the Group aims to keep the net exposure to an acceptable level by matching foreign denominated financial assets with matching financial liabilities and vice versa.

Interest on borrowings from the debt facility is generally denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily AUD, USD and CAD. This provides an economic hedge without derivatives being entered into and therefore no application of hedge accounting.

The Group's investments in its subsidiaries and their earnings for the year are not hedged as these currency positions are considered long term in nature.

In March 2014 the Group issued US$335,000,000 of notes in the 144A high yield market of which US$110,000,000 and US$100,000,000 were swapped into AUD and CAD respectively through the use of cross currency interest rate swaps. As derivatives have been entered into, hedge accounting has been applied to these instruments. When possible, the Group aims to offset the remainder of the USD foreign exchange exposure through the use of financial assets denominated in the same currency providing an economic hedge without derivatives being entered into.

In December 2015, the Group closed out US$138,500,000 face value of cross currency interest rate swaps, which generated a cash inflow of A$48,167,000. These proceeds were used to finance the purchase of US$52,280,000 144A notes for consideration of A$41,971,000 (US$29,799,000) with a resulting gain on repurchase of A$31,663,000. The Group considered the risk of an increased unhedged position against the benefits of managing the Group's interest rate and liquidity risk.

6 Financial instruments (continued)

Market risk (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2016		30 June 2015	
	USD $'000	CAD $'000	USD $'000	CAD $'000
Cash	13	72	802	2,893
Secured notes issued [1]	(218,902)	90,551	(287,342)	(17,916)
Gross balance sheet exposure	(218,889)	90,623	(286,540)	(15,023)
Cross currency interest rate swap to hedge the secured notes issued	71,500	-	210,000	-
	71,500	-	210,000	-
Net exposure	(147,389)	90,623	(76,540)	(15,023)

[1] Net USD exposure of US$282,720,000 (2015: US$335,000,000) in an AUD denominated entity. Balance is net of intercompany loans.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2016	2015	2016	2015
CAD	0.9890	0.9606	0.9632	0.9517
USD	0.7316	0.8131	0.7426	0.7680
EURO	0.6602	0.6878	0.6699	0.6866
IDR	9,911	10,426	9,867	10,228
CLP	503.77	485.16	492.52	489.33
GBP	0.4918	0.5309	0.5549	0.4885

6 Financial instruments (continued)

Market risk (continued)

Sensitivity analysis

A weakening of the Australian dollar, as indicated below, against the following currencies at 30 June 2016 would have affected the measurement of financial instruments denominated in a foreign currency and increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015, as indicated below:

	Consolidated			
	Strengthening		Weakening	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
30 June 2016				
USD (10 percent movement)	(1,470)	21,224	1,796	(25,940)
CAD (10 percent movement)	-	7,256	-	(5,937)
30 June 2015				
USD (10 percent movement)	(2,261)	14,032	2,763	(17,150)
CAD (10 percent movement)	(2,272)	1,732	2,777	(2,117)

Interest rate risk

In accordance with the board's policy the Group is required to maintain an appropriate exposure to changes in interest rates on borrowings on a fixed rate basis, taking into account assets with exposure to changes in interest rates. This is achieved by entering into cross currency interest rate swaps and the issue of fixed interest notes.

6 Financial instruments (continued)

Market risk (continued)

Profile

At the end of the reporting date the interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group was:

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Variable rate instruments:			
Cash at bank	17	24,854	27,800
Effective interest rate swaps to hedge interest rate risk			
Australian dollars 144A		18,944	32,062
Canadian dollars 144A		-	17,318
		43,798	77,180
Fixed rate instruments:			
Interest bearing liabilities (notes)	24	(380,716)	(436,198)
Interest bearing finance leases	24	(9,006)	(4,915)
Insurance financing	24	(535)	(569)
		(390,257)	(441,682)

Cash flow hedges and fair value hedges

The floating-to-fixed interest rate swaps (hedging instrument) are designated as cash flow hedges through equity. Therefore a change in interest rates at the reporting date would not affect profit or loss to the extent they are effective hedges. The interest rate swaps are designated to hedge the exposure to variability in cash flows attributed to market interest rate risk.

The fixed-to-floating interest rate swaps (hedging instrument) are accounted for as fair value hedges. Therefore a change in interest rates at the reporting date affects profit or loss. The interest rate swaps are designated to hedge the exposure to liquidity risk through the benchmark interest rate.

The cross currency interest rate swaps (hedging instrument) are accounted for as both cash flow hedges and fair value hedges. The cross currency interest rate swaps are designated to hedge the exposure to variability in foreign exchange rates and exposure to liquidity risk through the benchmark interest rate.

6 Financial instruments (continued)

Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for a portion of its fixed rate financial liabilities at fair value through profit or loss, as the Group designates derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would affect profit or loss and not equity on these instruments.

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
Fair value hedges	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
30 June 2016				
Fixed rate instruments (144A notes)	23	(24)	-	-
Interest rate swap	(23)	24	-	-
Cash flow sensitivity (net)	-	-	-	-
30 June 2015				
Fixed rate instruments (144A notes)	7,734	(8,170)	-	-
Interest rate swap	(7,734)	8,170	-	-
Cash flow sensitivity (net)	-	-	-	-

6 Financial instruments (continued)

Market risk (continued)

Detailed below is the profit and loss impact of fair value hedges during the year.

Financial instrument	Profit or loss 2016 $'000	Profit or loss 2015 $'000
Cross currency interest rate swap		
- Swap	(1,296)	(781)
- Hedged item (debt)	-	(1,762)
Net profit and loss impact before tax	(1,296)	(2,543)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit or loss		Equity	
Cash flow hedges	**100bp increase $'000**	**100bp decrease $'000**	**100bp increase $'000**	**100bp decrease $'000**
30 June 2016				
Variable rate instruments	5	(6)	-	-
Interest rate swap	-	-	69	(70)
Cash flow sensitivity (net)	5	(6)	69	(70)
30 June 2015				
Variable rate instruments	118	(118)	-	-
Interest rate swap	-	-	63	(119)
Cash flow sensitivity (net)	118	(118)	63	(119)

6 Financial instruments (continued)

Market risk (continued)

Fair values

Interest rates used for determining fair value

The range of interest rates used to discount estimated cash flows, when applicable, are based on the Government yield curve at the reporting date plus an adequate credit spread excluding margins, and were as follows:

	2016			2015		
Derivatives	0.1%	-	2.3%	0.1%	-	2.8%
Loans and borrowings	0.1%	-	3.5%	0.1%	-	2.8%
Leases	4.5%	-	8.1%	7.2%	-	7.2%
144A notes	9.9%	-	9.9%	9.9%	-	9.9%

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		30 June 2016		30 June 2015	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Assets carried at fair value					
Interest rate swaps used for hedging	19	18,944	18,944	51,043	51,043
		18,944	18,944	51,043	51,043
Assets carried at amortised cost					
Receivables	18	37,734	37,734	60,272	60,272
Cash and cash equivalents	17	24,854	24,854	27,800	27,800
		62,588	62,588	88,072	88,072
Liabilities carried at fair value					
Interest rate swaps used for hedging	19	-	-	(1,663)	(1,663)
		-	-	(1,663)	(1,663)
Liabilities carried at amortised cost					
Secured bank loans	24	1,310	-	1,598	-
Secured notes issue	24	(278,167)	(284,433)	(211,390)	(217,318)
Secured notes issue (1)	24	(91,420)	(96,283)	(208,695)	(218,880)
Insurance financing	24	(535)	(535)	(569)	(569)
Finance lease liabilities	24	(9,006)	(9,692)	(4,915)	(4,972)
Trade and other payables	23	(38,035)	(38,035)	(45,363)	(45,363)
		(415,853)	(428,978)	(469,334)	(487,102)

(1) Carried at amortised cost with movements in fair value of the underlying hedge item recorded in the profit and loss statement.

The basis for determining fair values is disclosed in note 5.

6 Financial instruments (continued)

Market risk (continued)

Fair value hierarchy

All the Group's financial instruments carried at fair value would be categorised at level 2 in the fair value hierarchy as their value is based on inputs other than the quoted prices that are observable for these assets/(liabilities), either directly or indirectly.

Capital management

Underpinning Emeco's strategic framework is consistent value creation for shareholders. Central to this is the continual evaluation of the Company's capital structure to ensure it is optimised to deliver value to shareholders. The board's policy is to maintain diversified, long term sources of funding to maintain investor, creditor and market confidence and to support the future growth of the business.

Historically, the board maintained a balance between higher returns possible with higher levels of borrowings and the security afforded by a sound capital position. However, given current market condition, the board seeks to increase levels of cash held to maintain a strong capital position.

The Company's primary return metric is return on capital (**ROC**), which the Group defines as earnings before interest and tax (**EBIT**) divided by invested capital defined as the average over the period of equity, plus interest bearing liabilities, less cash and cash equivalents.

7 Other income

	Consolidated	
	2016 $'000	2015 $'000
Net profit on sale of non current assets [1]	400	320
Sundry income [2]	1,391	192
	1,791	512

[1] Included in net profit on the sale of non-current assets is the sale of rental equipment, including those non-current assets classified as held for sale. The gross proceeds from the sale of this equipment in 2016 was $18,049,000 (2015: $14,005,000) which included $2,946,000 of non-cash assets sales.

[2] Included in sundry income are fees charged on overdue accounts and bad debts.

8 Profit before income tax expense for continuing operations

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Loss before income tax expense has been arrived at after charging/(crediting) the following items:			
Cost of sale of machines and parts		8,921	11,780
Impairment of tangible assets:			
- inventory	20	11,453	6,896
- property, plant and equipment		175,790	23,940
- reversal of impairment on property, plant and equipment [(1)]		(7,634)	-
		179,609	30,836
Employee expenses:			
- superannuation		2,513	2,983
Other expenses:			
- bad debts		4,924	3,938
- doubtful debts/(reversal)		(5,555)	(328)
- insurance		2,635	3,157
- motor vehicles		2,919	3,664
- rental expense		3,569	4,506
- safety expenses		770	1,296
- travel and subsistence expense		3,727	6,621
- telecommunications		1,182	1,647
- workshop consumables, tooling and labour		895	1,562
- restructuring		3,421	1,948
- corporate development expenses		1,812	-
- other expenses		5,471	4,061
		25,770	32,072
Depreciation of:			
- buildings		535	656
- plant and equipment - owned		62,796	92,966
- plant and equipment - leased		2,976	1,657
- furniture fittings and fixtures		89	172
- office equipment		239	337
- motor vehicles		1,128	1,228
- leasehold improvements		331	397
- sundry plant		1,100	1,307
		69,194	98,720
Amortisation of:			
- other intangibles	21	148	84
		148	84
Total depreciation and amortisation		69,342	98,804

[(1)] The Canadian CGU was impaired in December 2015 due to a decline in the conditions in the Canadian market which resulted in the value in use of assets disposed to a third party being recognised at less than the fair value less costs to dispose of fleet. The impairment recognised on the fleet sold has been reversed to align the written down value of this fleet to its fair value less costs of disposal.

8 Profit before income tax expense for continuing operations (continued)

	Consolidated	
	2016	2015
	$'000	$'000
Finance costs:		
- interest expense	47,428	43,877
- witholding tax expense	2,559	2,189
- amortisation of debt establishment costs using effective interest rate	3,186	3,914
- write off facility costs (1)	1,251	1,814
- other facility costs	1,031	466
Net financial costs	55,455	52,260
Finance income:		
- interest income	(706)	(238)
- hedge gains	(46,976)	(2,543)
- discount on repurchased debt (2)	(31,663)	-
Net financial income	(79,345)	(2,781)
Foreign exchange (gain)/loss:		
Net realised foreign exchange (gain)/loss	1,524	(334)
Net unrealised foreign exchange (gain)/loss	40,478	16,666
Net foreign exchange (gain)/loss	42,002	16,332

(1) This balance relates to accelerated debt establishment costs expensed in relation to the repurchase of US$52,280,000 144A notes in December 2015.

(2) In December 2015, the Group closed out US$138,500,000 face value of cross currency interest rate swaps which generated a cash inflow of A$48,167,000. These proceeds were used to finance the purchase of US$52,280,000 144A notes for consideration of A$41,971,000 (US$29,799,000) with a resulting gain on repurchase of A$31,663,000.

9 Auditor's remuneration

	Consolidated	
	2016	2015
	$	$
Audit services		
Auditors of the Company		
Deloitte Touche Tohmatsu Australia:		
- audit and review of financial reports	333,780	-
KPMG Australia:		
- audit and review of financial reports	32,000	482,070
Overseas Deloitte Firms:		
- other assurance services	4,903	-
Overseas KPMG Firms:		
- audit and review of financial reports	-	149,622
- other assurance services	-	4,804
	370,683	636,496
Other services		
Auditors of the Company		
Deloitte Touche Tohmatsu Australia:		
- taxation services [1]	41,215	-
KPMG Australia:		
- taxation services [1]	190,740	529,917
Overseas Deloitte Firms:		
- taxation services	10,465	74,792
Overseas KPMG Firms:		
- taxation services	205,777	-
	448,197	604,709
	818,880	1,241,205

(1) Taxation and other services primarily relate to corporate development activities.

10 Taxes

a. Recognition in the income statement

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Current tax expense/(benefit):			
Current year		-	(62,248)
Adjustments for prior years		(3,915)	4
		(3,915)	(62,244)
Deferred tax expenses/(benefit):			
Reversal of temporary differences		9,841	25,727
Increase in tax rate		-	(2,947)
	12	9,841	22,780
Tax expense/(benefit)		5,926	(39,464)
Tax expense/(benefit) from continuing operations		5,926	(39,464)
Tax expense/(benefit) from discontinued operations	14	-	(315)
Total tax expense/(benefit)		5,926	(39,779)

b. Current and deferred tax expense recognised directly in equity

	Consolidated 2016 $'000	Consolidated 2015 $'000
Share issue costs	512	(395)
Cashflow hedges	(15,864)	(1,845)
	(15,352)	(2,240)

10 Taxes (continued)

c. Numerical reconciliation between tax expense and pre-tax net profit/(loss)

	Consolidated	
	2016 $'000	2015 $'000
Prima facie tax expense/(benefit) calculated at 30% on net profit	(65,840)	(48,780)
Increase/(decrease) in income tax expense due to:		
Effect on tax rate in foreign jurisdictions	6,842	(1,573)
Non-deductible interest	3,658	-
Non-deductible foreign taxes	757	-
DTA from temporary differences and losses not recognised	57,965	9,835
Other non-deductible expenses	238	737
Under/(over) provided in prior years	2,306	316
Tax benefit	5,926	(39,466)

11 Current tax assets and liabilities

The current tax asset for the Group of $Nil (2015: $Nil) represents income taxes recoverable in respect of prior periods and that arise from payment of taxes in excess of the amount due to the relevant tax authority.

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Consolidated	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Property, plant and equipment	(578)	(49)	24,134	65,665	23,556	65,615
Intangible assets	-	-	-	-	-	-
Receivables	(295)	(121)	4,912	5,092	4,617	4,971
Accrued revenue	-	-	575	12	575	12
Inventories	-	(578)	849	458	849	(120)
Payables	(1,546)	(1,063)	-	-	(1,546)	(1,062)
Derivatives - hedge payable	-	(459)	-	-	-	(459)
Derivatives - hedge receivable	-	-	5,382	14,203	5,382	14,203
Interest bearing loans and borrowings	(25,323)	(21,166)	-	201	(25,323)	(20,965)
Employee benefits	(980)	(857)	-	-	(980)	(857)
Unearned revenue	-	(188)	-	-	-	(188)
Equity - capital raising costs	(363)	(477)	-	-	(363)	(477)
Provisions	(487)	(548)	-	-	(487)	(548)
Tax losses carried forward	(27,643)	(74,580)	1,857	459	(25,786)	(74,121)
Tax (assets)/liabilities	(57,215)	(100,085)	37,708	86,088	(19,507)	(13,996)
Set off of tax	72,456	75,205	(72,456)	(75,205)	-	-
Net tax (assets)/liabilities	15,241	(24,880)	(34,748)	10,884	(19,507)	(13,996)

Movement in deferred tax balances

	Consolidated				
	Balance 1 July 15 $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Recognised in other comprehensive income $'000	Balance 30 June 16 $'000
Property, plant and equipment	65,615	(42,060)	-	-	23,555
Receivables	4,983	209	-	-	5,192
Inventories	(120)	969	-	-	849
Payables	(1,062)	(484)	-	-	(1,546)
Derivatives - hedge payable	(459)	459	-	-	-
Derivatives - hedge receivable	14,203	-	-	(8,821)	5,382
Interest bearing loans and borrowings	(20,965)	2,685	-	(7,043)	(25,323)
Employee benefits	(857)	(123)	-	-	(980)
Equity - capital raising costs	(477)	(398)	512	-	(363)
Unearned revenue	(188)	188	-	-	-
Provisions	(548)	61	-	-	(487)
Tax losses carried forward	(74,121)	48,335	-	-	(25,786)
	(13,996)	9,841	512	(15,864)	(19,507)

12 Deferred tax assets and liabilities (continued)

Movement in deferred tax balances

	Consolidated				
	Balance 1 July 14 $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Recognised in other comprehensive income $'000	Balance 30 June 15 $'000
Property, plant and equipment	61,790	3,825	-	-	65,615
Receivables	(2,282)	7,265	-	-	4,983
Inventories	620	(740)	-	-	(120)
Payables	125	(1,187)	-	-	(1,062)
Derivatives - hedge payable	(3,083)	2,624	-	-	(459)
Derivatives - hedge receivable	7	16,041	-	(1,845)	14,203
Interest bearing loans and borrowings	3,198	(24,163)	-	-	(20,965)
Employee benefits	(5)	(852)	-	-	(857)
Equity - capital raising costs	(20)	(62)	(395)	-	(477)
Unearned revenue	-	(188)	-	-	(188)
Provisions	-	(548)	-	-	(548)
Tax losses carried forward	(49,325)	(24,796)	-	-	(74,121)
	11,025	(22,780)	(395)	(1,845)	(13,996)

Unrecognised deferred tax assets

	Consolidated	
	2016 $'000	2015 $'000
The following deferred tax assets have not been brought to account as assets:		
Tax losses	53,211	35,511

Unutilised tax losses are in Australia, Chile, Canada, Indonesia, the United Kingdom, United States and Europe.

13 Capital and reserves

	Consolidated	
	2016	2015
	$'000	$'000
Share capital		
599,675,707 (2015: 599,675,707) ordinary shares, fully paid	669,503	669,503
Acquisition reserve	(75,887)	(75,887)
	593,616	593,616

Terms and conditions

Ordinary shares
The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholders' meetings. Shares have no par value.

In the event of winding up of the Company, the ordinary shareholder ranks after all other creditors are fully entitled to any proceeds of liquidation.

Reserve of own shares [1]
The reserve of own shares comprises of shares purchased on market to satisfy the vesting of shares and rights under the LTIP. Shares that are forfeited under the Company's MISP due to employees not meeting the service vesting requirement will remain in the reserve. No treasury shares were purchased on market during the year. As at 30 June 2016 the Company held 30,581,304 treasury shares (2015: 30,581,304) in satisfaction of the employee share plans.

Foreign Currency Translation Reserve [1]
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve [1]
The hedging reserve comprises the effective portion of the cumulative net change in fair value of hedging instruments used in cash flow hedges pending subsequent recognition of hedged cash flows.

Share based payment reserve [1]
The share based payment reserve comprises the expenses incurred from the issue of the Company's securities under its employee share/option plans (refer note 3(j)(v)).

Dividends [1]
No dividends were paid or declared during the year (2015: $Nil) or prior to the release of this report.

(1) Refer to Consolidated Statement of Changes in Equity.

13 Capital and reserves (continued)

Franking account

	The Company	
	2016	2015
	$'000	$'000
Dividend franking account		
30% franking credits available to shareholders of Emeco Holdings Limited for subsequent financial years	25,518	18,861

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities and recovery of current tax receivables;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $Nil (2015: $Nil). In accordance with the tax consolidation legislation, the Company as the head entity in the Australian tax consolidated group has also assumed the benefit of $25,518,000 (2015: $18,861,000) franking credits.

14 Discontinued operations

In May 2014 the board resolved to exit the Indonesian business after a strategic review of the operations. The board's decision to close this business was to address the underperformance in returns being generated combined with the unfavourable conditions in the Indonesian mining industry.

	2016 $'000	2015 $'000
Losses of discontinued operations		
Revenue	-	921
Direct costs	-	(93)
Profit on sale of assets	-	374
Impairment of tangible assets		
- Inventories	-	(61)
- Property, plant and equipment	-	(603)
Other expenses	-	(4,822)
Employee expenses	-	(401)
Finance costs	-	(202)
Income tax (expense)/benefit	-	315
Loss for the year	-	(4,572)

The loss from discontinued operation of $Nil (2015: loss $4,572,000) is attributable entirely to the owners of the Company.

	2016 $'000	2015 $'000
Cash flows from/(used in) discontinued operation		
Net cash used in operating activities	-	(2,801)
Net cash from investing activities	-	10,806
Net cash from financing activities	-	-
Net cash from/(used in) discontinued operation	-	8,005

15 Disposal groups and non-current assets held for sale

During the year $43,755,000 of non-current assets were transferred from property, plant and equipment into non-current assets held for sale. Assets previously classified as held for sale were further impaired by $5,801,000 to their fair value less cost to sell based on market prices of similar equipment.

As at 30 June 2016, the non-current assets held for sale comprised assets of $30,728,000 (2015: $32,328,000). These relate to plant and equipment from Indonesia (included in note 14), Canada, Chile and Australia. The Group is actively marketing these assets and they are expected to be disposed of within 12 months.

	2016 $'000	2015 $'000
Assets classified as held for sale		
Property, plant and equipment - continuing operations	30,728	31,783
Property, plant and equipment - discontinuing operations	-	545
	30,728	32,328
Liabilities directly associated with assets classified as held for sale		
Continuing operations	(883)	-
	(883)	-
Net assets classified as held for sale	29,845	32,328

Liabilities directly associated with assets classified as held for sale relate to assets designated as held for sale that have outstanding finance lease repayments remaining. All remaining payments are due within six months.

16 Segment reporting

The Group has three (2015: four) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different operational strategies for each geographic region. For each of the strategic business units, the managing director and board of directors review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Australia	Provides a wide range of earthmoving equipment and maintenance services to customers in Australia.
Canada	Provides a wide range of earthmoving equipment and maintenance services to customers who are predominately within Canada.
Chile	Provides a wide range of earthmoving equipment and maintenance services to customers in Chile.
Indonesia (discontinued)	Provides a wide range of earthmoving equipment and maintenance services to customers in Indonesia. This segment was discontinued in May 2014.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax as included in the internal management reports that are reviewed by the Group's managing director and board of directors. Segment profit before interest and income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

16 Segment reporting (continued)

Information about reportable segments 2016

	Australia $'000	Canada $'000	Chile $'000	Other $'000	Total $'000
External revenues	131,746	36,229	38,589	-	206,564
Inter segment revenue	1,713	3,632	-	-	5,345
Depreciation	(43,875)	(7,406)	(17,913)	-	(69,194)
Reportable segment profit/(loss) before interest and income tax	(48,547)	(110,566)	(63,795)	-	(222,908)
Other material non-cash items:					
Impairment of receivables	(37)	(710)	220	-	(527)
Impairment on property, plant and equipment	(34,402)	(88,174)	(45,225)	(355)	(168,156)
Impairment of inventory	(2,032)	(5,825)	(3,596)	-	(11,453)
Reportable segment assets	252,150	48,097	102,554	37	402,838
Capital expenditure	(31,971)	(1,775)	(7,415)	-	(41,161)
Reportable segment liabilities	(32,322)	(6,246)	(5,239)	(70)	(43,877)

Information about reportable segments 2015

	Australia $'000	Indonesia (discont'd) $'000	Canada $'000	Chile $'000	Other $'000	Total $'000
External revenues	136,950	921	76,276	28,205	-	242,352
Inter segment revenue	2,949	8,456	873	-	-	12,278
Depreciation	(61,674)	-	(24,494)	(12,552)	-	(98,720)
Reportable segment profit/(loss) before interest and income tax	(66,019)	(4,685)	(23,175)	(22,826)	-	(116,705)
Other material non-cash items:						
Impairment of receivables	(486)	-	(159)	317	-	(328)
Impairment on property, plant and equipment	(19,377)	(603)	(4,045)	(518)	-	(24,543)
Impairment of inventory	(3,092)	(61)	(1,768)	(2,036)	-	(6,957)
Reportable segment assets	355,642	4,118	164,942	156,253	-	680,955
Capital expenditure	(29,389)	-	(4,978)	(3,457)	-	(37,824)
Reportable segment liabilities	(30,959)	(473)	(22,064)	(9,737)	(80)	(63,313)

16 Segment reporting (continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2016 $'000	2015 $'000
Revenues		
Total revenue for reportable segments	211,909	254,630
Elimination of inter segment revenue	(5,345)	(12,278)
Elimination of discontinued operations	-	(921)
Consolidated revenue from continuing operations	206,564	241,431
Profit or loss		
Total EBIT for reportable segments	(222,908)	(116,705)
Elimination of discontinued operations	-	4,685
Unallocated amounts:		
Other corporate expenses	58,194	(1,096)
Net interest expense	(54,749)	(49,479)
Consolidated loss before income tax from continuing operations	(219,463)	(162,595)
Assets		
Total assets for reportable segments	402,838	680,955
Unallocated assets	24,854	27,800
Consolidated total assets	427,692	708,755
Liabilities		
Total liabilities for reportable segments	43,877	63,313
Unallocated liabilities	377,818	423,971
Consolidated total liabilities	421,695	487,284

	Reportable segment totals $'000	Consolidated Total $'000
Other material items 2016		
Capital expenditure	(41,161)	(41,161)
Depreciation	(69,194)	(69,194)
Other material items 2015		
Capital expenditure	(37,824)	(37,824)
Depreciation	(98,720)	(98,720)

16 Segment reporting (continued)

Major customer

In the year ended 30 June 2016 the Group had three major customers that represented $83,742,000 (2015: three customers representing $76,484,000) of the Group's total revenues, as indicated below:

Segment	2016 $'000	2015 $'000
Australia	37,321	18,808
Canada	18,340	36,298
Chile	28,081	21,378
Total	83,742	76,484

17 Cash assets

	Consolidated	
	2016 $'000	2015 $'000
Cash at bank	24,854	27,800

18 Trade and other receivables

	Consolidated	
	2016 $'000	2015 $'000
Current		
Trade receivables	32,803	54,147
Less: Impairment of receivables	(1,090)	(5,874)
	31,713	48,273
VAT/GST receivable	2,849	5,845
Other receivables	3,172	6,154
	37,734	60,272
Non-Current		
Other receivables	6,234	5,375
	6,234	5,375

The Group's exposure to credit risks, currency risks and impairment losses associated with trade and other receivables are disclosed in note 6.

19 Derivatives

	Consolidated	
	2016	2015
	$'000	$'000
Current Assets		
Cross currency interest rate swaps	6,315	12,761
	6,315	12,761
Non Current Assets		
Cross currency interest rate swaps	12,629	38,282
	12,629	38,282
Non Current Liabilities		
Cross currency interest rate swaps	-	(1,663)
	-	(1,663)

20 Inventories

	Consolidated	
	2016	2015
	$'000	$'000
Work in progress - at cost	596	7,090
Consumables, spare parts - at cost	1,732	2,807
Total at cost	2,328	9,897
Equipment and parts - at NRV [(1)]	3,005	11,034
Total inventory	5,333	20,931

(1) During the year ended 30 June 2016 the write down of inventories to net realisable value (**NRV**) recognised as an expense in the consolidated statement of profit or loss and other comprehensive income amounted to $10,072,000 (2015: $6,957,000).

21 Intangible assets

	Consolidated	
	2016	2015
	$'000	$'000
Contract intangibles - at cost	712	712
Less: Accumulated amortisation	(712)	(712)
	-	-
Other intangibles - at cost	3,636	2,785
Less: Accumulated depreciation	(1,292)	(1,144)
	2,344	1,641
Total intangible assets	2,344	1,641

Amortisation and impairment of intangible assets

The amortisation charge and impairment of intangible assets are recognised in the following line item in the income statement:

	Consolidated	
	2016	2015
	$'000	$'000
Amortisation expense	148	84
Total expense for the year for continuing operations	148	84

22 Property, plant and equipment

	Consolidated	
	2016 $'000	2015 $'000
Freehold land and buildings - at cost	6,046	10,029
Less: Accumulated depreciation	(3,904)	(3,416)
	2,142	6,613
Leasehold improvements - at cost	4,869	4,966
Less: Accumulated depreciation	(3,935)	(3,604)
	934	1,362
Plant and equipment - at cost	622,142	928,761
Less : Accumulated depreciation	(357,505)	(470,181)
	264,637	458,580
Leased plant and equipment - at capitalised cost	23,139	21,228
Less : Accumulated depreciation	(13,941)	(11,476)
	9,198	9,752
Furniture, fixtures and fittings - at cost	667	883
Less : Accumulated depreciation	(605)	(728)
	62	155
Office equipment - at cost	2,378	2,546
Less : Accumulated depreciation	(2,038)	(2,138)
	340	408
Motor vehicles - at cost	7,800	8,451
Less : Accumulated depreciation	(6,673)	(6,430)
	1,127	2,021
Sundry plant - at cost	10,812	11,458
Less : Accumulated depreciation	(9,070)	(7,998)
	1,742	3,460
Total property, plant and equipment - at net book value	280,182	482,351

22 Property, plant and equipment (continued)

	Consolidated	
	2016 $'000	2015 $'000
Reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Freehold land and buildings		
Carrying amount at the beginning of the year	6,613	6,072
Additions	199	1,685
Depreciation	(535)	(656)
Disposals	(85)	(803)
Impairment	(3,982)	-
Effects of movement in foreign exchange	(68)	315
Carrying amount at the end of the year	2,142	6,613
Leasehold improvements		
Carrying amount at the beginning of the year	1,362	1,892
Additions	93	79
Disposals	-	(234)
Depreciation	(331)	(397)
Impairment	(188)	-
Effects of movement in foreign exchange	(2)	22
Carrying amount at the end of the year	934	1,362
Plant and equipment		
Carrying amount at the beginning of the year	458,580	546,215
Additions	41,788	28,992
Net movement in capital work in progress	(3,488)	5,257
Net movement in rental inventory [(1)]	(2,306)	(21,007)
Disposals	-	(6,210)
Depreciation	(62,796)	(92,966)
Impairment loss on continuing and discontinuing operations	(150,615)	(24,543)
Movement from/(to) assets held for sale	(21,897)	(12,926)
Effects of movements in foreign exchange	5,371	35,767
Carrying amount at the end of the year	264,637	458,580
Furniture, fixtures and fittings		
Carrying amount at the beginning of the year	155	437
Additions	14	6
Disposals	-	(136)
Depreciation	(89)	(172)
Impairment	(17)	-
Effects of movement in foreign exchange	(1)	20
Carrying amount at the end of the year	62	155

[(1)] Tyres rental inventory of $18,049,000 was reclassified as Inventory during the year ended 30 June 2015. Included in this movement are purchases totalling $302,000 for the year ended 30 June 2016 (2015: $748,000). Included in this movement is an impairment charge of $2,503,000 for the year ended 30 June 2016.

22 Property, plant and equipment (continued)

	Consolidated	
	2016	2015
	$'000	$'000
Reconciliations (continued)		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Office equipment		
Carrying amount at the beginning of the year	408	537
Additions	552	205
Disposals	(48)	(12)
Depreciation	(239)	(337)
Impairment	(333)	-
Effects of movement in foreign exchange	-	15
Carrying amount at the end of the year	340	408
Motor vehicles		
Carrying amount at the beginning of the year	2,021	3,140
Additions	921	98
Disposals	(179)	(18)
Depreciation	(1,128)	(1,228)
Impairment	(504)	-
Effects of movement in foreign exchange	(4)	29
Carrying amount at the end of the year	1,127	2,021
Sundry plant		
Carrying amount at the beginning of the year	3,460	3,826
Additions	885	754
Disposals	(41)	(21)
Depreciation	(1,100)	(1,307)
Impairment	(1,458)	-
Effects of movement in foreign exchange	(4)	208
Carrying amount at the end of the year	1,742	3,460
Leased plant and equipment		
Carrying amount at the beginning of the year	9,752	11,409
Additions	8,362	-
Depreciation	(2,976)	(1,657)
Movement from/(to) assets held for sale	(2,313)	-
Impairment	(3,627)	-
Carrying amount at the end of the year	9,198	9,752

Security

The Group's assets are subject to a fixed and floating charge under the terms of the 144A notes issued. Refer note 24 for further details.

22 Property, plant and equipment (continued)

Impairment tests for cash generating units

The Group conducts impairment testing when impairment indicators, such as market capitalisation being greater than the net assets of the Group, exist. The Group has determined the recoverable amount of its cash generating units (**CGU**) using a value in use methodology (2015: value in use) which is based on discounted cash flows for five years plus a terminal value. CGU's are classified as the operating segments of the Group. Determining recoverable amount requires the exercise of significant judgements for both internal and external factors. Judgements for external factors, including but not limited to foreign exchange, equipment hire rates and utilisation, have been made with reference to historical data and observable market data using a combination of consensus views. The recoverable amount estimate is particularly sensitive to hire rates and utilisation rates. Judgements for internal factors, including but not limited to applicable discount rate and operating costs, have been made with reference to historical data and forward looking business plans. Changes in the long term view of both internal and external judgements may impact the estimated recoverable value.

Impairment testing is intended to assess the recoverable amount of both tangible and intangible assets. Nominal post tax discount rates have been derived as a weighted cost of equity and debt. Cost of equity is calculated using country specific ten year bond rates plus an appropriate market risk premium. The cost of debt is determined using the appropriate CGU three year swap rate plus a margin for three year tenor debt of equivalently credit rated businesses at 30 June 2016. The three year swap rates were used as the base rate to reflect the relative illiquidity for longer tenure debt in the current market. The nominal post tax discount rates for determining the rental CGUs valuations range between 8.9% and 10.4% (2015: 6.5% and 8.8%). For future cashflows of each CGU, the revenue growth in the first year of the business reflects the best estimate for the coming year taking account of macroeconomic, business model, strategic and market factors. Growth rates for subsequent years are based on Emeco's five year outlook taking into account all available information at this current time and are subject to change over time. Compound annual growth rates (**CAGR**) over the five years of the forecast range between 2.2% and 7.2% (2015: 4.1% and 11.2%).

Market conditions continued to be challenging during the year with the anticipated recovery being slower than previously expected by the Group which has led to impairments in the Australian and Chilean CGUs. During the year the Group made the decision to restructure the Canadian operations, in response to falling oil prices, leading to the recognition of an impairment loss for the Canadian CGU. The table below outlines the amount recognised in the consolidated statement of profit or loss and other comprehensive income for each CGU during the year ended 30 June 2016.

Impairment testing conducted during the year ending 30 June 2016 determined that the three CGU's were impaired. The table below outlines the amount recognised in the consolidated statement of profit or loss and other comprehensive income for each CGU during the year ended 30 June 2016.

	Impairment recognised A$'000
CGU	
Australia rental	23,408
Canada rental	97,388
Chile rental	42,434
Total	163,230

Note: the above table sets out the impairment to the CGU including $7,360,000 of stock write downs.

22 Property, plant and equipment (continued)

Impairment testing sensitivities

The CGU valuations are sensitive to changes in the discount rate and underlying fleet utilisation assumptions for cashflow forecasts and terminal value. The following table presents the amount by which the impairment recognised for each CGU changes due to a 1 percent drop in CGU average utilisation over the forecast period and a 1 percent increase in discount rates.

	Impact on impairment from 1% decline in CGU utilisation A$million	Impact on impairment from 1% increase in discount rate A$million
CGU		
Australia rental	5.0	6.2
Canada rental	0.0	0.4
Chile rental	1.5	0.6

23 Trade and other payables

	Consolidated	
	2016 $'000	2015 $'000
Current		
Trade payables		
Trade payables	13,658	15,805
Other payables and accruals	24,377	29,558
	38,035	45,363

The Group's exposure to currency and liquidity risk associated with trade and other payables is disclosed in note 6.

The Company has also entered into a deed of cross guarantee with certain subsidiaries as described in note 37. Under the terms of the deed, the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the deed are wound up. Details of the consolidated financial position of the Company and subsidiaries party to the deed are set out in note 37.

24 Interest bearing liabilities

	Consolidated	
	2016	2015
	$'000	$'000
Current		
Amortised cost		
Other financing	535	569
Lease liabilities - secured	4,044	4,915
	4,579	5,484
Non-current		
Amortised cost		
OID [(1)]	(2,743)	(4,214)
Notes issue - secured	284,433	217,318
Notes issue - secured [(2)]	96,283	218,880
Lease liabilities - secured	4,962	-
Debt raising costs (asset backed loan)	(1,310)	(1,598)
Debt raising costs [(2)]	(2,121)	(5,971)
Debt raising costs	(6,265)	(5,928)
	373,239	418,487

(1) Originating issue discount – the discount from par value at the time the 144A notes were issued. This is amortised using the effective interest rate method over the life of the notes.

(2) Carried at amortised cost with movements in fair value of the underlying hedge item recorded in the profit and loss statement.

Bank loans

The Group has an A$75,000,000 asset backed loan facility that matures in December 2017 and is available for general corporate purposes. When utilised, the nominal interest rate is equal to the aggregate of the margin of 1.75% per annum and bank bill swap rate (**BBSY**). The asset backed loan has no maintenance covenants unless the facility is more than 50% utilised, at which stage it requires Emeco to have an interest cover ratio of 1.25 times and gearing of less than 65%. At year end, the Group had drawn $Nil of the available facility but had utilised $11,504,000 in bank guarantees.

24 Interest bearing liabilities (continued)

144A notes issue

Under the terms of the note agreement, the noteholders hold a joint fixed and floating charge with the asset backed loan bank group over the assets and undertakings of the Group. The Group issued secured fixed interest notes in the 144A high yield bond market comprising US$335,000,000 which matures on 15 March 2019. The nominal interest rate is 9.875%. These notes will remain fully drawn until maturity. Of the notes, US$263,500,000 is measured at amortised cost. The remaining notes are also measured at amortised cost and are subject to adjustment for the impact of fair value movements.

In December 2015, a portion of the financial instruments used to hedge the notes were sold to facilitate the repurchase of US$52,280,000 face value of the notes on issue. The notes purchased by the Group have not been cancelled and have been netted off against the total debt of the Group. At 30 June 2016, the notes were drawn to A$451,117,000/US$335,000,000 (June 2015: A$436,198,000/US$335,000,000) of which the Group owns A$70,402,000/US$52,280,000 which has been offset on the consolidated statement of financial position.

The Group designated derivatives (cross currency interest rate swaps) as hedge instruments against this underlying debt.

	FY16		FY15	
	USD $'000	AUD $'000	USD $'000	AUD $'000
Funds Drawn	US$335,000	$451,117	US$335,000	$436,198
Repurchased Notes	(US$52,280)	($70,402)	-	-
Hedged Asset	-	($18,944)	-	($49,380)
Net Exposure	US$282,720	$361,771	US$335,000	$386,818

Working capital facility

The Group entered into a facility agreement comprising a credit card facility with a limit of A$750,000 and bank guarantee where the aggregate face value shall not exceed A$866,013. The facility matures in December 2016 and will be available for general corporate purposes. The facility is secured via a cash cover account. The bank guarantee is subject to a fee of 3% per annum on the face value of the bank guarantee. At 30 June 2016 the facility was utilised at A$866,013 (2015: A$866,013).

Finance leases

At 30 June 2016, the Group held finance lease facilities totalling A$9,006,000 (2015: A$4,915,000) which have various maturities up to November 2020. Assets leased under the facility are secured by the assets leased.

Other financial liabilities

At year end the Group financed its insurance premium totalling A$535,000.

24 Interest bearing liabilities (continued)

Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

Consolidated	Future minimum lease payments 2016 $'000	Interest 2016 $'000	Present value of minimum lease payments 2016 $'000	Future minimum lease payments 2015 $'000	Interest 2015 $'000	Present value of minimum lease payments 2015 $'000
Less than one year	4,361	(317)	4,044	4,972	(57)	4,915
Between one and five years	5,331	(369)	4,962	-	-	-
More than five years	-	-	-	-	-	-
	9,692	(686)	9,006	4,972	(57)	4,915

The Group leases plant and equipment under finance leases. The Group's lease liabilities are secured by the leased assets of $9,198,000 (2015: $9,752,000). In the event of default, the leased assets revert to the lessor.

25 Financing arrangements

The Group has the ability to access the following lines of credit:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Total facilities available:		
Bank loans [(2)]	75,000	75,000
144A notes [(1)]	451,118	436,198
Finance leases	9,006	4,915
Insurance financing	535	569
Working capital	1,616	1,616
	537,275	518,298
Facilities utilised at reporting date:		
Bank loans [(2)]	11,504	9,626
144A notes [(1)]	451,118	436,198
Finance leases	9,006	4,915
Insurance financing	535	569
Working capital	866	866
	473,029	452,174
Facilities not utilised or established at reporting date:		
Bank loans [(2)]	63,496	65,374
144A notes [(1)]	-	-
Finance leases	-	-
Insurance financing	-	-
Working capital	750	750
	64,246	66,124

(1) The facility of US$335,000,000/A$451,118,000) was fully drawn at 30 June 2016. The Group holds US$52,280,000/A$70,402,000 face value of bonds which have not been cancelled and are available for re-issue. The notes held by the Group have reduced the total outstanding balance attributed to the notes on issue in the consolidated statement of financial position.

(2) The facility was undrawn at 30 June 2016 however had issued $11,504,000 of guarantees backed by the facility. The facility has interest cover and gearing ratio springing covenants that are enforced when the facility is more than 50% drawn. The bank loan facilities currently available and the facilities not utilised at reporting date would be A$35,803,000 and A$24,299,000 respectively.

26 Provisions

	Consolidated	
	2016	2015
	$'000	$'000
Current		
Employee benefits:		
- annual leave	2,214	2,469
- long service leave	480	557
- other	-	3
Provision for restructuring	775	623
	3,469	3,652
Non-current		
Employee benefits - long service leave	454	634
Provision for restructuring	1,036	1,117
	1,490	1,751

Defined contribution superannuation funds
The Group makes contributions to defined contribution superannuation funds. The expense recognised for the year was $2,513,000 (2015: $2,983,000).

27 Share based payments

During the year the Company issued performance shares and performance rights to key management personnel and senior employees of the Group under its RI (refer note 3(j)(v)).

Prior to establishing the LTIP certain key management personnel and senior employees were issued shares in the Company under the Company's MISP (refer note 3(j)(v)).

During the year the Company issued matching shares to certain employees of the Group under its ESOP (refer note 3(j)(v)).

Performance shares, performance rights, options and shares issued under the MISP are all equity settled.

27 Share based payments (continued)

Long term incentive plan

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of performance shares/rights
Matured in FY15: Performance shares/rights 2012	4,246,661	3 years service TSR ranking to a basket of direct and indirect peers of 123 listed companies. 50% entitlement for a 50.1% ranking within TSR group. Pro rata entitlement up to 100% vesting for a ranking of 75% better to TSR group. No shares/rights vested due to TSR being less than 50%.	3 years
Unvested plans:			
Performance shares/rights 2013	6,881,251	3 years service TSR ranking to a basket of direct and indirect peers of 93 listed companies. 50% entitlement for a 50.1% ranking within TSR group. Pro rata entitlement up to 100% vesting for a ranking of 75% better to TSR group	3 years
Performance shares/rights 2014	24,491,074	3 years service TSR ranking to a basket of direct and indirect peers of 99 listed companies. 50% entitlement for a 50.1% ranking within TSR group. Pro rata entitlement up to 100% vesting for a ranking of 75% better to TSR group.	3 years
Performance shares/rights 2015	19,681,416	3 years service TSR ranking to a basket of direct and indirect peers of 123 listed companies. 50% entitlement for a 50.1% ranking within TSR group. Pro rata entitlement up to 100% vesting for a ranking of 75% better to TSR group.	3 years

Retention incentive plan

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of performance shares/rights
Performance shares/rights 2016	38,612,893	3 years service	3 years

27 Share based payments (continued)

The movement of performance shares and performance rights on issue during the year were as follows:

	Number of performance shares/rights 2016	Number of performance shares/rights 2015
Outstanding at 1 July	34,399,732	26,483,441
Forfeited during the period	(23,722,645)	(11,765,125)
Exercised during the period	-	-
Granted during the period	38,612,893	19,681,416
Outstanding at 30 June	49,289,980	34,399,732
Exercisable at 30 June	-	-

Management incentive share plan

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of MISP
MISP 2006	4,010,000	Service requirement. Partial vesting entitlement after 2 years with full vesting after 5 years.	10 years
MISP 2007	1,240,000	Service requirement. Partial vesting entitlement after 2 years with full vesting after 5 years.	10 years
MISP 2008	560,000	Service requirement. Partial vesting entitlement after 2 years with full vesting after 5 years.	10 years
	5,810,000		

The number of MISPs are as follows:

	Number of MISP 2016	Number of MISP 2015
Outstanding at 1 July	1,060,000	1,290,000
Forfeited during the period	(1,060,000)	(230,000)
Exercised during the period	-	-
Granted during the period	-	-
Outstanding at 30 June	-	1,060,000
Exercisable at 30 June	-	1,060,000

27 Share based payments (continued)

Employee share ownership plan

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of ESOP
Matured in January 2016 ESOP 2015	88,469	Service requirement. Full vesting entitlement after 1 year after the end of the calendar year in which they are acquired.	1 year
	88,469		

The number of ESOPs are as follows:

	Number of ESOP 2016	Number of ESOP 2015
Outstanding at 1 July	71,260	93,482
Forfeited during the period	(7,859)	(7,859)
Exercised during the period	(13,570)	(102,859)
Granted during the period	-	88,496
Outstanding at 30 June	49,831	71,260
Exercisable at 30 June [(1)]	-	-

(1) The shares are not considered exercisable until the full vesting period has been satisfied.

27 Share based payments (continued)

The fair value of services received in return for the performance shares and rights granted during the year are based on the fair value of the RI's granted, measured using a 20 day value weighted average price (2015: LTIPs granted, measured using the 20 day Value Weighted Average Price Monte Carlo simulation analysis). Expected volatility is estimated by considering the Company's historical daily and monthly share price movement and an analysis of comparable companies. Market conditions are detailed in note 3(j)(v). The inputs used in the measurement of the fair values at grant date are as follows:

	Incentive Plans							
Fair value of performance shares/rights	Chief executive officer 2016	Chief executive officer 2015	Key management personnel 2016	Key management personnel 2015	Senior employees 2016	Senior employees 2015	ESOP 2016	ESOP 2015
Fair value at grant date	$0.03	$0.12	$0.03	$0.12	$0.03	$0.12	n/a	$0.08 - $0.22
Share price	$0.03	$0.19	$0.03	$0.19	$0.03	$0.19	n/a	$0.08 - $0.22
Exercise price	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	n/a	$Nil
Expected volatility (weighted average volatility)	n/a	40% - 65%	n/a	40% - 65%	n/a	40% - 65%	n/a	n/a
Maturity (expected weighted average life)	31 months	3 years	31 months	3 years	31 months	3 years	n/a	1 year
Expected dividends	n/a	0%	n/a	0%	n/a	0%	n/a	n/a
Risk-free interest rate (based on government bonds)	n/a	2.52%	n/a	2.52%	n/a	2.52%	n/a	n/a

The fair value assumptions for MISPs have no further expense to be recognised and have not changed since the fair value was determined at grant date in previous years.

For the Group's CEO and key management personnel the following applies:

Dividends:

- dividends (or shadow dividends) will not be paid on unvested LTI or RI securities;
- dividends (or shadow dividends) will accrue on unvested LTI securities and will only be paid at the time of vesting on those LTI securities that vest, provided all vesting conditions are met; and

Absolute change in control:

- the proportion of vesting LTI or RI securities will be pro-rated to reflect the performance achieved;
- the proportion of vesting LTI or RI securities will be in accordance with the relevant TSR vesting schedule for each grant; and
- the board retains the discretion to vest a greater amount.

Employee expenses

	Consolidated	
in AUD	2016	2015
Performance shares/rights	1,707,382	1,390,172
ESOP	-	12,094
Total expense recognised as employee costs [(1)]	1,707,382	1,402,266

(1) Included in share based employee expenses for the year is the write back of prior year share based employee expenses as a result of the shares, rights or options being forfeited during the year because the employee does not meet the required performance hurdles or service requirements. Should an employee be made redundant, the remaining share based payment expense for the vesting period will be accelerated and recognised in the period the employee was made redundant.

28 Commitments

(a) Operating lease commitments

	Consolidated	
	2016	2015
	$'000	$'000
Future non-cancellable operating leases not provided for in the finanical statements and payable:		
Less than one year	12,265	12,985
Between one and five years	17,018	19,515
More than five years	-	1,117
	29,283	33,617

The Group leases the majority of their operating premises. The terms of the lease are negotiated in conjunction with the Group's internal and external advisors and are dependent upon market forces.

During the year ended 30 June 2016 an amount of $14,789,000 was recognised as an expense in profit or loss in respect of operating leases (2015: $11,546,000).

(b) Capital commitments

The Group has not entered into commitments for purchases of fixed assets, primarily rental fleet assets, in the year ended 30 June 2016 (2015: $Nil).

29 Contingent liabilities

Guarantees
The Group has provided bank guarantees in the amount of $11,504,000 (2015: $10,491,000) in relation to obligations under customer contracts, operating leases and rental premises.

Indonesia
Since the Group announced it would exit its Indonesian operations, the Indonesian tax office commenced routine VAT and Corporate income tax audits. As a consequence the Indonesian tax office have issued an assessment which the Group have disputed. Under local laws an assessment does not become final until all appeal avenues have been exhausted.

The Group continues to manage its on-going tax and legal obligations in Indonesia.

30 Notes to the statement of cash flows

(i) Reconciliation of cash

For the purposes of the statements of cash flow, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:-

		Consolidated	
		2016	2015
	Note	$'000	$'000
Cash assets	17	24,854	27,800

(ii) Reconciliation of net profit to net cash provided by operating activities

		Consolidated	
		2016	2015
	Note	$'000	$'000
Net loss - continuing operations		(225,389)	(123,131)
Add/(less) items classified as investing/financing activities:			
Net profit on sale of non-current assets	7	(400)	(320)
Add/(less) non-cash items:			
Amortisation	21	148	84
Depreciation		69,194	98,720
Amortisation of borrowing costs using effective interest rate	8	4,217	3,914
Write off previous deferred borrowing costs	8	1,251	1,814
(Gain)/loss on fair value hedge	8	1,191	(2,543)
Discount on repurchased debt	8	(31,663)	-
Withholding tax expense		2,559	5,428
Foreign exchange (gain)/loss	8	42,002	17,000
Impairment losses on property, plant and equipment	8	168,156	23,940
Bad debts	8	4,924	3,938
Provision for doubtful debts/(reversal)	8	(5,555)	(328)
Other non-cash items and reclassifications		6,740	1,277
Equity settled share based payments		1,707	1,402
(Decrease)/increase in income taxes payable		-	-
(Decrease)/increase in deferred tax liability		(5,510)	(25,022)
Net cashflow from operating activities of discontinued operations		-	(2,801)
Net cash from operating activities before change in assets/(liabilities) adjusted for assets and (liabilities) acquired		33,572	3,372
(Increase)/decrease in trade and other receivables		26,463	12,596
(Increase)/decrease in inventories		17,498	(12,770)
Increase/(decrease) in payables		(6,445)	(7,732)
Increase/(decrease) in provisions		(444)	1,640
Net cash from/(used in) operating activities		70,644	(2,894)

31 Controlled entities

(a) Particulars in relation to controlled entities

	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Parent entity			
Emeco Holdings Limited			
Controlled entities			
Pacific Custodians Pty Ltd as trustee for Emeco Employee Share Ownership Plan Trust	Australia	100	100
Emeco Pty Limited	Australia	100	100
Emeco International Pty Limited	Australia	100	100
EHL Corporate Pty Ltd	Australia	100	100
Emeco Parts Pty Ltd	Australia	100	100
EHL Malvern Pty Ltd	Australia	100	100
Emeco (UK) Limited	United Kingdom	100	100
Emeco Equipment (USA) LLC	United States	100	100
PT Prima Traktor IndoNusa (PTI)	Indonesia	100	100
Emeco International Europe BV	Netherlands	100	100
Emeco Europe BV	Netherlands	100	100
Emeco BV	Netherlands	100	100
Emeco Canada Ltd	Canada	100	100
Emeco Holdings South America SpA	Chile	100	100
Enduro SpA	Chile	100	100

(b) Acquisition of entities in the current year

There was no acquisition of entities this financial year.

(c) Acquisition of entities in the prior year

There was no acquisition of entities in the prior year.

32 Key management personnel disclosure

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-executive directors	
Peter Richards	Chair (appointed as Chair on 1 January 2016)
Alec Brennan	(Ceased role as Chair on 1 January 2016 and ceased role as non-executive director on 22 April 2016)
John Cahill	
Erica Smyth	
Executive directors	
Ian Testrow	Managing Director & Chief Executive Officer (commenced role on 20 August 2015), previously Chief Operating Officer
Gregory Hawkins	Executive Director, Finance (commenced role on 20 August 2015 and ceased role on 19 August 2016), previously Chief Financial Officer
Kenneth Lewsey	Managing Director & Chief Executive Officer (ceased role on 20 August 2015)

Other executives	Position
Thao Pham	Chief Legal, Risk & Business Transformation Officer and Company Secretary (commenced role on 29 April 2016), previously General Counsel and Company Secretary
Christopher Hayman	President North America (ceased role on 6 November 2015)
Kalien Selby	Executive General Manager Strategy & Business Improvement (ceased role on 28 August 2015)

32 Key management personnel disclosure (continued)

Key management personnel compensation

The key management personnel compensation is as follows:

	Consolidated	
In AUD	**2016**	**2015**
Short term employee benefits	2,451,149	3,960,980
Other long term benefits	-	-
Post-employment benefits	178,974	284,407
Termination benefits	866,555	-
Equity compensation benefits	1,062,032	700,500
	4,558,710	4,945,887

Remuneration of key management personnel by the Group
The compensation disclosed above represents an allocation of the key management personnel's compensation from the Group in relation to their services rendered to the Company.

Individual directors and executives compensation disclosures
Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the remuneration report section of the directors' report on pages 25 to 37.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Equity Instruments
Shares and rights over equity instruments granted as compensation under management incentive share plan
The Company has an ongoing management incentive share plan in which shares have been granted to certain directors and employees of the Company. The shares vest over a five year period and are accounted for as an option in accordance with AASB 2 *Share Based Payments.* The Company has provided a ten year interest free loan to facilitate the purchase of the shares under the management incentive share plan.

Shares and rights over equity instruments granted as compensation under long term incentive plan
The Company has an ongoing long term incentive plan in which shares have been granted to certain employees of the Company. The shares vest after three years depending upon the Company's total shareholder return ranking against a peer group of 99 Companies. The shares have been accounted for as an option in accordance with AASB 2 *Share Based Payments.*

Shares and rights over equity instruments granted as compensation under retention incentive plan
The Company has an ongoing retention incentive plan in which shares have been granted to certain employees of the Company. The shares vest after three years.

32 Key management personnel disclosure (continued)

The movement during the reporting year in the number of shares issued under the long term incentive plan, retention incentive plan and matching employee share ownership plan in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows. These plans have been combined for the purposes of this note as they represent direct interests over the shares. Directors or executives with no holdings are not included in the following tables. The disclosure table has included all vested shares to the key management personnel's equity holdings.

2016 Shares	Held at 1 July 2015	Granted as compensation	Vested during the year	Forfeited/ lapsed	Held at 30 June 2016
Directors & executives					
Ian Testrow	1,550,000	13,021,703	-	-	14,571,703
Gregory Hawkins (1)	1,600,000	6,260,434	-	-	7,860,434
Thao Pham (1)	915,489	3,330,756	-	(58,928)	4,187,317
Kenneth Lewsey (2)	8,803,571	-	-	(8,803,571)	n/a
Stuart Jenner (3)	-	-	-	-	n/a
Kalien Selby (3)	260,000	-	-	(260,000)	n/a

2015 Shares	Held at 1 July 2014	Granted as compensation	Vested during the year	Forfeited/ lapsed	Held at 30 June 2015
Directors & executives					
Kenneth Lewsey (2)	4,553,571	4,250,000	-	-	8,803,571
Kellie Benda (2)	749,143	-	-	(749,143)	n/a
Stephen Gobby (4)	2,997,645	-	-	(2,997,645)	n/a
David Greig (5)	n/a	-	-	-	n/a
Gregory Hawkins (1)	n/a	1,600,000	-	-	1,600,000
Stuart Jenner (3)	n/a	-	-	(317,227)	-
Michael Kirkpatrick (4)	1,579,152	-	-	(1,579,152)	n/a
Kalien Selby (3)	n/a	n/a	-	-	260,000
Grant Stubbs (6)	1,196,351	-	-	(1,196,351)	n/a
Ian Testrow	-	1,550,000	-	-	1,550,000
Thao Pham (1)	n/a	640,000	-	(17,105)	915,489

Dividends paid under the management incentive share plan are paid against the employee's outstanding loan and is reflected in issued capital.

(1) Mr Hawkins and Ms Pham became key management personnel on 1 July 2014.
(2) Ms Benda and Mr Lewsey became key management personnel on 24 February 2014 and 4 November 2013 respectively. Ms Benda and Mr Lewsey ceased to be a key management personnel on 19 December 2014 and 20 October 2015 respectively.
(3) Mr Jenner and Ms Selby became key management personnel on 1 July 2014 and 18 February 2015 respectively. Mr Jenner and Ms Selby ceased to be a key management on 1 July 2015 and 28 August 2015 respectively.
(4) Mr Gobby and Mr Kirkpatrick ceased to be a key management personnel on 1 July 2014.
(5) Mr Greig become a key management personnel on 1 October 2014 and ceased to be a key management personnel on 22 June 2015.
(6) Mr Stubbs became a key management personnel on 1 May 2013. The shares held at 30 June 2014 were granted as compensation prior to Mr Stubbs becoming a key management personnel. Mr Stubbs ceased to be a key management personnel on 1 October 2014.
n/a Not applicable as not in a position of key management at relevant reporting date.

32 Key management personnel disclosure (continued)

The movement during the reporting year in the number of performance rights issued under the long term incentive plan in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows. Directors or executives with no holdings are not included in the following tables.

2016 Rights	Held at 1 July 2015	Granted as compensation	Vested during the Year	Forfeited/ lapsed	Held at 30 June 2016
Directors & executives					
Ian Testrow	2,084,522	-	-	(451,371)	1,633,151
Christopher Hayman (1)	1,831,007	-	-	(1,831,007)	n/a

2015 Rights	Held at 1 July 2014	Granted as compensation	Vested during the Year	Forfeited/ lapsed	Held at 30 June 2015
Directors & executives					
Ian Testrow	2,273,522	-	-	(189,000)	2,084,522
Stephen Gobby (2)	-	-	-	-	n/a
David Greig (3)	n/a	794,012	-	-	n/a
Christopher Hayman (1)	986,967	844,040	-	-	1,831,007
Michael Kirkpatrick (2)	-	-	-	-	n/a

(1) Mr Hayman became a key management personnel on 8 July 2013 and ceased to be a key management personnel on 6 November 2015.

(2) Mr Gobby and Mr Kirkpatrick ceased to be key management personnel on 1 July 2014.

(3) Mr Greig became a key management personnel on 1 October 2014 and ceased to be a key management personnel on 22 June 2015.

n/a Not applicable as not in a position of key management personnel at relevant reporting date.

32 Key management personnel disclosure (continued)

Equity holdings and transactions

The shares in the Company held, directly, indirectly or beneficially, by each key management person, including their personally related entities at year end, are as follows. The transactions disclosed occurred whilst they were deemed to be a key management person. The disclosure table has been adjusted to include the transfer of vested shares from the employee share plans to the equity holdings of the members of key management personnel. The prior year comparatives have been restated to reflect this change.

2016	Held at 1 July 2015 Ordinary Shares	Transferred from Share Plan	Purchases	Sales	Held at 30 June 2016 Ordinary Shares
Directors					
Alec Brennan	1,581,700	-	-	-	n/a
Ian Testrow	750,817	-	-	-	750,817
Gregory Hawkins	522,238	-	-	-	522,238
John Cahill	120,000	-	-	-	120,000
Peter Richards	40,000	-	-	-	40,000
Erica Smyth	71,049	-	-	-	71,049
Kenneth Lewsey [(1)]	1,028,690	-	-	-	n/a
Other executives					
Christopher Hayman [(1)]	9,332	-	-	-	n/a
Stuart Jenner [(1)]	35,103	-	-	-	n/a
Kalien Selby [(1)]	35,103	-	-	-	n/a
Thao Pham	38,014	-	-	-	38,014

(1) Mr Jenner, Mr Lewsey, Ms Selby and Mr Hayman ceased to be key management personnel on 1 July 2015, 20 August 2015, 28 August 2015 and 6 November 2015 respectively.

n/a Not applicable as not in a position of key management personnel at relevant reporting date.

32 Key management personnel disclosure (continued)

2015	Held at 1 July 2014 Ordinary Shares	Transferred from Share Plan	Purchases	Sales	Held at 30 June 2015 Ordinary Shares
Directors					
Alec Brennan [(1)]	1,581,700	-	-	-	1,581,700
Kenneth Lewsey [(2)]	315,000	-	713,690	-	1,028,690
John Cahill	120,000	-	-	-	120,000
Peter Richards	40,000	-	-	-	40,000
Erica Smyth	71,049	-	-	-	71,049
Other executives					
Kellie Benda [(3)]	-	-	-	-	n/a
David Greig [(4)]	n/a	-	-	-	n/a
Gregory Hawkins [(5)]	127,000	-	395,238	-	522,238
Christopher Hayman	9,332	-	-	-	9,332
Stuart Jenner [(6)]	-	-	35,103	-	35,103
Kalien Selby [(6)]	n/a	-	18,412	-	35,103
Grant Stubbs [(7)]	42,339	-	-	-	n/a
Ian Testrow [(1)]	715,714	-	35,103	-	750,817
Thao Pham [(5)]	-	2,911	35,103	-	38,014

(1) Mr Brennan's and Mr Testrow's holdings are exclusive of 500,000 and 300,000 shares respectively held as part of the Management Incentive Share Plan. Subsequent to 30 June 2015, both Mr Brennan and Mr Testrow have elected to return these shares to the Company in accordance with the terms of the MISP.

(2) Mr Lewsey was awarded 313,690 shares under the terms of Emeco's short term incentive scheme in FY14 (and approved at the Company's 2014 AGM) which are held in escrow for a period of two years until the announcement of Emeco's annual results in 2016.

(3) Ms Benda ceased to be key management personnel on 19 December 2014.

(4) Mr Greig became a key management personnel on 24 November 2014 and ceased to be a key management personnel on 22 June 2015.

(5) Mr Hawkins and Ms Pham became key management personnel on 1 July 2014.

(6) Mr Jenner and Ms Selby became key management personnel on 1 July 2014 and 18 February 2015 respectively.

(7) Mr Stubbs ceased to be a key management personnel on 1 October 2014.

n/a Not applicable as not in a position of key management personnel at relevant reporting date.

Loans

Other than the loan issued under the management incentive share plan no specified director or executive has entered into any loan arrangements with the Group.

32 Key management personnel disclosure (continued)

Other key management personnel transactions
A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions or the transactions with management persons and their related parties were no more favourable than those available, or which might be reasonably expected to be available, on similar transaction to non-director related entities on an arm's length basis.

The aggregate value of transactions recognised during the year related to key management personnel and their related parties were as follows:

		Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue					
Key management person and their related parties	**Transaction**				
Mr P Richards -Sedgman Limited	Rental of heavy earthmoving equipment	21	31	-	1
Total		21	31	-	1
Expense					
Key management person and their related parties	**Transaction**				
Mr P Richards -Bradken Limited	Purchase of heavy earthmoving equipment parts	251	157	12	29
Total		251	157	12	29

33 Other related party transactions

Subsidiaries
Loans are made between wholly owned subsidiaries of the Group for capital purchases. Loans outstanding between the different wholly owned entities of the Company have no fixed date of repayment. Loans made between subsidiaries within a common taxable jurisdiction are interest free. Cross border subsidiary loans are charged at an arm's length rate.

Ultimate parent entity
Emeco Holdings Limited is the ultimate parent entity of the Group.

34 Subsequent events

On 19 August 2016, Mr Gregory Hawkins ceased employment with the Company.

35 Earnings per share

Basic earnings per share
The calculation of basic earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $225,389,000 (2015: $127,703,000) and a weighted average number of ordinary shares outstanding less any treasury shares For the year ended 30 June 2016 of 557,569,229 (2015: 557,569,229).

Profit attributed to ordinary shareholders

	Consolidated					
	2016			2015		
	Continuing operations $'000	Discontinued operations $'000	Total $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Profit/(loss) for the year	(225,389)	-	(225,389)	(123,131)	(4,572)	(127,703)

35 Earnings per share (continued)

Weighted average number of ordinary shares

	Consolidated 2016 '000	Consolidated 2015 '000
Issued ordinary shares at 1 July	631,238	631,238
Effect of purchased treasury shares	(73,669)	(73,669)
Weighted average number of ordinary shares at 30 June	557,569	557,569

Diluted earnings per share
The calculation of diluted earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $225,389,000 (2015: $127,703,000) and a weighted average number of ordinary shares outstanding less any treasury shares during the financial year ended 30 June 2016 of 557,569,229 (2015: 558,629,229).

Profit attributed to ordinary shareholders (diluted)

	Consolidated					
	2016			2015		
	Continuing operations $'000	Discontinued operations $'000	Total $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Profit/(loss) attributed to ordinary shareholders (basic)	(225,389)	-	(225,389)	(123,131)	(4,572)	(127,703)

Weighted average number of ordinary shares (diluted)

	Consolidated 2016 '000	Consolidated 2015 '000
Weighted average number of ordinary shares at 30 June	631,238	631,238
Effect of the vesting of contingently issuable shares	-	1,060
Effect of purchased treasury shares	(73,669)	(73,669)
Weighted average number of ordinary shares (diluted) at 30 June	557,569	558,629

Comparative information
The average market value of the Company's shares for the purpose of calculating the dilutive effect of ordinary share was based on quoted market prices for the period during which the shares were outstanding.

36 Parent entity disclosure

As at and throughout the financial year ending 30 June 2016 the parent entity (the '**Company**') of the Group was Emeco Holdings Limited.

	Company	
	2016 $'000	2015 $'000
Result of the parent entity		
Profit/(loss) for the period	(76,560)	(613)
Other comprehensive income	-	-
Total comprehensive income for the period	(76,560)	(613)
Financial position of parent entity at year end		
Current assets	20	20
Non-current assets	243,168	398,232
Total assets	243,188	398,252
Current liabilities	-	-
Non-current liabilities	-	(38,685)
Total liabilities	-	(38,685)
Total equity of the parent entity comprising of:		
Share capital	593,616	593,616
Share based payment reserve	17,055	16,649
Reserve for own shares	(20,634)	(21,003)
Retained earnings	(346,849)	(270,289)
Total equity	243,188	318,973

Parent entity guarantees in respect of debts of its subsidiaries
The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are disclosed in note 37.

37 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, Emeco International Pty Ltd is relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the class order that the Company and each of the subsidiaries enter into a deed of cross guarantee. The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the deed are:

- Emeco Pty Ltd
- Emeco International Pty Limited

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed of cross guarantee, for the year ended 30 June 2016 is set out as follows:

Statement of profit or loss and other comprehensive income and retained earnings

	Consolidated	
	2016 $'000	2015 $'000
Revenue	131,746	136,966
Cost of sales	(82,768)	(98,825)
Gross profit	48,978	38,141
Operating expense	(63,387)	(102,780)
Other income	667	2,590
Finance income	79,037	18,774
Finance costs	(54,683)	(51,048)
Impairment of assets	(36,435)	(22,553)
Impairment of investment	(210,196)	-
Profit before tax	(236,020)	(116,876)
Tax expense	(20,126)	34,932
Net profit after tax	(256,146)	(81,944)
Other comprehensive income	8,418	25,846
Total comprehensive income for the period	8,418	25,846
Retained earnings at beginning of year	(313,389)	(257,290)
Retained earnings at end of year	(569,535)	(313,389)
Attributable to:		
Equity holders of the Company	(569,535)	(313,389)
Profit/(loss) for the period	(256,146)	(81,944)

37 Deed of cross guarantee (continued)

Statement of financial position

	Consolidated	
	2016 $'000	2015 $'000
Current assets		
Cash assets	8,886	12,891
Trade and other receivables	32,193	29,433
Derivatives	6,315	12,761
Inventories	2,429	6,560
Assets held for sale	8,692	22,771
Total current assets	58,515	84,416
Non-current assets		
Trade and other receivables	173,949	195,737
Derivatives	12,629	38,282
Intangible assets	2,344	1,641
Investments	78,391	288,333
Property, plant and equipment	182,034	222,245
Deferred tax assets	14,370	53,011
Total non-current assets	463,717	799,249
Total assets	522,232	883,665
Current liabilities		
Trade and other payables	32,341	29,227
Derivatives	-	1,294
Interest bearing liabilities	2,079	4,915
Provisions	3,882	3,119
Total current liabilities	38,302	38,555
Non-current liabilities		
Derivatives	-	1,663
Interest bearing liabilities	373,655	480,572
Deferred tax liabilities	21,875	27,527
Provisions	-	1,762
Total non-current liabilities	395,530	511,524
Total liabilities	433,832	550,079
Net assets	88,400	333,586
Equity		
Issued capital	593,616	593,616
Share based payment reserve	16,744	15,247
Reserves	47,575	38,112
Retained earnings/(losses)	(569,535)	(313,389)
Total equity attributable to equity holders of the parent	88,400	333,586

Directors' Declaration

1. In the opinion of the directors of Emeco Holdings Limited (the '**Company**'):

   (a) the consolidated financial statements and notes as set out on pages 39 to 118, and remuneration report in the directors' report, set out on 25 to 37 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

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

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

2. There are reasonable grounds to believe that the Company and the group entities identified in note 37 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2016.

4. The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with international financial reporting standards.

Dated at Perth, 30th day of August 2016

Signed in accordance with a resolution of the directors:

Ian Testrow
Managing Director

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place,
123 St Georges Tce,
Perth WA 6000, Australia

Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Emeco Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Emeco Holdings Limited, which comprises the statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 39 to 119.

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 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

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

Auditor's Independence Declaration

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 Emeco Holdings 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 Emeco Holdings 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 2016 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 statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 37 of the directors' report for the year ended 30 June 2016. 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 Emeco Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth 30 August 2016

Financial calendar

The annual general meeting of Emeco Holdings Limited will be held at Emeco's head office, Level 3, 71 Walters Drive, Osborne Park WA on Thursday, 24 November 2016 commencing at 12.00 noon (Perth time).

Event	Date*
Annual general meeting	24 November 2016
Half year	31 December 2016
Half year profit announcement	February 2017
Year end	30 June 2017

*Timing of events is subject to change and board discretion.

Shareholder statistics

Substantial shareholders

Details regarding substantial holders of the Company's ordinary shares as at 3 August 2016, as disclosed in the substantial holding notices, are as follows:

Name	Shares	% Issued capital
First Samuel Limited	118,757,137	19.80
Black Crane Asia Opportunities Fund	89,655,150	14.95

Distribution of shareholders

As at 3 August 2016, there were 5,101 holders of the Company's ordinary shares. The distribution as at 3 August 2016 was as follows:

Range	Investors	Securities	% Issued Capital
100,001 and Over	373	537,124,989	89.57
10,001 to 100,000	1,532	50,655,457	8.45
5,001 to 10,000	922	7,223,112	1.20
1,001 to 5,000	1,466	4,288,175	0.72
1 to 1,000	808	383,974	0.06
Total	**5,101**	**599,675,707**	**100.00**

The number of security investors holding less than a marketable parcel of 13,158 securities ($0.038 on 3 August 2016) is 3,431 and they hold 14,622,333 securities.

Shareholder information

20 largest shareholders

The names of the 20 largest holders of the Company's ordinary shares as at 3 August 2016 are:

Rank	Name	Total Units	% Issued Capital
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	146,289,405	24.40
2	CITICORP NOMINEES PTY LIMITED	132,747,043	22.14
3	PACIFIC CUSTODIANS PTY LIMITED	31,327,614	5.22
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,613,819	3.44
5	NATIONAL NOMINEES LIMITED	16,516,672	2.75
6	MMS1 PTY LTD	13,500,000	2.25
7	MR HONG KEONG CHIU & MS YOK KEE KHOO	7,751,114	1.29
8	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	7,085,843	1.18
9	ELPHINSTONE HOLDINGS PTY LTD	6,860,000	1.14
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	6,555,406	1.09
11	D & C JEFFERY SUPER PTY LTD	3,886,991	0.65
12	G HARVEY NOMINEES PTY LIMITED	3,661,800	0.61
13	TREVOR THOMAS SAUVARIN	3,000,000	0.50
14	MRS SHIVA MITTAL	2,672,575	0.45
15	PACIFIC CUSTODIANS PTY LIMITED	2,376,953	0.40
16	JP ROSE SUPER PTY LTD	2,000,000	0.33
16	MR GEORGE WALTER MOORATOFF	2,000,000	0.33
16	FLST PTY LTD	2,000,000	0.33
17	NEGOLE PTY LIMITED	1,890,687	0.32
18	ARANEM PTY LTD	1,850,000	0.31
19	COPABELLA P/L	1,623,391	0.27
20	MR JASON JOHN TALEB	1,600,000	0.27

Voting rights of ordinary shares

Voting rights of shareholders are governed by the Company's constitution. The constitution provides that on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for each fully paid ordinary share held by the member.

Closing share price ($)

Company Directory

DIRECTORS

Peter Richards
Ian Testrow
John Cahill
Erica Smyth

SECRETARY

Thao Pham

REGISTERED OFFICE

Level 3, 71 Walters Drive
Osborne Park WA 6017

Phone: +61 8 9420 0222
Fax: +61 8 9420 0205

SHARE REGISTRY

Link Market Services Limited
Central Park Level 4,
152 St Georges Terrace
Perth WA 6000

Phone: 1800 689 300
www.linkmarketservices.com.au

AUDITORS

Deloitte Touche Tohmatsu
Brookfield Place, Tower 2
123 St Georges Terrace
Perth WA 6000

SECURITIES EXCHANGE LISTING

Emeco Holdings Ltd ordinary shares are listed on the Australian Securities Exchange Ltd. ASX code: EHL

Emeco

Global Head Office
Level 3
71 Walters Drive
Osborne Park WA 6017
Australia
T +61 8 9420 0222
E corporate@emecogroup.com
AUSTRALIA | CANADA | CHILE

emecogroup.com