



## Emeco Holdings Limited

10 September 2008

ASX Markets Supervision  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Attention: Greg Coulson

Dear Sirs

### **Response to LR 3.19 Enquiry**

Thank you for your letter of 5 September 2008.

You requested we respond to the following three questions:

- 1. Please explain why the Appendix 3Y in respect of Mr McCullagh's interest in Emeco was lodged late*

The circumstances in relation to Mr McCullagh's interest in the 144,422 Emeco shares (*Shares*) (held by the company named in the Appendix 3Y dated 5 September 2008 (*Previous Holder*)) are complex. Emeco understands that the Previous Holder and Mr McCullagh implemented a strict "information wall" to ensure that Mr McCullagh was not party to, or in any way aware of, any investment decision taken by the Previous Holder in respect of its ownership of the Shares. This "information wall" was created to ensure Mr McCullagh's independence on the board of Emeco.

The late notification was entirely innocent and was the result of the "information wall" which the Previous Holder and Mr McCullagh chose to implement to preserve Mr McCullagh's independence. This "information wall" also had the effect that it was not easy for Emeco to ascertain the exact nature of the interest which Mr McCullagh had in those Shares. In an attempt to comply with its obligations under the Listing Rules in as timely manner as possible, Emeco lodged the Appendix 3Y on the basis of the information it had at the time of lodgment.

Following further investigation and on the basis of updated information provided to Emeco it appears that the Appendix 3Y lodged on 5 September 2008 was lodged in error (but through no fault of Emeco) as Emeco has been advised by Mr McCullagh's legal advisers that Mr McCullagh does not in fact have a notifiable interest in the Shares.

2. ***What arrangements does the company have in place with its directors to ensure it is able to meet its disclosure obligations under LR 3.19A?***

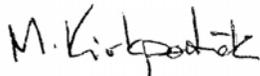
Emeco has in place with each director an agreement (on customary terms) concerning its ongoing ASX disclosure obligations under LR 3.19A. Each director is fully aware of the terms of his agreement and the importance which Emeco and ASX place on timely disclosure of director interest changes.

3. ***If the current arrangements are inadequate or not being enforced, what additional steps does the company intend to take to ensure compliance with LR 3.19B?***

Emeco does not consider its current arrangements with directors concerning interest changes are inadequate. They represent, in Emeco's view, market standard arrangements which are well understood by each of Emeco's directors. Moreover, Emeco takes its LR3.19B obligations seriously and enforces them. For example, on 28 August 2008 we released three separate Appendix 3Y notices to the market informing it of changes to our director's shareholding in the company.

For the reasons noted in 1. above, in Emeco's view this particular instance does not reflect an inadequacy of existing arrangements nor any failure to enforce them when required. The circumstances which led to the late notification were a highly unusual combination of factors which resulted in an innocent oversight. When the oversight became apparent to Emeco and Mr McCullagh it was corrected promptly by notice to ASX.

Yours faithfully



Mike Kirkpatrick  
Company Secretary  
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