

Market Release
14 February 2011

EMECO TO INCUR INDONESIAN DEBTOR IMPAIRMENT

Emeco Holdings Limited (ASX: EHL) today reported that it will incur a post-tax impairment charge of \$5.9 million (\$7.85 million pre-tax) in its first half results relating to a debtor in its Indonesian business. Managing Director Keith Gordon said the impairment was very disappointing.

Mr Gordon said “Over the last six months, Emeco Indonesia has continued trading with this customer, a mining contractor, while it faced equipment and operational issues beyond its control. Continuation of trading was predicated on a transparent mine plan which demonstrated that the debt incurred would be recoverable. However, information received from the customer over the weekend has now cast serious doubt over the recoverability of the debt owing at 31 December and management feels it is now prudent to impair it. Management will assess its commercial and operational options with this customer over the next few days, which include the potential re-deployment or stand down of equipment.”

Emeco is due to announce its FY11 interim results on 22 February 2011 and had previously provided guidance to the market that NPAT would be in the range of \$27 - \$29 million. Mr Gordon said “the company had been expecting to announce a result slightly above the top end of the guidance range but with the inclusion of this one-off impairment now expect NPAT to be \$23.6 million for the half based on unaudited financial statements.”

Emeco has operated in Indonesia since 2000 and remains committed to the region. Mr Gordon said “Despite this impairment, we see strong commodity fundamentals in the market and we have high levels of enquiry for our equipment from customers which will limit the impact on future earnings with respect to this fleet. Although this is a localised one-off event, we will take steps to ensure that circumstances such as this will not be repeated.”

Emeco operates in Australia, Canada and Indonesia. Mr Gordon said “the global fleet is still achieving high levels of engagement with fleet utilisation currently standing just over 86%. Operationally, all three of our rental businesses are travelling well which makes this one-off impairment all the more disappointing.”

More detail regarding operational performance and outlook will be released with Emeco’s first half result on 22 February 2011.



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About Emeco

Emeco is a leading global provider of heavy earthmoving equipment with offices in Australia, Indonesia and North America. Emeco has integrated rental, sales, parts, maintenance and procurement into a single business for high reliability, low-houred heavy earth moving equipment for the mining sector. Emeco is not aligned with any earthmoving equipment manufacturer and has a global fleet of approximately 1,000 machines including equipment manufactured by Caterpillar, Hitachi, Komatsu, Liebherr and Volvo. Emeco's ordinary shares are traded on the Australian Stock Exchange under ASX code EHL.