

20 February 2012

Company Announcements Office
Australian Securities Exchange Ltd
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

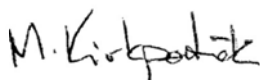
Emeco Holdings Ltd – Results for announcement to the market

Results for the half year ended 31 December 2011

Attached for immediate release to the market are the following documents which are to be read in conjunction with the Company's annual report for the financial year ended 30 June 2011:

- Emeco Holdings Ltd Appendix 4D – half-year financial report for the period ended 31 December 2011; and
- Emeco Holdings Ltd's half-year financial report, auditor's report and directors' report.

Yours faithfully



Mike Kirkpatrick
Company Secretary



RENTAL | SALES | PARTS | ASSET MANAGEMENT

Emeco Holdings Limited | [ACN 112 188 815](http://www.emecogroup.com)

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APPENDIX 4D

Half Year Report

For the period ended 31 December 2011

Name of entity

Emeco Holdings Limited

ABN or equivalent company reference

A.C.N. 112 188 815

This report is to be read in conjunction with our annual financial report as at 30 June 2011.

Results for announcement to the market

Reporting Period: 1 July 2011 to 31 December 2011 (Previous corresponding period: six months ended 31 December 2010)

	%	2011	2010
	Change	\$A million	\$A million
Revenues from ordinary activities	3.3%	273.2	264.4
Profit from ordinary activities after tax attributable to members of Emeco Group	19.9%	28.9	24.1
Net profit for the period attributable to members of Emeco Group	19.9%	28.9	24.1

Dividends

Date the dividend is payable

29 March 2012

Record date to determine entitlements to the dividend

1 March 2012

Amount per security

		Amount per security	Franked amount per security
Interim Dividend:	Current year	2.5 cents	2.5 cents
	Previous year	Ordinary – 2.0 cents Special – 5.0 cents	Ordinary – 2.0 cents Special – 5.0 cents

APPENDIX 4D

Half Year Report

For the period ended 31 December 2011

Ratios and Other Measures

NTA backing

Net tangible asset backing per ordinary security

Current Period	Previous corresponding Period
\$0.70	\$0.71

Details of loss of control of entities having material effect

No control over any entities was lost during the period.

Accounts

This report is based on accounts that have been reviewed.

Emeco Holdings Limited and its Controlled Entities

ABN 89 112 188 815

Interim Financial Report

for the half year ended 31 December 2011

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Directors' Report

31 December 2011

The Board of directors of Emeco Holdings Limited (the "Company") has pleasure in submitting its report in respect of the half-year financial period ended 31 December 2011 and the review report thereon.

Directors

The following persons were directors of Emeco Holdings Limited during the half-year and up to the date of this report:

Director	Date of appointment
Non-Executive	
Mr Alec Brennan (Chairman)	16 August 2005
Mr Peter Johnston	1 September 2006
Mr John Cahill	15 September 2008
Mr Robert Bishop	22 June 2009
Mr Peter Richards	14 June 2010
Ms Erica Smyth	15 December 2011
Executive	
Mr Keith Gordon (Managing Director & Chief Executive officer)	1 December 2009

Mr Alec Brennan (Chairman) and Mr John Cahill stood for re-election and were elected as non-executive directors at the Company's annual general meeting held on 15 November 2011.

Ms Erica Smyth was appointed a non-executive director on 15 December 2011.

Financial performance

Emeco Holdings Limited and its Controlled Entities (the "Group") achieved a net profit after tax for the half-year ended 31 December 2011 of \$28.9 million (2010: \$24.1 million) with total revenue of \$273.2 million (2010: \$264.4 million).

Dividends

The Company declared a fully franked ordinary dividend in February 2012 of 2.5 cents per ordinary share for the interim period to 31 December 2011 (2010: 2.0 cents ordinary dividend and 5.0 cents special dividend).

The Company declared a fully franked dividend in August 2011 of 3.0 cents per ordinary share in relation to the financial year ended 30 June 2011 which was paid in September 2011.

Review of operations

A\$ millions	Continuing Results			Statutory Results (including Discontinued Operations)		
	2011	2010	PCP	2011	2010	PCP
	(1H12)	(1H11)	%	(1H12)	(1H11)	%
Revenue	273.0	253.6	7.7	273.2	264.4	3.3
EBITDA	119.9	105.7	13.4	119.5	107.9	10.8
EBIT	54.3	45.4	19.7	53.9	45.4	18.8
NPAT	29.2	23.5	24.0	28.9	24.1	19.7
Normalised NPAT	29.2	29.5^	(1.2)	28.9	30.1^	(4.2)

^Normalised NPAT excludes the one-off impairment of an Indonesian debtor (\$6.0M post-tax) for the half year ended 31 December 2010.



Operating Results

Net profit after tax (NPAT) from continued operations was \$29.2 million for the half year ended 31 December 2011 (1H12), down 1.2% versus the prior corresponding period (PCP) after normalising 1H11 NPAT for the one-off impairment of an Indonesian debtor of \$6.0 million (post tax).

Discontinued operations generated a loss after tax of \$0.3 million in 1H12 versus a profit of \$0.6 million for the prior period. These losses relate to costs of exiting the discontinued businesses in Europe, USA and Victorian civil rental including lease costs and impairment of assets held for disposal.

Group operating revenue was \$273.0 million in 1H12, being 7.7% higher than PCP, primarily due to incremental investment in large mining equipment over 2H11 and 1H12. The group achieved strong utilisation levels across 1H12 (average 85%) on a larger asset base, which was consistent with 1H11 (average 87%).

Revenue from rental income increased 8.2% to \$207.9 million in 1H12 (1H11: \$192.2 million). The higher levels of rental activity contributed to a 13.9% increase in Maintenance Services to \$28.8 million in 1H12. Revenue from the sale of machines and parts remained broadly flat at \$36.3 million in 1H12.

EBITDA and EBIT margins were 43.9% (1H11: 44.8%[^]) and 19.9% (1H11: 21.0%[^]) respectively. Margins were down slightly on the PCP due to rising labour costs in Australia and increased R&M activity in Indonesia and Canada prior to deploying idle equipment, offset partially by fixed cost leverage within the business.

Rolling 12-month return on capital (ROC) increased to 11.4% at 31 December 2011 up from 11.0% achieved at 31 December 2010. The improvement in underlying ROC was constrained by the lag between payment and deployment of two large fleet acquisitions in 1H12.

The Group generated operating cash flow of \$114.0 million, up from \$105.2 million PCP, with free cash flow before growth capital and dividends of \$64.3 million. After growth capex of \$65.6 million and dividends of \$18.9 million, the Group's free cash flow was negative \$20.2 million (1H11: \$42.4 million).

The Group's total debt was \$329.2 million at 31 December 2011, with undrawn facilities of \$160.0 million. Gearing was 1.44 times (Total Debt: R12 EBITDA), which is below Emeco's target range of 1.5 – 2.0 times.

Significant events occurring after half-year end

The directors are of the opinion that there were no events subsequent to 31 December 2011 that had a material impact on the business.

Lead auditor's independence declaration

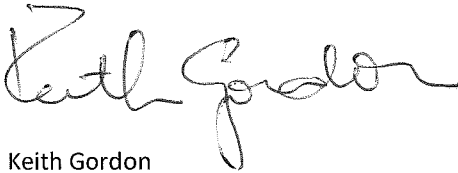
The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half year ended 31 December 2011.

Rounding of amounts

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

These consolidated interim financial statements were approved by the Board of Directors on 20 February 2012.

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

A handwritten signature in black ink, appearing to read 'Keith Gordon', with a stylized, cursive script.

Keith Gordon
Managing Director
Perth 20 February 2012



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

To: the directors of Emeco Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'R. Gambitta', written over the printed name.

R Gambitta
Partner

Perth
20 February 2012

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2011

		31 December 2011 \$'000	31 December 2010 \$'000
	Note		
Continuing operations			
Revenue from rental income		207,887	192,243
Revenue from the sale of machines and parts		36,263	36,033
Revenue from maintenance services		28,837	25,307
		<u>272,987</u>	<u>253,583</u>
Changes in machinery and parts inventory		(37,104)	(38,226)
Repairs and maintenance		(78,784)	(58,567)
Employee expenses		(22,609)	(20,770)
Hired in equipment and labour		(1,071)	(4,424)
Gross profit		<u>133,419</u>	<u>131,596</u>
Other income		2,129	348
Other expenses ⁽¹⁾	5	(15,126)	(26,237)
Impairment of tangible assets	9, 10	(526)	25
EBITDA ⁽²⁾		<u>119,896</u>	<u>105,732</u>
Depreciation expense		(65,461)	(60,200)
Amortisation expense		(115)	(141)
EBIT ⁽³⁾		<u>54,320</u>	<u>45,391</u>
Financial income	6	182	605
Financial costs	6	(12,425)	(12,309)
Profit before income tax expense		<u>42,077</u>	<u>33,687</u>
Income tax expense		(12,899)	(10,161)
Profit from continuing operations		<u>29,178</u>	<u>23,526</u>
Discontinued operations			
(Loss)/Profit from discontinued operations (net of income tax)	7	(328)	585
(Loss)/Profit from discontinued operations		<u>(328)</u>	<u>585</u>
Profit for the period		<u>28,850</u>	<u>24,111</u>

⁽¹⁾ Comparatives have been reclassified. Refer to note 5.⁽²⁾ EBITDA - Earnings before interest expense, tax, depreciation and amortisation.⁽³⁾ EBIT - Earnings before interest expense and tax.

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.



Emeco Holdings Limited and its Controlled Entities
Consolidated interim statement of comprehensive income contd
For the six months ended 31 December 2011

	31 December 2011 \$'000	31 December 2010 \$'000
Other comprehensive income		
Foreign currency translation differences for continuing foreign operations	2,800	(12,686)
FCTR of discontinued operations ⁽¹⁾	177	(444)
Effective portion of changes in fair value of cash flow hedges	38	2,006
Other comprehensive income/(loss) for the period	<u>3,015</u>	<u>(11,124)</u>
Total comprehensive income for the period, net of tax	<u>31,865</u>	<u>12,987</u>
Profit attributable to:		
Equity holders of the parent	<u>28,850</u>	<u>24,111</u>
Total comprehensive income attributable to:		
Equity holders of the parent	<u>31,865</u>	<u>12,987</u>
Earnings per share:	2011 Cents	2010 Cents
Basic earnings per share	<u>4.72</u>	<u>3.92</u>
Diluted earnings per share ⁽²⁾	<u>4.59</u>	<u>3.85</u>
Earnings per share - continuing operations:		
Basic earnings per share	<u>4.78</u>	<u>3.83</u>
Diluted earnings per share ⁽²⁾	<u>4.64</u>	<u>3.75</u>

⁽¹⁾ FCTR – Foreign currency translation reserve.

⁽²⁾ The calculation of diluted earnings per share (“EPS”) at 31 December 2010 has been restated to include the effects of treasury shares and performance shares/rights.

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.



Consolidated Interim Statement of Financial Position

as at 31 December 2011

		31 December 2011 \$'000	30 June 2011 \$'000
	Note		
Current Assets			
Cash assets		16,556	5,502
Trade and other receivables		86,177	83,251
Inventories		37,470	48,569
Prepayments		2,964	2,313
Current tax asset		447	427
Assets classified as held for sale	8	2,573	8,728
Total current assets		146,187	148,790
Non-current assets			
Trade and other receivables		-	581
Intangible assets		173,910	173,248
Property, plant and equipment		721,174	658,533
Total non-current assets		895,084	832,362
Total assets		1,041,271	981,152
Current Liabilities			
Trade and other payables		59,509	48,397
Interest bearing liabilities	13	3,220	3,308
Current tax liabilities		10,359	6,790
Provisions		3,518	5,117
Total current liabilities		76,606	63,612
Non-current Liabilities			
Interest bearing liabilities	13	323,314	290,495
Deferred tax liabilities		25,726	23,943
Provisions		1,265	868
Total non-current liabilities		350,305	315,306
Total liabilities		426,911	378,918
Net assets		614,360	602,234
Equity			
Share capital		610,303	610,304
Reserves		(30,303)	(32,462)
Retained earnings		34,360	24,392
Total equity attributable to equity holders of the Company		614,360	602,234

The statement of financial position sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.



Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2011

Reconciliation of movement in capital and reserves**Attributable to equity holders of the parent**

	Share capital \$'000	Share based payment reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2010	609,578	2,728	(7,246)	(7,664)	(6,247)	31,594	622,743
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	24,111	24,111
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	-	(13,130)	-	-	(13,130)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	2,006	-	-	-	2,006
Total comprehensive income for the period	-	-	2,006	(13,130)	-	24,111	12,987
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Dividends to equity holders	275	-	-	-	-	(12,839)	(12,564)
Contribution from MISP holders ⁽¹⁾	415	-	-	-	-	-	415
Share-based payment transactions	-	871	-	-	(4,497)	-	(3,626)
Total contributions by and distributions to owners of the company	690	871	-	-	(4,497)	(12,839)	(15,775)
Balance at 31 December 2010	610,268	3,599	(5,240)	(20,794)	(10,744)	42,866	619,955

	Note	Share capital \$'000	Share based payment reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2011		610,304	6,462	(3,987)	(24,222)	(10,715)	24,392	602,234
Total comprehensive income for the period								
Profit or loss		-	-	-	-	-	28,850	28,850
<i>Other comprehensive income</i>								
Foreign currency translation differences		-	-	-	2,977	-	-	2,977
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	38	-	-	-	38
Total comprehensive income for the period		-	-	38	2,977	-	28,850	31,865
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners</i>								
Own shares acquired by employee share plan trust		-	-	-	-	(2,847)	-	(2,847)
Dividends to equity holders	12	10	-	-	-	-	(18,882)	(18,872)
Contribution from MISP holders ⁽¹⁾		-	-	-	-	-	-	-
Share-based payment transactions		(11)	1,991	-	-	-	-	1,980
Total contributions by and distributions to owners of the company		(1)	1,991	-	-	(2,847)	(18,882)	(19,739)
Balance at 31 December 2011		610,303	8,453	(3,949)	(21,245)	(13,562)	34,360	614,360

⁽¹⁾ Includes dividends paid to existing Management Incentive Share Plan (MISP) holders and payments received from resigning employees in satisfaction of their outstanding MISP loans.

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 21.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2011

		31 December 2011 \$'000	31 December 2010 \$'000
	Note		
Cash flows from operating activities			
Cash receipts from customers		267,017	251,936
Cash paid to suppliers and employees		(136,113)	(126,231)
Interest received		182	215
Interest paid		(11,709)	(10,128)
Income tax paid		(5,375)	(10,603)
Net cash provided by operating activities		114,002	105,189
Cash flows from investing activities			
Disposal of discontinued operations net of cash disposed		-	14,423
Proceeds on disposal of non-current assets		18,039	19,346
Payment for property, plant and equipment		(130,545)	(75,128)
Net cash used in investing activities		(112,506)	(41,359)
Cash flows from financing activities			
Proceeds from borrowings	13	85,458	336,474
Repayment of borrowings	13	(51,716)	(371,313)
Repurchase own shares		(2,847)	(4,497)
Payment of debt establishment costs		-	(4,054)
Payment of finance lease liabilities	13	(2,403)	(3,534)
Dividends paid		(18,882)	(12,839)
Net cash provided by/(used in) financing activities		9,610	(59,763)
Net increase in cash held		11,106	4,067
Cash at the beginning of the period		5,502	5,239
Effects of exchange rate fluctuations on cash held		(52)	372
Cash at the end of the financial period		16,556	9,678

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 12 to 21.



Notes to the Consolidated Interim Financial Statements

For the half-year period ended 31 December 2011

1. Reporting entity

Emeco Holdings Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the renting, maintaining and selling of heavy earthmoving equipment to customers in the mining industries.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2011 are available on the Company's web site at www.emecogroup.com.

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 February 2012.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

3. Significant accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2011.

4. Operating segments

Information about reportable segments

The Group has five reportable segments, as described below, which are the Group's strategic business units (excluding discontinued operations). The strategic business units offer different products and services, and are managed separately because they require different operational strategies. The Managing Director and Board of Directors review reports monthly on the performance of each strategic business unit. The following summary describes the operations in each of the Group's reportable segments:

Australian Rental	Provides a wide range of earthmoving equipment and maintenance services to customers in Australia. The Victorian Rental business was classified as a discontinued operation and a disposal group held for sale in 2010. This has been included in the discontinued operations segment. Refer to note 8.
Australian Sales	Sells a wide range of earthmoving equipment to customers in the civil construction and mining industries in Australia.
Australian Parts	Procures and supplies globally sourced used and reconditioned parts to external customers and internally to the rental and sales divisions within Australia.
Indonesia	Provides a wide range of earthmoving equipment and maintenance service to customers in Indonesia.
Canada	Provides a wide range of earthmoving equipment and maintenance services to customers who are predominately within Canada.
Discontinued Operations	This segment includes the discontinued operations in the United States of America, Europe and the Victorian rental business.

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.



4. Operating segments cont'd

	Australia Rental \$000's	Australia Sales \$000's	Australia Parts \$000's	Indonesia \$000's	Canada \$000's	Discont'd Ops \$000's	Consolidated \$000's
6 months ended 31 December 2011							
External revenue	187,274	29,486	7,009	23,468	25,750	164	273,151
Inter-segment revenue	168	26	4,184	2,015	-	3	6,396
Reportable segment profit before interest and income tax	53,930	535	1,187	5,040	5,015	(421)	65,286

	Australia Rental \$000's	Australia Sales \$000's	Australia Parts \$000's	Indonesia \$000's	Canada \$000's	Discont'd ⁽²⁾ Ops \$000's	Consolidated \$000's
6 months ended 31 December 2010							
External revenue	157,907	29,915	8,873	24,689	32,199	10,820	264,403
Inter-segment revenue	1,907	1,664	973	1,036	-	985	6,565
Reportable segment profit before interest and income tax ⁽¹⁾	48,750	(226)	(63)	(1,549)	7,687	372	54,971

- (1) 31 December 2010 has been restated to include the impairment loss on trade receivables, previously recognised in financial costs.
- (2) 31 December 2010 has been restated to combine the discontinued operations of USA, Europe and the Victorian rental business that were previously disclosed separately.

	31 December 2011 \$'000	31 December 2010 \$'000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments before interest and tax ⁽¹⁾	65,286	54,971
	65,286	54,971
Elimination of inter segment profit	(919)	919
Elimination of discontinued operations	421	(372)
Unallocated amounts:		
Other corporate expenses	(10,468)	(10,127)
Net financial costs	(12,243)	(11,704)
Profit before income tax from continuing operations	42,077	33,687

- (1) 31 December 2010 has been restated to include the impairment loss on trade receivables, previously recognised in financial costs.

5. Other expenses

	31 December 2011 \$'000	31 December 2010 \$'000
- bad debts	1,122	1,105
- doubtful debts ⁽¹⁾	(861)	9,280
- insurance	1,502	1,765
- motor vehicles	1,956	2,313
- rental expense	1,785	1,825
- safety	671	514
- travel and subsistence	1,190	1,349
- telecommunications	823	876
- workshop consumables, tooling and labour	1,135	1,726
- other expenses	5,803	5,484
Total	15,126	26,237

⁽¹⁾ 31 December 2010 has been restated to include doubtful debts previously reported in financial costs.

6. Items included in profit before income tax expense

	31 December 2011 \$'000	31 December 2010 \$'000
Financial costs:		
- interest on bank loans and overdrafts	10,616	8,759
- interest on finance leases	132	552
- amortisation of debt establishment costs	576	1,402
- other facility costs	1,101	1,596
	12,425	12,309
Financial income:		
- interest revenue	(182)	(213)
- hedge gains	-	(392)
	(182)	(605)
Total	12,243	11,704

7. Discontinued operations

In February 2010 the Board resolved to close the Emeco Europe operations and decrease Emeco's presence in the USA. In June 2010 it was decided by the Board to completely exit the USA having materially disposed of all of its rental and sales assets and commenced a strategy to dispose of the Emeco USA parts business. The Board also resolved to exit the Victorian Rental business which comprised predominantly of civil rental plant and equipment (and related contracts) within its Australian business. These operations were discontinued at 30 June 2010 and the Victorian Rental business and the Emeco USA parts business were sold in October 2010 and January 2011 respectively. The European asset sales were completed in December 2010.

	31 December 2011 \$'000	31 December 2010 \$'000
Profit/(losses) of discontinued operations		
Revenue	164	10,820
Other income	-	437
Direct costs	(249)	(5,895)
Depreciation	(74)	(2,160)
Writedown of stock	-	-
Impairment of fixed assets	(326)	(1,263)
Profit/(loss) on sale of assets	266	(11)
Other expenses	(4)	(1,027)
Financial income/(expense)	-	331
Employee expenses	(197)	(915)
Profit/(Loss) from operating activities (before tax)	(420)	317
Income tax (expense)/benefit	92	268
Loss from operating activities, net of income tax	(328)	585
Gain/(loss) on sale of discontinued operation	-	(242)
Income tax on sale of discontinued operation	-	73
Effect on profit/(loss) for the period	-	(169)
Cash flows from discontinued operation		
Net cash used in operating activities	(341)	15,226
Net cash from investing activities	5,219	14,423
Net cash from financing activities	-	(27,684)
Effect on cash flows	4,878	1,965

7. Discontinued operations cont'd

	31 December 2011 \$'000	31 December 2010 \$'000
Effect on disposal of the financial position of the group		
Property, plant and equipment	4,953	12,295
Inventories	-	2,953
Trade and other receivables	-	55
Trade and other payables	-	(455)
Net assets and liabilities	4,953	14,848
Consideration received, satisfied in cash	5,219	14,423
Cash and cash equivalents disposed of	-	-
Net cash inflow	5,219	14,423

The loss from discontinued operations of \$328,000 (2010: profit of \$585,000) is attributable entirely to the owners of the Group.

8. Non-current assets held for sale

At 30 June 2010 the parts division of the USA segment and the Victorian rental business of the Australian rental segment were presented as disposal groups held for sale following commitment from the Group in late financial year 2010 to dispose of these segments. Efforts to sell assets of these disposal groups were undertaken with the sale of the Victorian rental business including a majority of its assets in October 2010 and the sale of the USA parts division was completed in January 2011. At 31 December 2011 the disposal groups comprised assets of \$2.6 million and liabilities of \$Nil being the remaining Victorian rental assets yet to be disposed.

	31 December 2011 \$'000	30 June 2011 \$'000
Assets classified as held for sale		
Property, plant and equipment	2,573	8,169
Inventories	-	-
Trade and other receivables	-	559
	2,573	8,728



9. Write-down of inventory

During the six months ended 31 December 2011, Emeco's Australian Equipment Sales business recognised a write-down in its sales inventory to net realisable value in the amount of \$0.519 million (2010: \$0.475 million). The write-down for this half year was recognised as a result of a strong Australian dollar and subdued buying activity in the civil earthmoving equipment market.

10. Property, plant and equipment

Assets with a carrying amount of \$4.9 million (six months ended 31 December 2010: \$12.3 million) were disposed of as part of the discontinued operations resulting in a gain on disposal of \$0.3 million (refer note 7). Other assets with a carrying amount of \$10.8 million (six months ended 31 December 2010: \$3.2 million) which included rental fleet of \$6.6M and land and buildings of \$3.9M were disposed of as part of the continuing operations during the six months ended 31 December 2011, resulting in a gain on disposal of \$1.9 million (six months ended 31 December 2010: \$0.3 million), which is included in other income in the condensed consolidated statement of comprehensive income.

During the six months ended 31 December 2011 the Group recognised an impairment of \$0.3 million relating to its remaining Victorian business assets.

Capital commitments

During the six months ended 31 December 2011 the Group has entered into commitments with certain suppliers for the purchase of fixed assets, primarily rental fleet assets in the amount of \$102 million (six months ended 31 December 2010: \$62.1 million) payable within one year.

11. Key management personnel

During the six months ended 31 December 2011 Mr David Tilbrook (General Manager South East Asia) and Mr Hamish Christie-Johnston (General Manager Australian Sales and Parts) resigned on 7 October 2011 and 26 November 2011 respectively.



12. Dividends

(i) Dividends declared and/or paid by the Company

The Company declared a fully franked ordinary dividend of 2.5 cents for the interim period subsequent to 31 December 2011 (six months ended 31 December 2010: 2.0 cents and 5.0 cent special dividend).

The following dividends were declared and paid by the Group during the six months ended 31 December.

	2011	2010
	\$'000	\$'000
3.0 cents per share (2010: 2.0 cents)	18,882	12,839

(ii) Franking account

	31 December	31 December
	2011	2010
	\$'000	\$'000
Dividend franking account 30% franking credits available to shareholders of Emeco Holdings Limited for subsequent financial years	47,027	43,377

The above available amounts are based on the balance of the dividend franking account at 31 December 2011 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 ordinary and special dividends recognised as a liability at 31 December 2011;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at 31 December 2011; 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 \$6,763,000 (2010: \$18,937,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of \$47,027,000 (2010: \$43,377,000) franking credits.



13. Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2011:

<i>In thousands of AUD</i>	Tranche	Currency	Face value (i)	Carrying amount	Calendar year of maturity
Balance at 1 July 2011				293,803	
<u>New issues</u>					
Senior debt draw down	A	AUD	20,000	20,000	2013
Senior debt draw down	B	AUD	8,000	8,000	2015
Senior debt draw down	A	USD	6,000	5,819	2013
Senior debt draw down	B	USD	2,000	1,940	2015
Senior debt draw down	A	CAD	8,000	7,764	2013
Senior debt draw down	B	CAD	36,000	34,935	2015
Working Capital Facility		AUD	7,000	7,000	2012
<u>Repayments</u>					
Senior debt	A	AUD	(37,000)	(37,000)	2013
Senior debt	B	AUD	(8,000)	(8,000)	2015
Senior debt	A	USD	(7,000)	(6,716)	2013
Finance lease liabilities		AUD	(2,180)	(2,180)	2015
Finance lease liabilities		USD	(227)	(223)	2011
<u>Effects of foreign currency translation</u>					
Translation on foreign denominated borrowings and repayments				1,968	
<u>Borrowing costs</u>					
Amortisation of debt establishment costs				(576)	
Balance at 31 December 2011				<u>326,534</u>	

(i) Face value is disclosed in the specific currency.

During the six months ended 31 December 2011 there were \$85,458,000 (2010: \$336,474,000) of new loans and borrowings, \$Nil (2010: \$21,228,000) of new finance leases and an amount of \$54,119,000 (2010: \$371,314,000) was repaid.

The Group has a syndicated loan facility with a limit of \$450 million (2010: \$450 million). The debt facility comprises a three year \$300 million and a five year \$150 million revolving multi-currency facility of AUD, USD and CAD that matures on November 2013 and November 2015 respectively. The Group reduced its revolving working capital facility to \$20 million (2010: \$25.0 million) and also maintained working capital facilities for Emeco Canada Limited of CAD\$2.0 million (2009: \$2.0 million).



14. Financial instruments

Hedging of fluctuations in interest rates

Pursuant to the Board approved Emeco Interest Rate Hedging Policy, the Group is required to enter into and maintain interest rate hedging agreements so that interest payable on no less than 30% and no greater than 70% of the aggregate expected principal amount outstanding of total Group debt is hedged or bears interest at a fixed rate for an average period no less than two years into the future. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures. At 31 December 2011 the Group is compliant with the requirements of the debt facility and hedging policy.

The Group classifies its interest rate swaps as cash flow hedges and measures them at fair value. At 31 December 2011, the Group's interest rate swaps had a notional contract amount of AUD\$80.0M, CAD\$80.0M, USD\$15.0M (30 June 2011: AUD\$70.0M CAD80.0M, USD\$15.0M). The net fair value of swaps at 31 December 2011 was (\$6.6M) (30 June 2011: (\$6.0M)) comprising assets of \$Nil (30 June 2011: \$Nil) and liabilities of \$6.6M (30 June 2011: \$6.0M).

15. Share based payment

Managing Director/Chief Executive Officer remuneration

On 15 November 2011, shareholders approved the grant of 907,263 performance shares for nil consideration for the 2012 financial year to the Managing Director. The vesting conditions are in accordance with the terms of the Emeco LTI plan currently in place for the senior management team.

16. Subsequent event

Subsequent to 31 December 2011 the company declared a 2.5 cent fully franked dividend payable 29 March 2012.



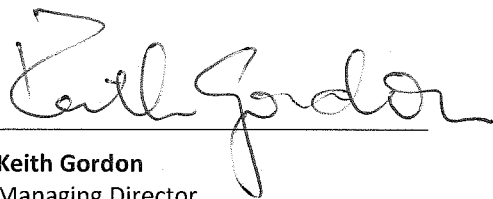
Directors' Declaration

In the opinion of the directors of Emeco Holdings Limited ("the Company"):

1. the financial statements and notes, set out on pages 7 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 20 day of February 2012

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Keith Gordon', written over a horizontal line.

Keith Gordon
Managing Director



Independent auditor's review report to the members of Emeco Holdings Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Emeco Holdings Limited ("the company"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2011, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Emeco Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Emeco Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta
Partner

Perth
20 February 2012