

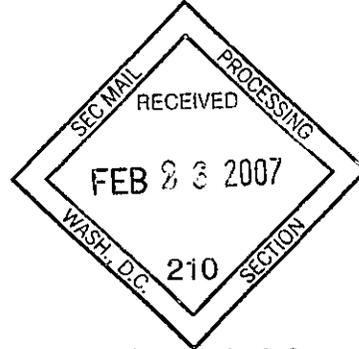
Emeco Holdings Limited

22 February 2007

Exemption File No. 82-35011

Securities and Exchange Commission  
Division of Corporation Finance  
450 Fifth Street, N.W.  
Washington, D.C. 20549  
USA

SUPL



Ladies and Gentlemen

Re: Emeco Holdings Limited  
Rule 12g3-2(b) Exemption File No. 82-35011

Pursuant to Rule 12g3-2(b)(1), enclosed are the following documents to supplement the information previously provided with respect to Emeco Holdings Limited's (the "Company") request for exemption under Rule 12g3-2(b):

1. *Emeco Holdings Ltd financial results – half year ended 31 December 2006, released to the Australian Stock Exchange Limited on 22 February 2007;*
2. *Emeco Holdings Ltd – Half year results presentation, released to the Australian Stock Exchange Limited on 22 February 2007;*
3. *The Capital Group Companies, Inc. – Form 604, Notice of Change of Interests of substantial holder dated 20 February 2007, released to the Australian Stock Exchange Limited on 22 February 2007.*

This information is being furnished on the understanding that such information and documents will not be deemed "filed" with the SEC or otherwise subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that neither this letter nor the furnishing of such information and documents shall constitute an admission for any purpose that the Company is subject to the Exchange Act.

Please do not hesitate to contact the undersigned by telephone: 61 (8) 9420 0222 in Australia, facsimile: 61 (8) 9321 1366 or by email: michael.kirkpatrick@emecoequipment.com if you have any questions.

Please acknowledge receipt of this letter and the enclosed materials by date stamping the enclosed receipt copy of this letter and please return it to Mike Kirkpatrick at the address below.

PROCESSED

Thank you for your attention.

Regards

MAR 02 2007

THOMSON FINANCIAL

pp Mike Kirkpatrick  
Company Secretary

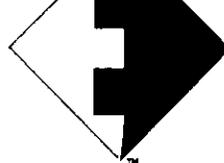
Enclosures (4)

PO Box 1173  
West Perth WA 6872  
Australia

Ground Floor, 10 Ord Street  
West Perth WA 6005  
Australia

Telephone: + 61 8 9420 0222  
Facsimile: +61 8 9321 1366

Emeco Holdings Limited A.C.N. 112 188 815



Emeco Holdings Limited

COPY

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*PP*  
  
Mike Kirkpatrick  
Company Secretary

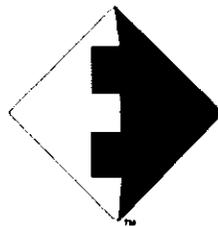
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Emeco Holdings Limited A.C.N. 112 188 815



Emeco Holdings Limited

22 February 2007



Company Announcements Office  
Australian Stock Exchange Ltd  
Level 4  
20 Bridge Street  
Sydney NSW 2000

**Emeco Holdings Ltd financial results – half year ended 30 December 2006**

Attached for immediate release to the market are:

- a media release;
- the Emeco Holdings Ltd Appendix 4D – half yearly report for the period ended 31 December 2006; and
- Emeco Holdings Ltd’s financial report, directors’ report and auditor’s review report.

Yours faithfully

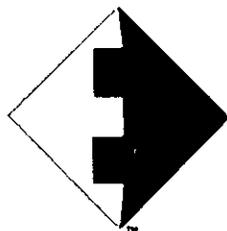
Mike Kirkpatrick  
Company Secretary

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West Perth WA 6872

Ground Floor, 10 Ord Street  
West Perth WA 6005

Telephone: (08) 9420 0222  
Facsimile: (08) 9321 1366

Emeco Holdings Limited A.C.N. 112 188 815



## Emeco Holdings Limited

**Market release**  
**22 February 2007**

### **Emeco achieves 54% growth in EBITA half on half**

Emeco today reported results for the half year to 31 December 2006 delivering 54.0% growth in EBITA half on half based on a 45.0% increase in consolidated revenue and a 6.6% increase in EBITA margins.

#### **Financial Performance Highlights**

	<b>1<sup>st</sup> half FY 2006 (Pro forma Actual)</b>	<b>1<sup>st</sup> half FY2007 (Pro forma Actual)</b>	<b>Change %</b>
Revenue	\$173.5	\$251.6m	45.0% increase
EBITDA	\$62.5	\$99.8m	59.7% increase
EBITA	\$39.8	\$61.3m	54.0% increase
EBIT	\$34.0	\$59.4m	74.7% increase
NPAT	N/A	\$34.8m	
EBITDA margin	36.0%	39.7%	10.3% increase
EBITA margin	22.9%	24.4%	6.6% increase

Emeco's managing director, Laurie Freedman said, "Our revenue and earnings have continued their strong growth trajectories during the first half. These strong results have been achieved in the face of some challenging supply side conditions and have been driven by increasing demand for the Company's services from both existing and new customers."

## Capital expenditure

	Pro forma Actual	Pro forma Actual	Change %
	1 <sup>st</sup> half FY 2006	1st half FY 2007	
Capital expenditure	\$130.6m	\$154.2m	18.1% increase
Maintenance	\$27.5m	\$21.3m	22.5% decrease
Growth	\$103.1m	\$132.9m	28.9% increase
Rental machine numbers	621	969	56.0% increase

The significant increase in growth capital expenditure in the half year ended 31 December 2006 as compared to the previous corresponding period was driven by organic growth in the Australian rental fleet, the acquisition of Bevans, the acquisition of a large package of equipment from TSM North America Inc and the continued expansion of our Canadian business.

EBITDA ROFE of 28.4% and EBITA ROFE of 17.4% in the half year ended 31 December 2006 are in line with prospectus forecasts.

Mr Freedman said, "We are exploring a range of organic growth and acquisition opportunities which would potentially require additional capital expenditure commitments in the second half of FY07. Earnings from capital invested in the second half of FY07 would begin to flow through in the first half of FY08 consistent with the inherent deployment lags that occur in our business model".

## Interim Dividend

A fully franked interim dividend of 1 cent per ordinary share has been declared by the Board, representing a 39% payout ratio based on statutory net profit after tax. The interim dividend will be paid on 21 March 2007 on shares registered at 5.00pm on Monday 5 March 2007.

## Outlook

Mr Freedman said, "The overall outlook for the Company remains positive and the business remains on track to achieve its prospectus forecasts. The volume of earth moved in our existing markets is the primary driver of demand for the group's services. With global demand for commodities remaining strong, the development of major new resources projects by existing and new customers, and the commencement of new infrastructure projects in North America, Europe and Australia, we think there will

continue to be significant growth in the volume of earth moved in the markets we service. This growth will underpin our performance over the medium term.”

## **Geographic Highlights**

### Australia

All our business units continue to experience robust market conditions in Australia driven by ongoing development activity in Western Australia, New South Wales and Queensland. The outlook remains positive with the continued emergence of new investment and deployment opportunities domestically.

### Indonesia

While the broader earth moving market in Indonesia also remains robust, we have experienced some challenges in Indonesia recently with a decline in utilisation rates. We are taking advantage of our geographical reach and pursuing opportunities to redeploy under utilised equipment to Australia and North America.

### Rest of the World

Opportunities continue to emerge for us in our Canadian and European markets driven by further expansion of our River Valley operations and the acquisition of Euro Machinery which occurred in January, 2007. In relation to the USA operations Mr Freedman said, “While we are optimistic about our USA prospects in the medium term, we are facing challenges in our efforts to take our rental business from the start up phase to consistently contributing positive earnings to our overall Group.”

## **Guidance**

Emeco’s revenue of \$251.6 million for the 1<sup>st</sup> half of FY07 has increased by 45.0% over revenue for the 1<sup>st</sup> half of FY06, while EBITA of \$61.3 million for the 1<sup>st</sup> half of FY07 has increased by 54% over EBITA for the 1<sup>st</sup> half of FY06.

“We have forecast in our prospectus to increase revenue to \$524 million in FY07, up 37.0% on FY06 and to increase EBITA to \$121.8 million, up 36.2% on FY06. These increases are significant. Despite supply side constraints and some challenges in Indonesia, we remain committed to our prospectus earnings forecasts for the 2007 year,” Mr Freedman said.

---

### **Further enquiries should be directed to:**

Mr Laurie Freedman  
Managing Director and CEO  
+61 8 9420 0222

Mr Robin Adair  
Chief Financial Officer  
+61 8 9420 0222

**APPENDIX 4D**  
**Preliminary Final report**  
**For the half year ended 31 December 2006**

Name of entity

Emeco Holdings Limited

ABN or equivalent company reference

A.C.N. 112 188 815

**Results for announcement to the market**

**Reporting Period: 1 July 2006 to 31 December 2006 (Previous corresponding period: six months ended 31 December 2005)**

		% Change	2006 \$A'000	2005 \$A'000
Revenues from ordinary activities (*)	up	45.3%	251.6	173.1
Profit from ordinary activities after tax attributable to members of Emeco Group (*)	up	66.0%	16.1	9.7
Net profit for the period attributable to members of Emeco Group (*)	up	66.0%	16.1	9.7

**Dividends**

**Date the dividend is payable**

21 March 2007

Record date to determine entitlements to the dividend

5 March 2007

**Amount per security**

		Amount per security	Franked amount per security
Interim Dividend:	Current year	1.0 cent	1.0 cent
	Previous year	Nil	Nil

Brief explanation of any of the figures reported above:

(\*) "Emeco Group" means the consolidated entities of Emeco Holdings Limited and Emeco (UK) Limited and covers the period where Emeco (UK) Limited was both an outside equity interest and when it was acquired as a subsidiary on 4 August 2006.

## APPENDIX 4D

### Preliminary Final report For the half year ended 31 December 2006

#### Ratios and Other Measures

NTA backing

Current Period	Previous corresponding Period
\$0.68	\$0.03

Net tangible asset backing per ordinary security <sup>(1)</sup>

- <sup>(1)</sup> NTA for the current period is calculated based on the total ordinary shares of Emeco Holdings Limited. NTA for the previous corresponding period is calculated based on the combined total ordinary shares of Emeco Holdings Limited and Emeco (UK) Limited.

#### Details of loss of control of entities having material effect

No control over any entities was lost during the period.

#### Joint Venture Interests

The consolidated entity has a 50% investment in a joint venture operation, "Industrial Asset Management Pty Ltd" which liquidated and deregistered from ASIC on 3 January 2007. At period end the investment has a carrying value of \$7,000.

#### Accounts

This report is based on accounts that have been audited.

**Emeco Holdings Limited and its Controlled Entities**

**ABN 89 112 188 815**

**Interim Financial Report**

**for the half year ended 31 December 2006**

**Emeco Holdings Limited**

**ABN 89 112 188 815**

**Interim Financial Report - 31 December 2006**

**Contents**

	<b>Page</b>
<b>Directors' report.....</b>	<b>3</b>
<b>Financial report.....</b>	<b>7 – 19</b>
<b>Directors' declaration.....</b>	<b>20</b>
<b>Independent review report to the members.....</b>	<b>21</b>

**Emeco Holdings Limited**  
**Directors' report**  
**31 December 2006**

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 2006 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:

<b>Director</b>	<b>Date of appointment</b>
<b>Non-Executive</b>	
Mr Alec Brennan (Chairman)	16 August 2005
Mr Greg Minton	14 December 2004
Mr Paul McCullagh	23 December 2004
Mr Stuart Fitton	5 April 2006
Mr Peter Johnston	1 September 2006
<b>Executive</b>	
Mr Laurie Freedman (Chief Executive Officer)	21 January 2005
Mr Robin Adair (Chief Financial Officer)	21 January 2005

Mr Peter Johnston and Mr Stuart Fitton were re-elected as directors at the Company's annual general meeting held on 28 November 2006.

**Financial performance**

The Company achieved a net profit after tax for the half-year ended 31 December 2006 of \$16.1 million (2005: \$9.7 million) with total revenue of \$251.6 million (2005: \$173.1 million).

**Dividends**

The Company has declared a fully franked dividend of 1 cent per ordinary share for the interim period (2005: Nil).

**Review of operations**

**Review of operations**

The key results of the Consolidated Entity's operations are summarised as follows:

	Half year ended		Change %
	2006 \$m	2005 \$m	
Pro forma net profit after tax	34.8	9.7	258.8
After tax effects of IPO transactions	(18.7)	0.0	100.0
Reported net profit after tax	16.1	9.7	66.0
Reported EBITDA	98.4	62.4	57.7
Reported EBITA	59.9	39.6	51.3
Reported EBIT	58.0	33.8	71.6

The Consolidated Entity's revenue to 31 December 2006 increased when compared to the preceding interim period by \$78.5 million to \$251.6 million, representing an increase of 45.3%. Most of this revenue increase was a result of increased demand in our existing Australian and Canadian rental businesses. The acquisition of Andy's Earthmovers Hire and Sale ("Andy's") and Bevans in Australia in January 2006 and July 2006 respectively also contributed to revenue growth.

Proforma net profit after tax increased 258.8% over the comparative period from \$9.7 million to \$34.8 million. The proforma result includes a tax effected write back of \$18.7 million. This write back includes a one off bonus paid to senior management of \$0.9 million and \$17.8 million from additional finance costs expensed under the pre IPO financing arrangement and the subsequent extinguishment of these facilities.

The Companies earnings before interest and tax (EBIT) increased by 71.6% over the comparative period from \$33.8 million to \$58.0 million. The Australian and Canadian rental businesses all recorded strong increases in EBIT at an operational level. As expected, corporate overhead costs have increased when compared to the preceding six month period due to the additional administrative and reporting requirements associated with the Company's listing on the Australian Stock Exchange in August 2006.

The significant events to occur during the half-year were:

**(a) Initial public offering**

On August 4, 2006 the Company completed its initial public offering ("IPO") with the allotment of 261.7 million shares in Emeco Holdings Limited. These shares began trading on a normal basis on the Australian Stock Exchange under the issuer code "EHL" on August 7, 2006. As a result of the IPO the following transactions occurred:

*(i) Emeco UK acquisition*

The Company acquired all the shares of Emeco (UK) Limited ("Emeco UK") for a purchase consideration of \$117.4 million. Prior to its acquisition Emeco UK and its subsidiaries had been consolidated into Emeco Holdings Ltd as an outside equity interest. From 4 August 2006 the results of Emeco UK have been attributed to equity holders of the parent.

*(ii) Notes exchange and redemption*

Emeco Limited, a subsidiary of the Company had its \$125.0 million of Exchangeable Notes redeemed or converted to shares in the Company in full. Noteholders electing to exchange their notes for shares (face value:\$70.3 million) in the Company received a 2.5% discount. The remaining Exchangeable Notes (face value: \$54.7 million) were redeemed by the Company for cash at a 6.0% premium to their face value.

*(iii) Repayment of debt*

The consolidated entity repaid \$260 million of its senior debt facility from IPO proceeds.

**(b) Acquisition of Bevans**

Emeco International Pty Ltd, a subsidiary of the Company, completed its acquisition of Bevans, an independent earthmoving equipment rental and sales business based in Orange, New South Wales on 5 July 2006. The consideration paid for the acquisition comprised a cash payment of \$8.7 million and the issue of 666,666 ordinary shares in the Company (on a post share split basis). The acquisition has allowed Emeco to grow its business model within the Australian states of New South Wales and Victoria.

**(c) Acquisition of equipment by Emeco Equipment (USA) LLC**

On 10 July 2006, Emeco Equipment (USA) LLC ("Emeco USA"), a subsidiary of the Company, acquired from TSM North America Inc. ("TSM") a large package of TSM's heavy earth moving equipment which is partially deployed under rental contracts with coal mining companies in Kentucky and West Virginia.

Under the terms of the sale agreement Emeco USA acquired 48 machines for a purchase price of US\$11.4 million. Emeco USA was also assigned a number of TSM's equipment rental contracts.

## **Significant changes in the state of affairs**

Other than referred to above, there have been no significant changes in the state of affairs of the Company during the half-year.

## **Significant events occurring after half-year end**

The following significant events occurred after 31 December 2006:

### **Acquisition of Euro Machinery BV and Euro Rental BV**

On 4 January 2007, Emeco International Europe BV, a subsidiary of the Company acquired Euro Machinery BV and Euro Rental BV for a consideration of € 6.4 million, of which € 2.0 million was paid by way of the transfer to the vendors of shares in the Company. Euro Machinery BV and Euro Rental BV are Netherlands based heavy equipment sales and rental Companies which are based in Gramsbergen. The acquisition will accelerate the Company's growth and will provide a trading platform with trading networks into Eastern Europe, the Middle East and Africa.

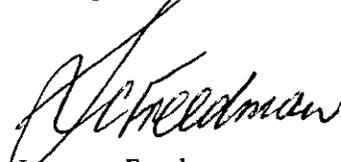
## **Lead auditor's independence declaration**

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 2006.

## **Rounding of amounts**

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the interim financial report and directors' report. Amounts in the interim financial report and directors' report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Laurence Freedman  
Managing Director

Perth  
21 February 2007

**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 2006 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



B C FULLARTON  
*Partner*

Perth  
21 February 2007

**Emeco Holdings Limited and its Controlled Entities**  
**Consolidated interim income statement**  
**For the six months ended 31 December 2006**

	31 December 2006	31 December 2005
	Note	\$'000
		\$'000
Revenue from rental income		145,766
Revenue from the sale of machines and parts		92,369
Revenue from maintenance services		13,490
		<u>251,625</u>
Changes in machinery and parts inventory		(44,147)
Machinery and parts purchases and consumables		(34,390)
Repairs and maintenance		(38,040)
Hired in equipment and labour		(3,613)
Employee expenses		(17,840)
Gross profit		<u>113,595</u>
Other income		3,622
Other expense		(18,767)
EBITDA <sup>(1)</sup>		<u>98,450</u>
Depreciation expense		(38,502)
Amortisation expense		(1,938)
EBIT <sup>(2)</sup>		<u>58,010</u>
Financial income	6	493
Financial expenses	6	(34,003)
Profit before income tax expense		<u>24,500</u>
Income tax expense		(8,386)
Net Profit		<u>16,114</u>
Attributed to:		
Equity holders of the parent		14,793
Minority interests		1,321
Net Profit		<u>16,114</u>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		2006 cents
Basic earnings per share from continuing operations	14	<u>2.8</u>
Diluted earnings per share from continuing operations	14	<u>2.8</u>

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 19.

<sup>(1)</sup> EBITDA - Earnings before interest expense, tax, depreciation and amortisation

<sup>(2)</sup> EBIT - Earnings before interest expense and tax.

**Emeco Holdings Limited and its Controlled Entities**  
**Consolidated interim statement of recognised income and expense**  
**For the six months ended 31 December 2006**

	31 December 2006 \$'000	31 December 2005 \$'000
Effective portion of changes in fair value on cash flow hedges, net of tax (movement for period)	(259)	628
Exchange differences on translation of foreign operations	<u>(4,200)</u>	<u>1,937</u>
<b>Net income recognised directly in equity</b>	<b>(4,459)</b>	<b>2,565</b>
<b>Profit for the half year</b>	<b><u>16,114</u></b>	<b><u>9,743</u></b>
<b>Total recognised income and expense for half year</b>	<b><u>11,655</u></b>	<b><u>12,308</u></b>
<b>Total recognised income and expense for the half year attributed to</b>		
Equity holders of the parent	11,219	5,438
Minority interest	<u>436</u>	<u>6,870</u>
<b>Total recognised income and expense for the period</b>	<b><u>11,655</u></b>	<b><u>12,308</u></b>

The statement of recognised income and expense is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 19.

**Emeco Holdings Limited and its Controlled Entities  
Consolidated interim balance sheet  
as at 31 December 2006**

	Note	31 December 2006 \$'000	30 June 2006 \$'000
<b>Current Assets</b>			
Cash assets		10,817	19,240
Trade and other receivables		89,734	87,011
Inventories		172,554	115,438
Current tax asset		-	4,018
Total current assets		<u>273,105</u>	<u>225,707</u>
<b>Non-current assets</b>			
Trade and other receivables		1,975	8,379
Intangible assets		215,908	214,945
Investments accounted for using the equity method		7	58
Property, plant and equipment		535,092	442,953
Deferred tax assets		5,307	-
Total non-current assets		<u>758,289</u>	<u>666,335</u>
Total assets		<u>1,031,394</u>	<u>892,042</u>
<b>Current Liabilities</b>			
Trade and other payables		42,536	42,627
Interest bearing liabilities		5,417	12,465
Current tax liabilities		3,710	3,754
Provisions		2,878	2,594
Total current liabilities		<u>54,541</u>	<u>61,440</u>
<b>Non-current Liabilities</b>			
Interest bearing liabilities		315,023	576,693
Deferred tax liabilities		17,314	17,120
Provisions		1,293	520
Total non-current liabilities		<u>333,630</u>	<u>594,333</u>
Total liabilities		<u>388,171</u>	<u>655,773</u>
Net assets		<u>643,223</u>	<u>236,269</u>
<b>Equity</b>			
Issued capital		610,077	174,078
Reserves		(2,379)	1,195
Retained earnings		35,525	20,732
Total equity attributable to equity holders of the parent		643,223	196,005
Minority interest		-	40,264
Total equity	9	<u>643,223</u>	<u>236,269</u>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 19.

**Emeco Holdings Limited and its Controlled Entities**  
**Consolidated interim statement of cash flow**  
**For the six months ended 31 December 2006**

	31 December 2006 \$'000	31 December 2005 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	255,154	158,938
Cash payments in the course of operations	(200,957)	(133,156)
Interest received	493	184
Interest paid	(21,009)	(18,552)
Income tax paid	(4,869)	(5,519)
Net cash provided by operating activities	<u>28,812</u>	<u>1,895</u>
<b>Cash flows from investing activities</b>		
Proceeds on disposal of non-current assets	14,830	5,711
Payment for business combinations	(141,604)	(15,926)
Payment for property, plant and equipment	(140,516)	(100,761)
Net cash used in investing activities	<u>(267,290)</u>	<u>(110,976)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of issue costs)	431,222	49,577
Proceeds from borrowings	119,535	125,068
Repayment of exchangeable notes	(54,694)	-
Repayment of loans	(260,000)	(66,662)
Payment for deferred borrowing costs	(870)	(950)
Finance lease payments	(4,471)	(3,627)
Net cash provided by financing activities	<u>230,722</u>	<u>103,406</u>
Net decrease in cash held	(7,756)	(5,675)
Cash at the beginning of the period	19,240	11,039
Effects of exchange rate fluctuations on cash held	(667)	-
Cash at the end of the financial period	<u>10,817</u>	<u>5,364</u>

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

## 1. Reporting entity

Emeco Holdings Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates and jointly controlled entities.

The consolidated annual financial report on the consolidated entity as at and for the year ended 30 June 2006 is available on the Company's web site at [www.emecoequipment.com](http://www.emecoequipment.com).

## 2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

This consolidated interim financial report was approved by the Board of Directors on 21 February 2007.

The consolidated entity 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.

## 3. Significant accounting policies

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

In the prior financial year the consolidated entity adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* in accordance with the transitional rules of AASB 1. This change has been accounted for by adjusting the opening balance of retained earnings and reserves at 1 July 2005, as disclosed in the reconciliation of movements in equity (Note 9).

## 4. Estimates

The preparation of the interim financial report 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 this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key source of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2006.

## **5. Segment reporting**

Segment information is presented in the consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

### **Business Segments**

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Rental	Provides a wide range of earthmoving equipment to customers.
Sales	Sells a wide range of earthmoving equipment to customers in the civil construction and mining industries.
Parts	Procuring and supplying global sourced used and reconditioned parts to external customers and internally to the rental and sales division.
Maintenance	Maintenance, repair and refurbishment of customer plant and equipment.

**Emeco Holdings Limited and its Controlled Entities**  
**Notes to the consolidated interim financial statements**  
**For the half-year period ended 31 December 2006**

**5. Segment reporting cont'd**

**Business segments**

For the six months ended 31 December 2006

	Rental	Sales	Parts	Maintenance	Eliminations	Consolidated	Con
	2005	2006	2005	2006	2005	2006	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$
Sales to external customers	97,405	68,314	60,138	17,267	12,335	2,996	251,625
Inter segment sales	-	5,127	5,061	2,325	1,235	26	-
<b>Total segment revenue</b>	<b>97,405</b>	<b>73,441</b>	<b>65,199</b>	<b>19,592</b>	<b>13,570</b>	<b>3,022</b>	<b>251,625</b>
Segment result	28,364	2,788	3,298	1,810	1,366	33	58,010
Unallocated revenues and expenses	-	-	-	-	(395)	-	-
Results from operating activity	-	-	-	-	(6,392)	(7,478)	58,010
					(6,392)	(7,478)	

**6. Profit before income tax expense**

	Consolidated 2006	Consolidated 2005
Financial expenses:		
- bank loans and overdrafts	9,019	9,822
- exchangeable notes	4,490	6,302
- finance leases	570	711
- loss on extinguishment of debt	18,848 <sup>(1)</sup>	-
- amortisation of debt establishment costs	187	1,729
- other facility costs	889	1,096
	<u>34,003</u>	<u>19,660</u>
Financial income:		
- interest revenue	(493)	(184)
	<u>33,510</u>	<u>19,476</u>

<sup>(1)</sup> Due to the extinguishment of the groups existing debt facilities and exchangeable notes, the associated deferred borrowing costs, and the discount on conversion of notes to shares in the Company have been expensed during the period.

## 7. Acquisitions

- (a) On 5 July 2006, Emeco International Pty Ltd, a subsidiary of the Company acquired the Bevans business, an independent earthmoving equipment rental and sales business based in Orange, New South Wales for consideration comprised of a cash component of \$8.7 million, and an issue to the vendor of 666,666 shares (on a post split basis) in the Company. Upon acquisition the Bevans business was merged into the New South Wales division of Emeco International Pty Ltd.

### Effect of acquisitions

The acquisition had the following effect on the consolidated entity's assets and liabilities.

### Acquiree's net assets at the acquisition date

\$000's	Recognised <sup>(1)</sup> value
Property, plant and equipment	6,699
Inventories	528
Deferred tax asset	18
Contract intangibles	1,400
Provisions	(61)
Deferred tax liability	(420)
Net identifiable assets and liabilities	<u>8,164</u>
Goodwill on acquisition	<u>1,810</u>
Total consideration	<u><u>9,974</u></u>
Consideration paid, satisfied in cash (cash outflow)	8,974
Consideration paid, satisfied in shares in the Company	<u>1,000</u>
Total consideration	<u><u>9,974</u></u>

Contract intangibles were recognised in the business combination at the date of acquisition.

- (1) As the acquisition of Bevans by Emeco International Pty Limited was the acquisition of a business and not a company, the recognised values represent their fair values. The carrying amounts in the Bevans business were not determined.

- (b) On 10 July 2006, Emeco Equipment (USA) LLC ("Emeco USA"), a subsidiary of the Company, acquired a package of machines from TSM North America Inc. ("TSM") for a consideration of \$15,189,000. Included in the acquisition were machines with a fair value of \$13,473,000, goodwill of \$1,637,000, contract intangibles of \$113,000 and a deferred tax liability of \$34,000. These machines joined Emeco USA existing fleet within its rental segment.

**Emeco Holdings Limited and its Controlled Entities**  
**Notes to the consolidated interim financial statements**  
**For the half-year period ended 31 December 2006**

**7. Acquisitions cont'd**

- (c) Following completion of the Company's initial public offering on 4 August 2006 the Company acquired all the shares in Emeco (UK) Limited, an entity which had previously been consolidated into the Company's financial statements as an outside equity interest. Consideration paid for Emeco (UK) Limited was \$117.4 million. Subsequent to the acquisition, the profits of Emeco (UK) Limited and its subsidiaries have been attributed to the equity holders of the parent. Prior to this, Emeco (UK) Limited consolidated results had been recognised as an outside equity interest for the period 1 July 2006 to 4 August 2006.

In accordance with AASB 127: Consolidated and Separate Financial Statements, the economic entity method has been adopted for recording the acquisition of Emeco (UK) Limited. Under this method the differences between the consideration paid and the net assets acquired is recognised as an acquisition reserve in equity.

**Effect of acquisitions**

The acquisition had the following effect on the consolidated entity's assets and liabilities.

**Acquiree's net assets at the acquisition date**

\$000's	Note	Recognised value	Fair Value adjustment <sup>(2)</sup>	Carrying amounts <sup>(1)</sup>
Cash and cash equivalents		5,388	-	5,388
Property, plant and equipment		171,715	-	171,715
Inventories		25,111	-	25,111
Trade and other receivables		34,267	-	34,267
Current tax asset		2,692	-	2,692
Intangibles		29,997	-	29,997
Interest-bearing loans and borrowings		(191,130)	-	(191,130)
Trade and other payables		(25,949)	-	(25,949)
Deferred tax liability		(10,412)	-	(10,412)
Provisions		(125)	-	(125)
Net identifiable assets and liabilities		41,554	-	41,554
Acquisition reserve	9	75,887	-	
Consideration paid, satisfied in cash		117,441	-	

<sup>(1)</sup> The carrying amount was the amount that Emeco (UK) Limited and its subsidiaries were recognised in the consolidated entity as an outside equity interest at acquisition.

<sup>(2)</sup> No fair value adjustments given the assets and liabilities had been previously consolidated by the group.

## 8. Property, plant and equipment

### Acquisition and disposals

During the six months ended 31 December 2006, the consolidated entity acquired assets with a cost of \$160.7 million (six months ended 31 December 2005: \$126.9 million), including assets acquired through business combinations (see note 7) of \$20.2 million (six months ended 31 December 2005: \$33.9 million).

### Capital commitments

The consolidated entity has entered into commitments with certain suppliers for the purchase of fixed assets, primarily rental fleet assets in the amount of \$35,750,000 (six months ended 31 December 2005: \$49.2 million) payable within one year.

## 9. Capital and reserves

### Reconciliation of movement in capital and reserves

#### Attributable to equity holders of the parent

Consolidated \$000's	Issued capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 July 2005	119,501	-	-	5,566	125,067	31,047	156,114
Effect of change in accounting policy relating to adoption of AASB 132 and AASB 139	-	(1,228)	-	-	(1,228)	-	(1,228)
Balance 1 July restated	119,501	(1,228)	-	5,566	123,839	31,047	154,886
Total recognised income and expense	-	628	-	4,810	5,438	6,870 <sup>(1)</sup>	12,308
Shares issued	50,803	-	-	-	50,803	855	51,658
Balance at 31 December 2005	170,304	(600)	-	10,376	180,080	38,772	218,852

<sup>(1)</sup> Included in the total recognised income and expense of the minority interest are exchange differences on transactions of foreign operations of \$1,937,000.

Consolidated \$000's	Issued capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 July 2006	174,078	1,195	-	20,732	196,005	40,264	236,269
Total recognised income and expense	-	(259)	(3,315)	14,793	11,219	436 <sup>(2)</sup>	11,655
Shares issued (net of expenses)	439,041	-	-	-	439,041	854	439,895
Share based payments	736	-	-	-	736	-	736
Conversion of exchangeable notes	72,109	-	-	-	72,109	-	72,109
Acquisition of minority interest (see Note: 7c)	-	-	-	-	-	(41,554)	(41,554)
Acquisition reserve (see Note: 7c)	(75,887)	-	-	-	(75,887)	-	(75,887)
Balance at 31 December 2006	610,077	936	(3,315)	35,525	643,223	-	643,223

<sup>(2)</sup> Included in the total recognised income and expense of the minority interest are exchange differences on transactions of foreign operations of (\$885,000).

## 10. Issuance of securities

### Ordinary shares

Date	Transaction	Number of shares	\$000's
1 July 2006	Opening ordinary shares	42,733,227	174,078
3 July 2006	Ordinary shares issued as part consideration for Bevans acquisition	333,333	1,000
4 August 2006	Preferred ordinary shares converted to ordinary shares	113,251,248	-
4 August 2006	A and B class management performance shares converted to ordinary shares	18,000,000	11,465
4 August 2006	Issue of deferred subscription ordinary shares	10,416,667	18,854
4 August 2006	2:1 split of ordinary shares on issue pre IPO	184,734,475	-
4 August 2006	Conversion of Emeco Ltd exchangeable notes to ordinary shares	37,952,218	72,109
4 August 2006	Ordinary shares issued through IPO (net of issue costs)	223,816,418	407,722
4 August 2006	Acquisition reserve	-	(75,887)
31 December 2006	IPO gift offer and period employee and management incentive plan costs	-	736
<b>Total</b>		<b>631,237,586</b>	<b>610,077</b>

### Share options

On 4 August 2006 the Company issued 6,400,000 options over ordinary shares under an Employee Incentive Plan. These options had a fair value at grant date of \$1.2 million and will be recognised over the vesting period of the options, of which \$323,000 was expensed during the half year.

## 11. Dividends

The Company declared a fully franked dividend of 1 cent per ordinary share for the interim period (six months ended 31 December 2005: Nil).

## 12. Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2006:

<i>In thousands of AUD</i>	Currency	Interest rate nominal %	effective %	Face value	Carrying amount AS'000's	Year of maturity
<b>Balance at 1 July 2006</b>					589,158	
<b><u>New Issues</u></b>						
Senior debt draw down	AUD	7.3	6.2	62,000	62,000	2007
Senior debt draw down	USD	5.9	5.9	26,500	34,268	2007
Senior debt draw down	CAD	5.1	4.6	18,500	20,447	2007
Senior debt draw down	EURO	3.9	3.9	1,000	1,660	2007
Translation on foreign denominated borrowings					(14,136)	
<b><u>Repayments</u></b>						
Senior debt draw down	AUD	7.3	-	(260,000)	(260,000)	-
Exchangeable notes	AUD	10.1	-	(125,000)	(125,000)	-
Finance lease liabilities	USD	9.9	-	(3,398)	(4,471)	-
<b><u>Borrowing Costs</u></b>						
Loss on extinguishment of debt	AUD	-	-	-	17,045	-
Amortisation of debt establishment costs	AUD	-	-	-	187	-
New debt establishment costs	AUD	-	-	-	(718)	-
<b>Balance at 31 December 2006</b>					<b>320,440</b>	

There were \$125,068,000 of new loans and borrowings in the prior interim period and an amount of \$66,662,000 was repaid.

### **13. Financial instruments**

#### **Hedging of fluctuations in interest rates**

The consolidated entity adopts a policy of ensuring that at least 50 percent of its interest bearing liabilities are hedged or bears interest at a fixed rate. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the consolidated entity's policy. The swaps mature over the next four years following the maturity of the related loans.

The consolidated entity classifies interest rate swaps as cash flow hedges and measures them at fair value. At 31 December 2006, the consolidated entity's interest rate swaps had a notional contract amount of AUD175,000,000 and CAD40,000,000 (30 June 2006: AUD175,000,000 and CAD40,000,000). The net fair value of swaps at 31 December 2006 was \$2,713,000 (30 June 2006: \$2,576,000) comprising assets of \$2,733,000 (30 June 2006: \$2,576,000) and liabilities of \$20,000 (30 June 2006: \$Nil).

### **14. Earnings per share**

#### **Comparative information**

The Company has not provided any comparative EPS information for the prior period as the Company was not a listed entity during this period and was operating under a different capital structure.

### **15. Events subsequent to reporting date**

#### **Acquisition of entity**

On 4 January 2007, the consolidated entity acquired all the shares of Euro Machinery BV and Euro Rental BV for a purchase consideration of € 4.4 million and the equivalent of € 2.0 million of Emeco Holdings shares which were acquired on market on behalf of the vendors' nominee. Euro Machinery BV and Euro Rental BV are heavy equipment sales and rental Companies, located in the Netherlands.

## 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 19, are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows 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 21st day of February 2007

Signed in accordance with a resolution of the directors:



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Laurence Freedman  
Managing Director

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

### **Report on the Financial Report**

We have reviewed the accompanying half-year financial report of Emeco Holdings Limited, which comprises the consolidated interim balance sheet as at 31 December 2006, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 15 and the directors' declaration of the consolidated entity 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 Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 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 a half-year 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.

#### *Statement of continued independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Emeco Holdings Limited on 21 February 2007, would be unchanged if provided to the directors as at the date of this auditor's review report.

  
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



KPMG

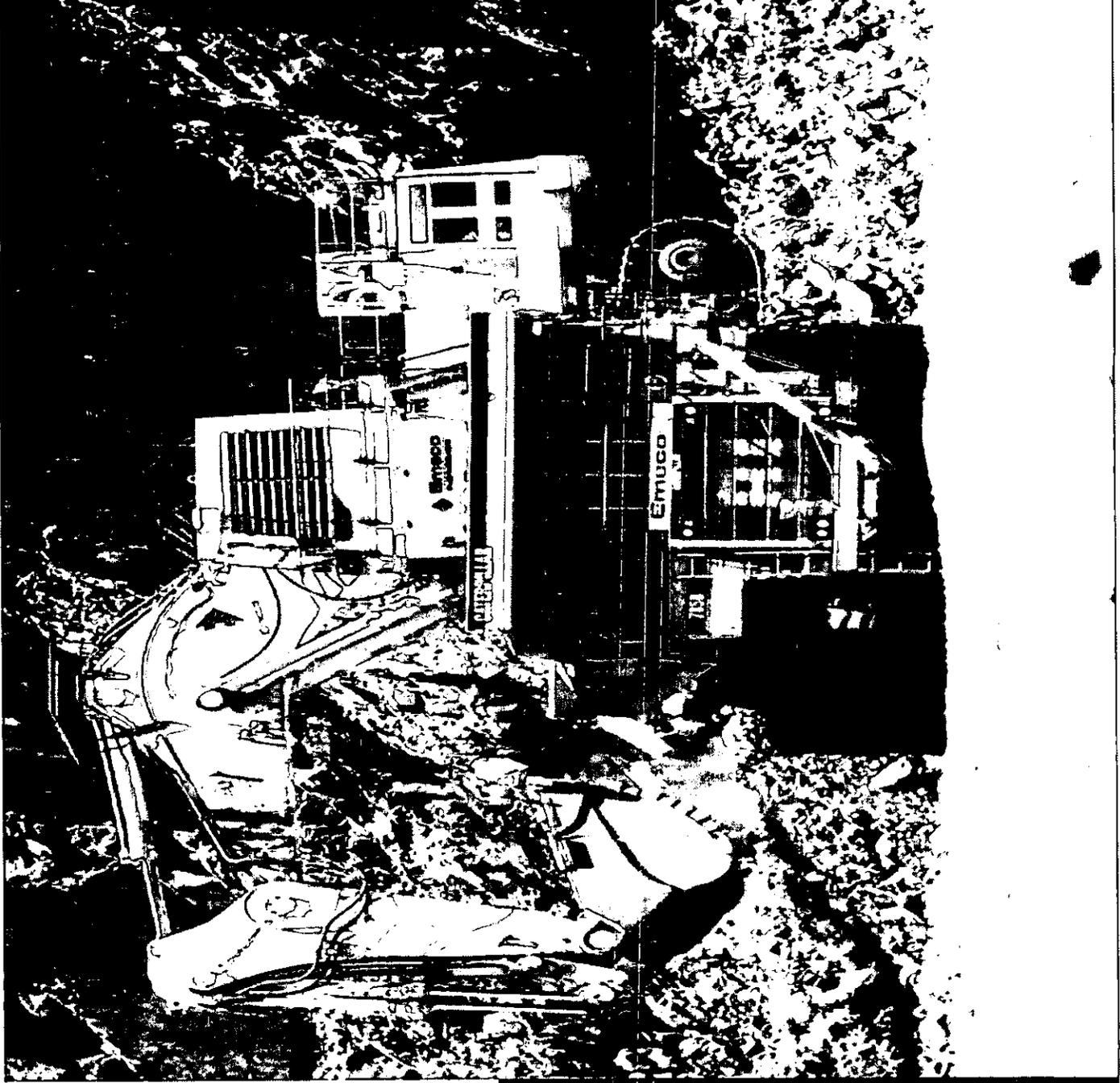


B C FULLARTON

*Partner*

Perth

21 February 2007



**"Helping you move the Earth"<sup>TM</sup>**

## 1H07 Results Presentation

22 February 2007



## Disclaimer and Important notice

- ◇ This presentation may contain forward looking statements that are subject to a range of risk factors and uncertainties. Whilst these statements are considered to be based on reasonable assumptions, the statements themselves and the assumptions upon which they are based may be affected by a range of circumstances which could cause actual results to differ significantly from the results expressed or implied in these forward looking statements. These circumstances include, but are not limited to: changes in the demand for volume of earth moved in the mining and civil construction sectors, changing customer preferences regarding the rental of heavy earthmoving equipment, industry competition, price fluctuations and general economic and financial market conditions, both in Australia and internationally. To the maximum extent permitted by law, Emeco Holdings Ltd, its directors, officers, employees and agents disclaim liability for any loss or damage which may be suffered by any person through the use of or reliance on anything contained in or omitted from this presentation.
  
- ◇ The information in this presentation is not an offer or recommendation to purchase or subscribe for securities in Emeco Holdings Ltd or to retain any securities currently held.



# Agenda

1 Highlights

2 Financial results

3 Business overview

4 Outlook



## Financial Highlights

- ◇ Revenue up 45.0% to \$251.6M
- ◇ Pro Forma EBITDA up 59.7% to \$99.8M with margins up 3.7% to 39.7%
- ◇ Pro Forma EBITA up 54.0% to \$61.3M with margins up 1.5% to 24.4%
- ◇ Pro Forma EBIT up 74.7% to \$59.4M with margins up 4.0% to 23.6%
- ◇ Pro Forma NPAT of \$34.8M with margin of 13.8%
- ◇ Pro Forma EPS of 5.51 cents
- ◇ ROFE EBITDA and EBITA of 28.4% and 17.4% are in line with FY07 Prospectus Forecast
- ◇ Fully Franked Interim dividend of 1c declared, representing a 39% payout <sup>(1)</sup>
- ◇ FY07 on track to meet prospectus forecasts

<sup>(1)</sup> 39% of statutory NPAT



## Staff Health and Safety

- ✓ A national safety action plan has been formulated to provide a timetable over the 2007/2008 calendar years for implementing enhancements to OH&S systems and procedures
- ✓ Emeco has boosted its OH&S capability internally and is focussing on ensuring staff receive appropriate training
- ✓ Emeco is currently implementing improvements to safety reporting systems to ensure meaningful, accurate information is available to management
- ✓ This will facilitate better planning and more cost effective use of resources



## Business Highlights

- ◇ Successful Completion of IPO providing funds for future growth
- ◇ \$109M invested in Organic Growth YTD
- ◇ 2 small acquisitions completed - \$24M
- ◇ Since the IPO, 5 step out sites providing future growth and improved brand recognition established in North America
- ◇ Additional \$57M procured and invested in Inventory (Machines and Tyres) in tight market conditions, further securing future operational and growth requirements
- ◇ Finalised negotiations for a strategic acquisition in Europe (Euro Machinery), providing a platform for future growth in Europe with a newly custom built maintenance facility, and increasing procurement capabilities
- ◇ Conditions underpinning Emeco's growth strategy over the medium term remains positive



# Agenda

1 Highlights

2 Financial results

3 Business overview

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5 Guidance



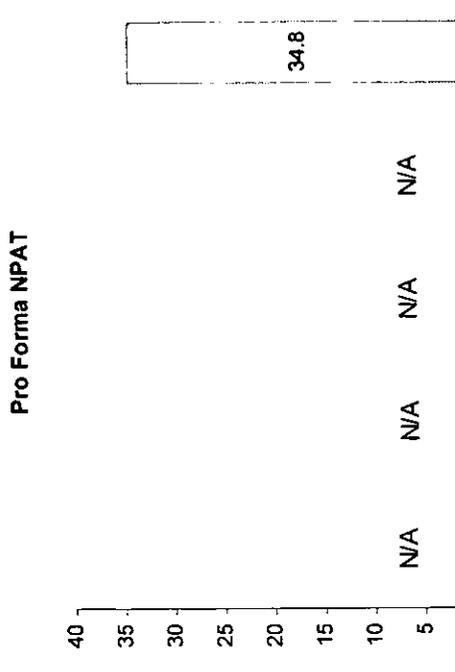
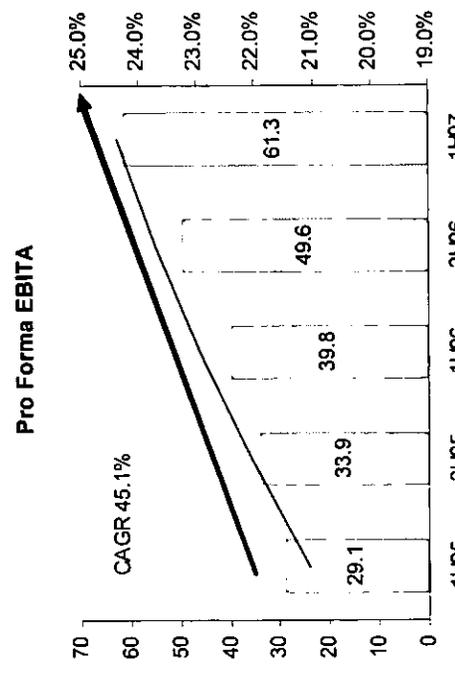
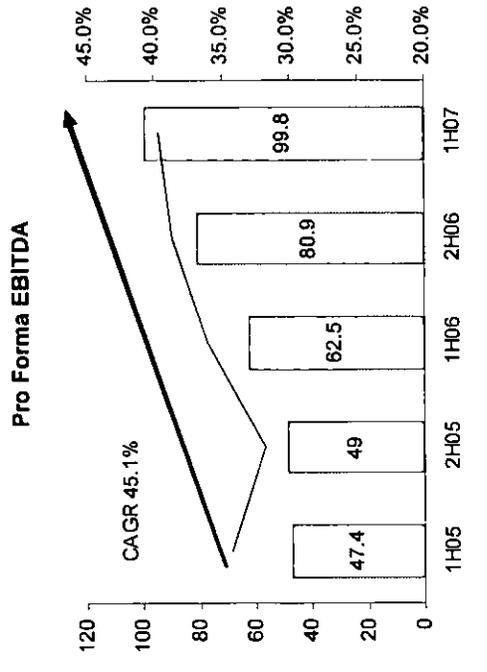
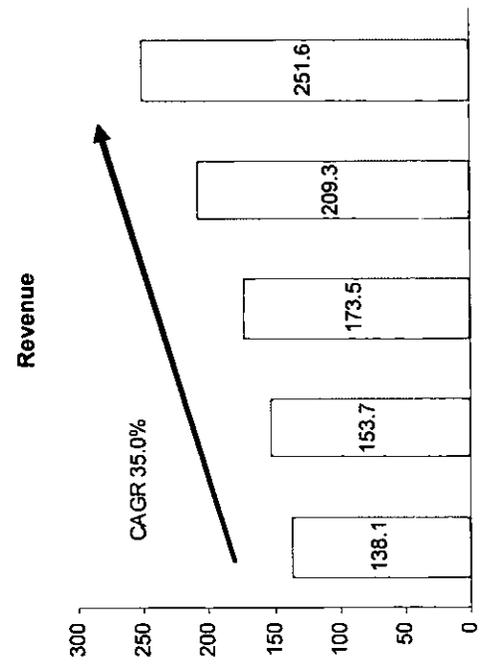
## Pro Forma Summary Financials

Growth continues to be driven by significant capital expenditure in rental machines and investment in inventory

6 months to:	Dec-05 \$M	Dec-06 \$M	Change %
<b>Financial Performance</b>			
Revenue	173.5	251.6	45.0%
EBITDA	62.5	99.8	59.7%
EBITA	39.8	61.3	54.0%
EBIT	34.0	59.4	74.7%
NPAT		34.8	
<b>Gross Capital Expenditure</b>			
Maintenance	27.5	21.3	-22.5%
Growth	103.1	132.9	28.9%
Total	130.6	154.2	18.1%
<b>Rental Machine Numbers</b>			
	621	969	56.0%
<b>Sales Machine Numbers</b>			
	217	366	68.7%



# Continued Growth and Margin Expansion through 1H07



Pro Forma EBITA — EBITA Margin

Pro Forma EBITDA — EBITDA Margin



## Working Capital

Working capital has increased with additional investment in machines and tyres to support future operating and growth requirements

6 months to:	Dec-05 \$M	Dec-06 \$M	Change %
Cash	5.4	10.8	100.0%
Receivables	57.3	89.7	56.5%
Inventory			
- Sales Machines	77.0	117.8	53.0%
- Other	32.9	54.8	66.6%
Payables	(33.4)	(42.5)	27.2%
Working Capital	139.2	230.6	65.7%



## Balance Sheet

With the successful completion of the IPO, Emeco's balance sheet is now capable of supporting growth

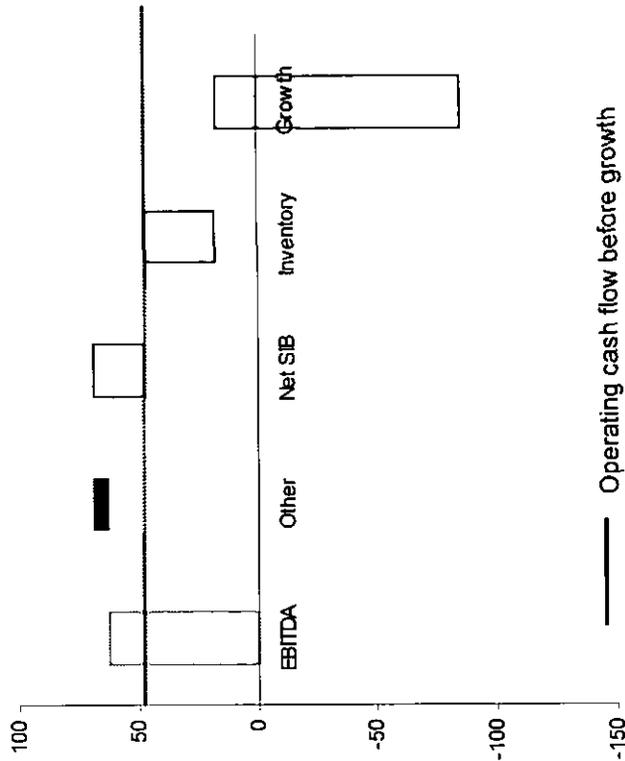
6 months to:	Dec-05 \$M	Dec-06 \$M	Change %
Working Capital	139.2	230.6	65.7%
Rental Plant	299.9	513.0	71.1%
Total Assets	711.4	1,032.9	45.2%
Net Assets	218.8	644.7	194.7%
Net Debt	431.9	309.6	-28.3%
Gearing % (Net Debt/Equity)	197.4%	48.0%	
Available Existing Debt Facilities		245.1	



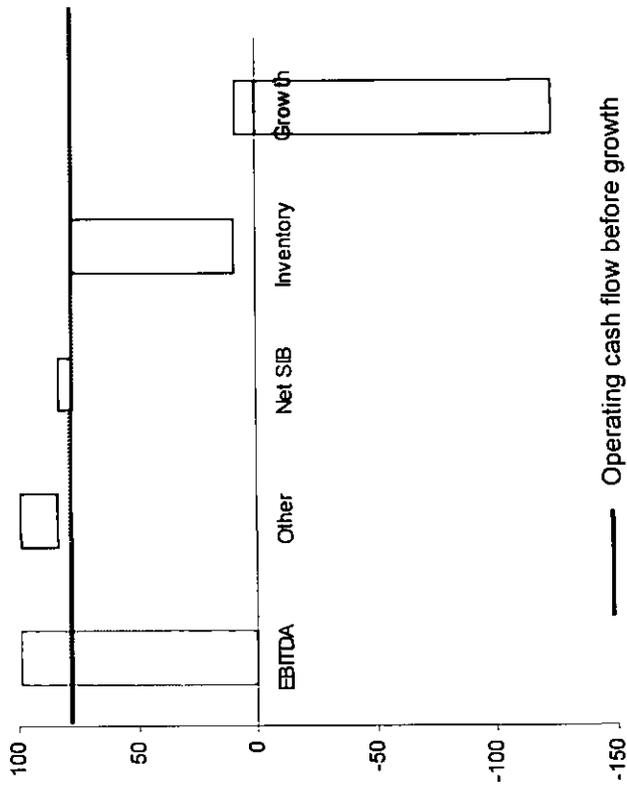
# Cash Flow

Operating cash flows continue to grow and be re-invested into growth for the future

### 1H06 Operating cash flow



### 1H07 Operating cash flow



Note: Operating cash flows before financing and tax



## Currency Risks

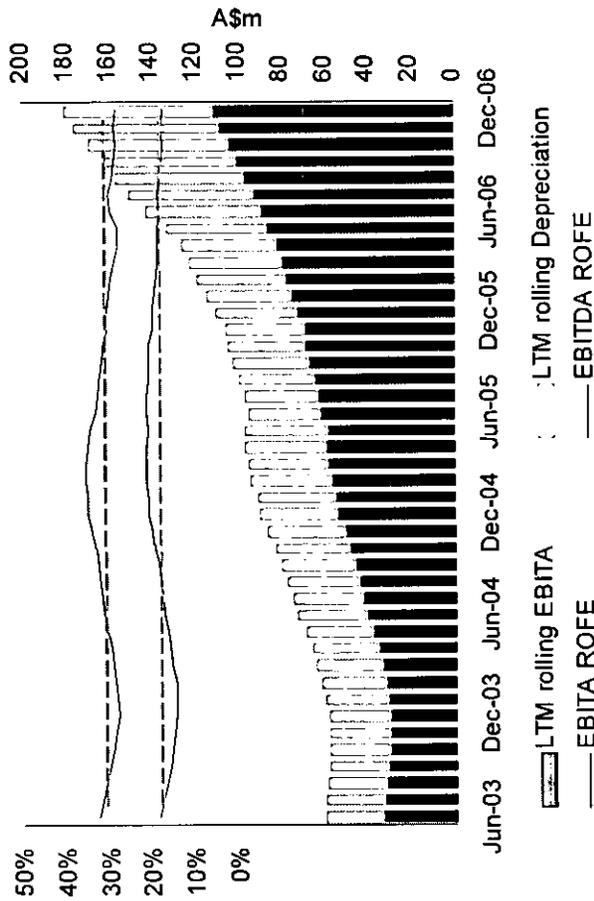
- ◇ Adverse currency movements since preparing the Director's forecast has dampened the reported results as overseas operations, recorded in USD, CAD and EURO, are translated into AUD
- ◇ Currency translation has dampened EBITDA by \$1.3M and EBITA by \$0.7M in 1H07
- ◇ Emeco adopts a natural hedging policy whereby foreign denominated assets are matched with foreign denominated liabilities
- ◇ Although reported results are impacted by currency movements, the effect on quality of earnings and ROFE's are minimal



# Return on Funds Employed

Emeco has maintained strong and consistent pro forma ROFE's over time

Pro forma return on funds employed ("ROFE")<sup>1</sup>



- ◇ EBITA and EBITDA ROFE's currently in line with Prospectus Forecasts at 28.4% and 17.4%
- ◇ Marginal decline in ROFE's due to:
  - Increased deployment lags due mainly to port bottlenecks in Australia
  - Significant growth capital expenditure
  - Additional investment in Inventory

Source: Emeco Management

Notes:

1. Quotient of (i) the sum of EBITDA or EBITA, as the case may be, for each of the last twelve months, divided by (ii) Average Funds Employed for the same period. Average Funds Employed is the average of each month's closing net tangible assets plus interest-bearing liabilities on the last day of each of the last twelve months



# Agenda

1 Highlights

2 Financial results

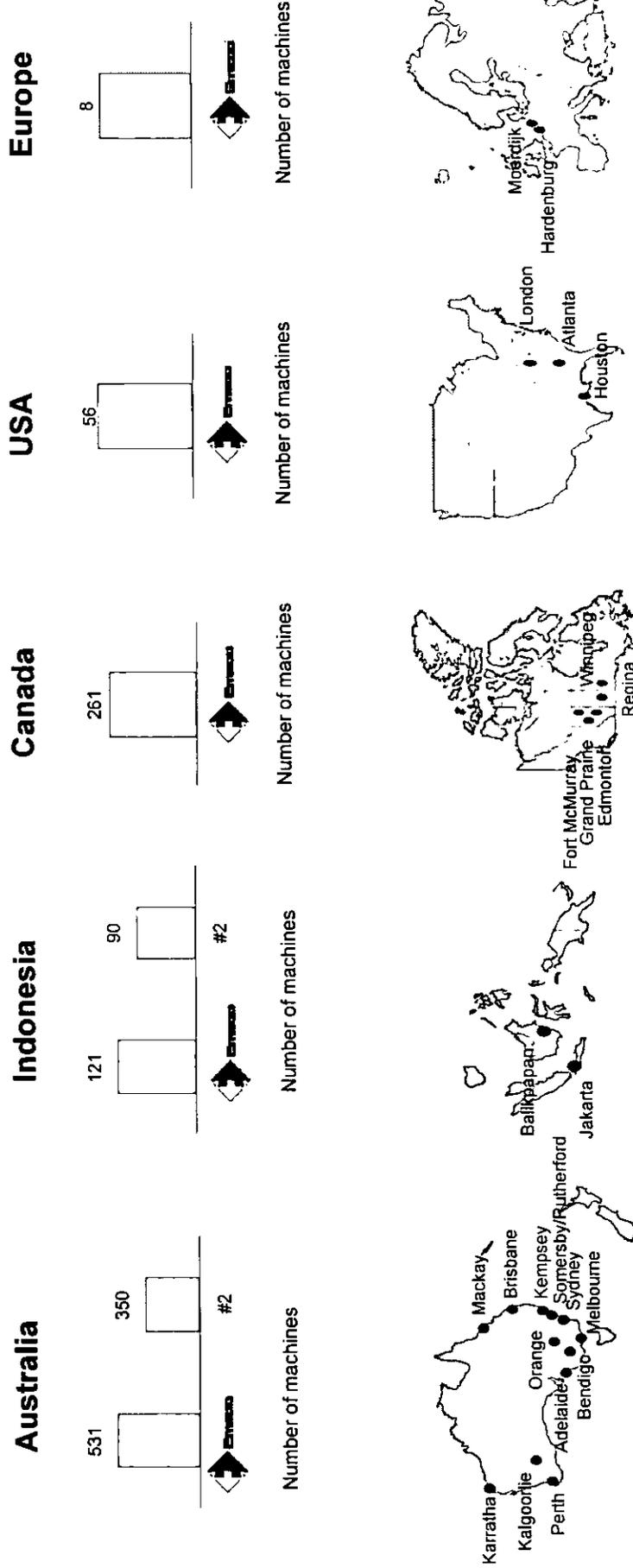
3 Business overview

4 Outlook

# Rental Market Share and Global Locations



#1 market share in Australia and Indonesia and a growing presence in Canada, USA and Europe



Source: Emeco Management

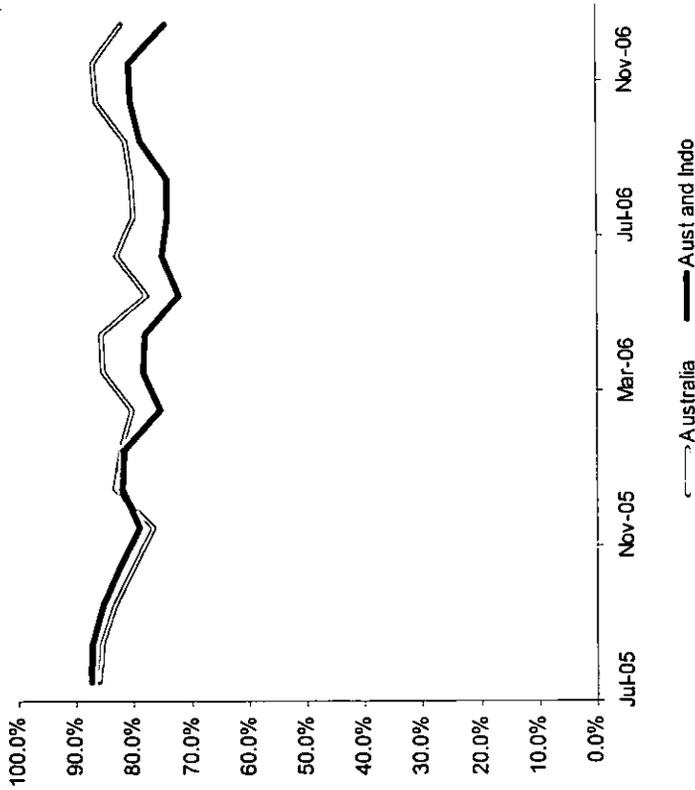
Notes: Machine numbers as of 1 January 2007 and includes Euro Machinery BV; #2 indicates Number 2 player in rental market



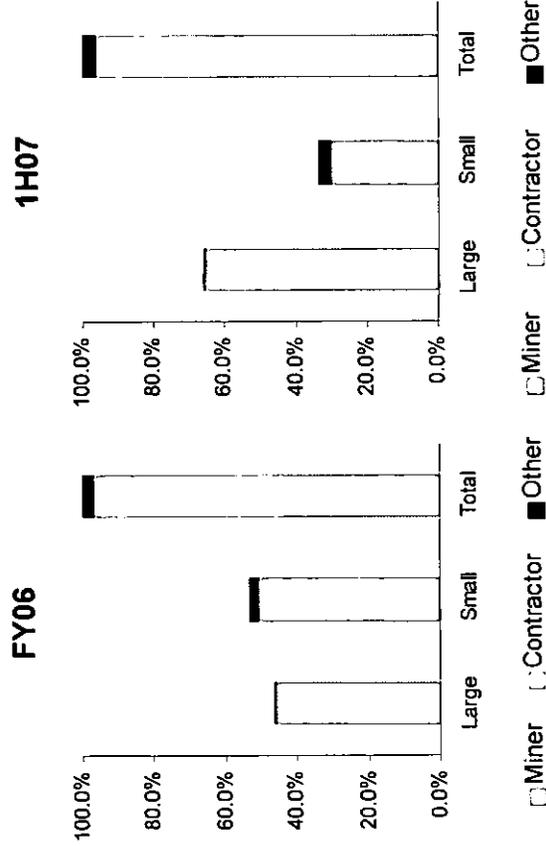
# Utilisation and Customers

Utilisation rates have remained high in Australia whilst there has been a shift in customers from small contractors to large miners

Utilisation rates <sup>1</sup>



Type of Customer <sup>2</sup>



Source: Emeco Management

Notes:

1. Percentage of Emeco's rental equipment which is at customer sites (excluding machines in transit)
2. A Large customer is defined as companies with a market cap greater than \$1 billion, or joint ventures or associates where a Large company is a major participant. Percentages are based on total revenue



# Contract and Customer Revenue Profile

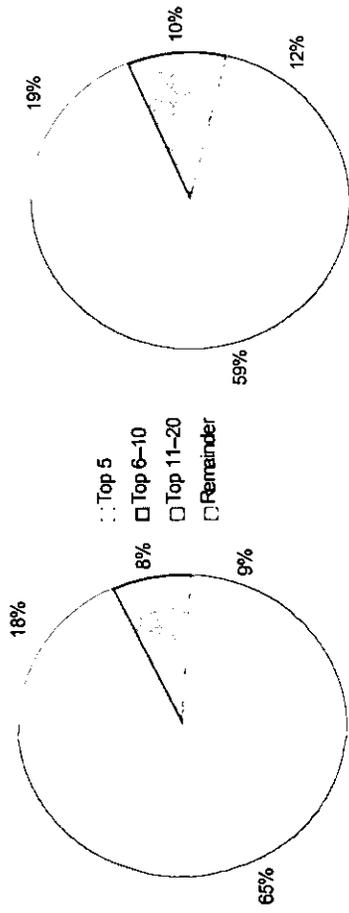
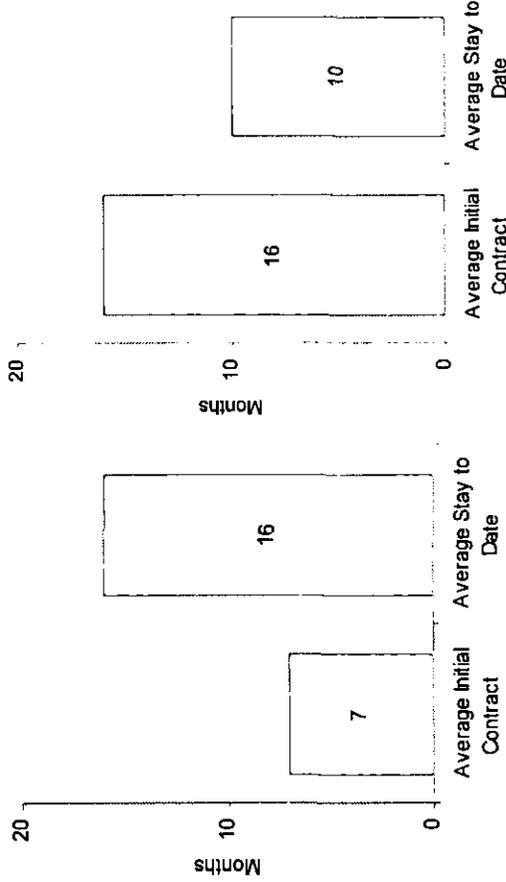
Longer initial term contracts are being entered into with the shift in customers, whilst maintaining customer diversity

Average contract length

Customer revenue contribution

31 March 06      31 December 06

1H07



Blue chip customers

Anglo American	BHP Billiton	Newcrest Mining	Placer Dome	Rio Tinto	Xstrata	Zinifex
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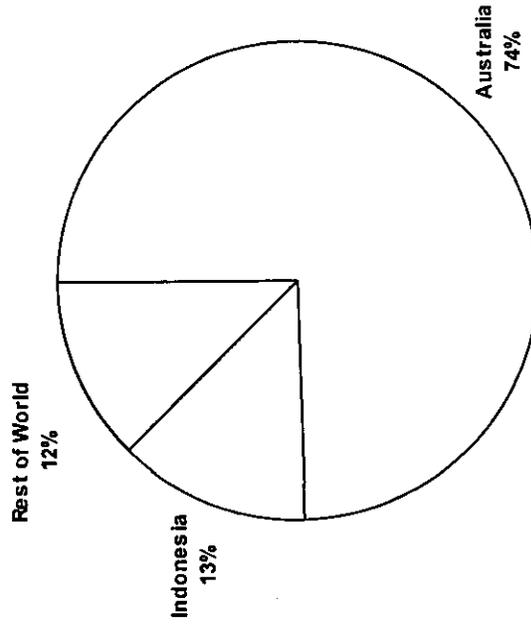
Note: Average contract length is based on rental contracts at 31 March and 31 December 2006 in Australia and Indonesia and Management estimates for total length of rental under each contract

# Emeco's Market Segments

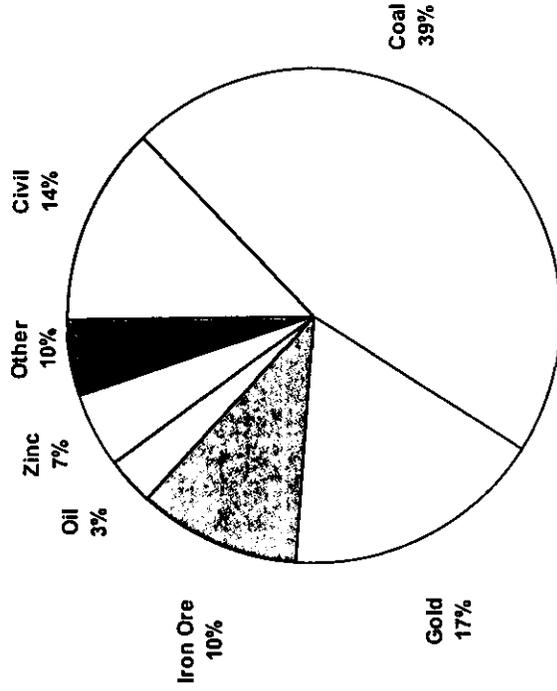


Growth in Australia and Canada has been achieved whilst maintaining diversity

1H07 EBITDA Contribution



1H07 Rental Revenue Contribution

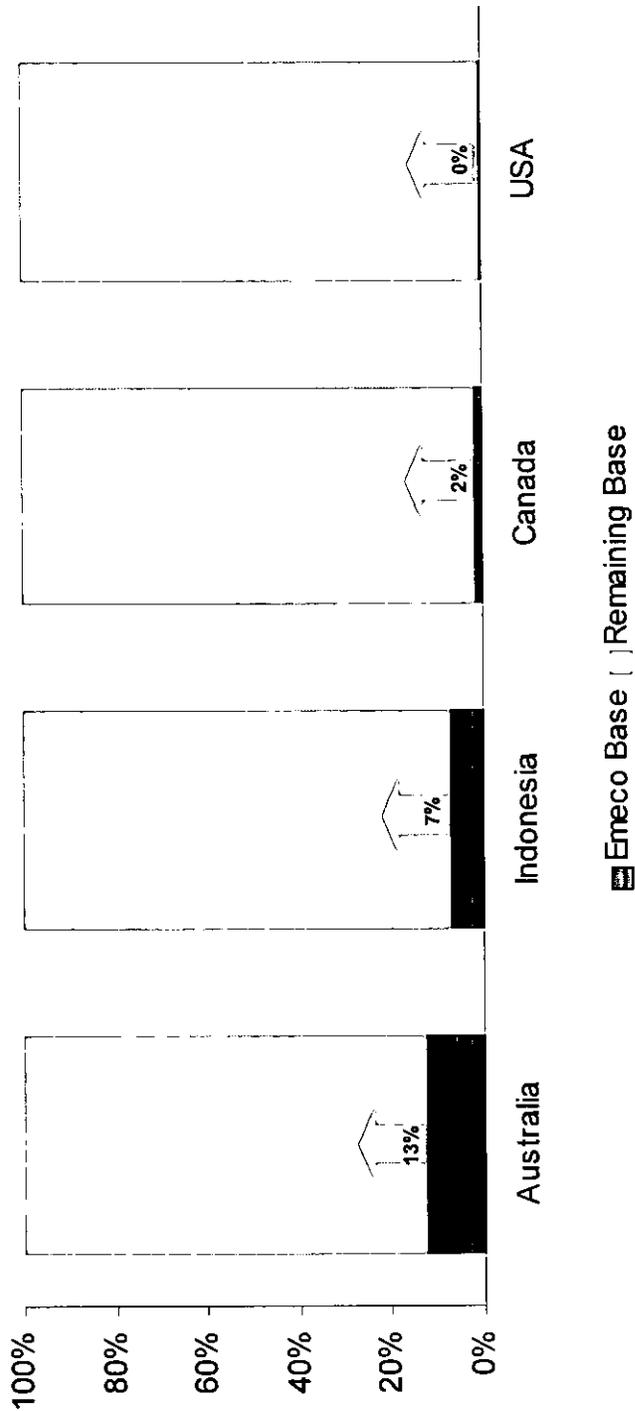


Source: Emeco Management  
 Note: Oil includes conventional oil and gas. Oil sands and infrastructure related to the production of oil from the oil sands. EBITDA Contribution excludes Corporate costs



## Significant potential to increase penetration of rental model

Management expects development of the rental market and changing attitudes to rental to drive further rental penetration and provides another avenue for growth



Source: Management estimates based on the number of comparable heavy earthmoving machines Emeco has and the total installed base of heavy earthmoving equipment as at 31 December 2006. The estimate of total installed base is sourced from the Parker Bay Company as at 31 December 2006, excluding draglines and drills.



# Agenda

1 Highlights

2 Financial results

3 Business overview

4 Outlook



## Outlook

Global demand for commodities is expected to remain strong, encouraging large capital expenditure programs to expand supply. Expanding supply continues to offer Emeco opportunities to provide miners/contractors a flexible, cost-effective rental alternative for expansion into FY08 and beyond

Ongoing supply side constraints continue to provide Emeco with challenges and opportunities as the resources industry focuses on reducing costs

Market conditions in Australia remain robust and the outlook remains positive with the continued emergence of new investment and deployment opportunities

While the broader market in Indonesia also remains robust, some challenges are being experienced with a decline in utilisation rates. Under utilised equipment is being redeployed into Australia and North America

Management will continue to address challenges in establishing sustainable businesses from start up operations in North America

Acquisition of Euro Machinery will provide the operating platform for further expansion throughout Europe

Management remains focused on building a sustainable, global business and will continue investing in its growth



# Growth Strategy

## Going forward, Emeco expects growth to come from both organic growth and three distinct areas of step-out opportunities

**Organic growth**

- ◇ Growth in earth moved is expected to continue in the mining industry served by Emeco in Australia, Indonesia and Canada
- ◇ Key drivers of rental behaviour are expected to continue to underpin increased rental penetration going forward

**Acquisitions**

- ◇ International scale and leadership position Emeco as the logical consolidator of small-medium scale fleet owners
- ◇ Some acquisitions are being considered

**New Geographies**

- ◇ Size of markets not served by Emeco is 3x the size of markets served
- ◇ North America and Europe are expected to provide the next leg of global expansion for Emeco
- ◇ Since the IPO, 5 branches have been established in USA and Canada and Euro Machinery acquired
- ◇ Potential future markets include Africa, Chile and India

**Non-mining opportunities**

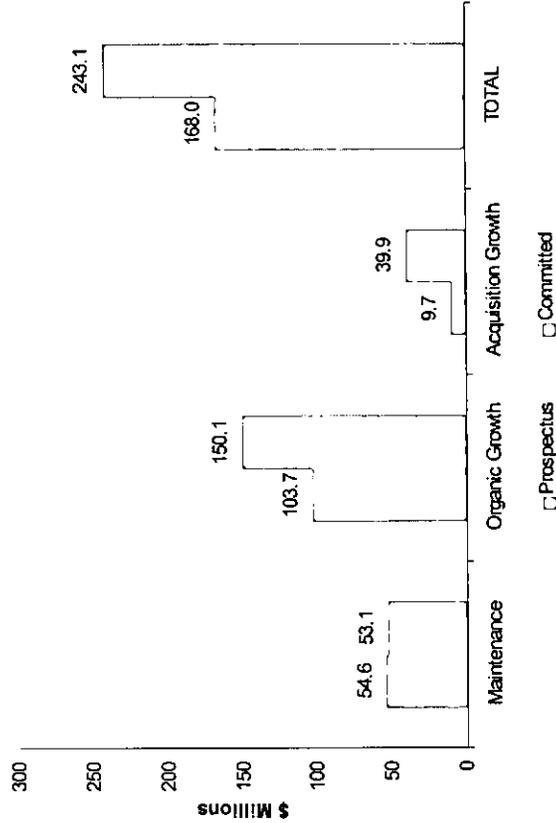
- ◇ Civil construction and aggregates represents 14% of rental revenue YTD
- ◇ Significant opportunities for growth in civil construction and aggregates

# Strong capital expenditure to take advantage of growth

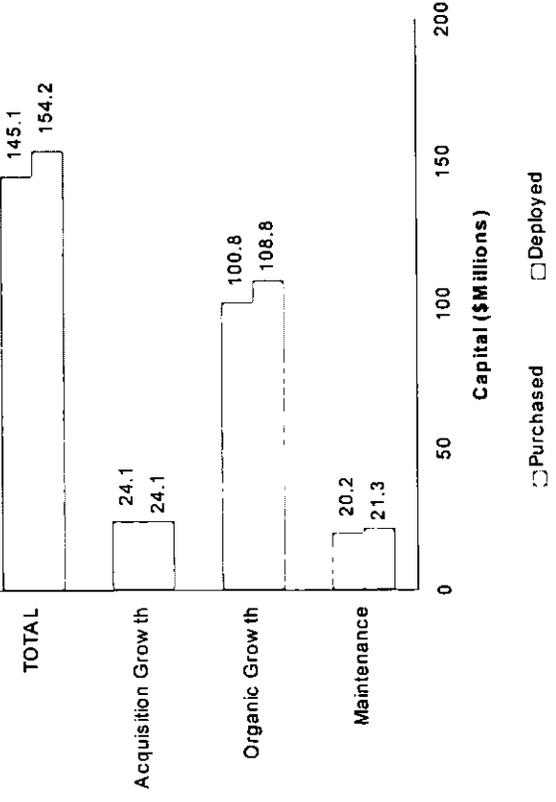


Emeco already has commitments in place that will exceed its 2007F prospectus capital expenditure

Prospectus v Committed Capital



YTD Capital Purchased v Deployed



2H07 capex is currently forecast to be less than 1H07

Additional organic and acquisition growth capex may be invested during 2H07 as opportunities arise

Other than acquisitions, additional capex in 2H07 will have limited impact on FY07, but will underpin growth in FY08

Source: Emeco Management

## FY07 Guidance



- ◇ Reported earnings are likely to continue to be impacted by adverse currency translation compared to the prospectus forecast
- ◇ Despite adverse currency translation and challenges facing management, Emeco is on target to meet Prospectus Forecast
- ◇ Except for acquisitions, any additional growth capital in 2H07 is expected to have minimal impact on FY07, but will underpin growth in FY08



21 February 2007

**BY FAX - ORIGINAL IN POST**  
**(61 8 9321 1366)**

Emeco Holdings Ltd  
Ground Floor, 10 Ord Street  
West Perth, Western Australia,  
Australia, 6005

**Re: Notice of Change in Interests of Substantial Shareholder under Section 671B**

Company Secretary:

Enclosed is a Notice of Change in Interests of Substantial Shareholder Under Section 671B dated 20 February 2007. Please note that a copy of this report has been sent to the Australian Stock Exchange.

Neither the Capital Group Companies, Inc. nor any of its affiliates own shares of your company for its own account. Rather, the shares reported on Form 604 are owned by accounts under the discretionary investment management of one or more of the investment management companies that make up the Capital Group Companies, Inc.

For the purposes of this Notice an outstanding share balance of 631,237,586 shares was used to calculate the percentages of holdings of the relevant share capital. We believe this outstanding share balance is current; however, if this number is not accurate, please contact us as soon as possible so that we may make the necessary revisions to this Notice.

Should you have questions or require additional information, please contact Gina Martinez or Vivien Tan at (213) 615-0469, or send a fax message to (213) 486-9698. Alternatively, you may contact us via E-mail at [GRGroup@capgroup.com](mailto:GRGroup@capgroup.com).

Regards,

Vivien Tan  
Compliance Associate

## Form 604

## Corporations Act 2001 Section 671B

## Notice of change of interests of substantial holder

To Company Name/Scheme Emeco Holdings Ltd

ACN/ARSN \_\_\_\_\_

## 1. Details of substantial holder(1)

Name The Capital Group Companies, Inc.ACN/ARSN (if applicable) n/aThere was a change in the interests of the substantial holder on 20 February 2007The previous notice was given to the company on 20 December 2006The previous notice was dated 19 December 2006

The shares reported were owned by accounts under the discretionary investment management of 6 investment management companies (Capital Research and Management Company, Capital International, Inc., Capital Guardian Trust Company, Capital International S.A., and Capital International Limited) which are direct or indirect subsidiaries of The Capital Group Companies, Inc., 333 South Hope Street, 55th Floor, Los Angeles, California 90071 and such shares are being reported in the aggregate.

## 2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary Shares	61,766,581 shares	8.204%	60,391,546 shares	9.2503%

The shares being reported under this section are owned by accounts under the discretionary investment management of 6 investment management companies (Capital Research and Management Company, Capital International, Inc., Capital Guardian Trust Company, Capital International S.A., and Capital International Limited) which are direct or indirect subsidiaries of The Capital Group Companies, Inc., 333 South Hope Street, 55th Floor, Los Angeles, California 90071 and such shares are being reported in the aggregate.

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (5)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
27/12/2006 to 20/2/2007	The Capital Group Companies, Inc.	Increased holdings	Average price of 1.8985	6,604,984 Ordinary Shares	6,604,984

See Annexure A dated 19 December 2006

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
		none			
See Annexure A dated 20 February 2007 (copy attached)					

**5. Changes in association**

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

**6. Addresses**

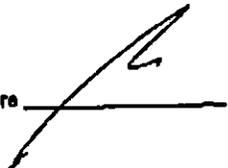
The addresses of persons named in this form are as follows:

Name	Address
The Capital Group Companies, Inc.	333 South Hope Street, 55 <sup>th</sup> Floor Los Angeles, CA 90071

**Signature**

print name: Liliane Corzo

Capacity: Counsel

sign here 

date

21 February 2007

## Annexure "A"

This is the Annexure of 2 pages marked Annexure "A" referred to in Form 604 signed by this corporation dated 20 February 2007.

The Capital Group Companies, Inc.

By:

  
\_\_\_\_\_  
Lillane Corzo  
Counsel

**Australia Annexure  
Emeco Holdings Ltd**

**20 February 2007**

**CG Investment Management Company  
Capital Guardian Trust Company**

<u>Account Number</u>	<u>Number of Shares</u>	<u>% Held</u>
44000600	6,298,068	
44003300	485,200	
44278200	1,052,000	
44353600	558,000	
44359800	294,651	
44800300	100,200	
	8,788,019	

**Capital International Limited**

43051000	243,966
43051300	176,752
43051400	35,000
43051500	137,000
43401400	40,385
43402300	190,579
43404700	150,839
43404900	53,862
43405200	234,493
43410500	542,482
43412500	149,133
43415000	142,726
43415900	120,278
43417600	89,645
43417700	920,707
43418100	101,695
43418300	185,835
43418600	182,366
43418800	866,392
43419100	146,549
43419200	14,000
43420200	171,338
43425200	1,441,698
43425300	778,055
43425400	198,074
43425700	282,473
43425800	1,237,106
43426200	3,356,561
43426300	3,997,612
43426400	3,211,192
43426800	1,484,782
43426900	2,151,932
43428300	70,964
43428600	129,201
43433100	20,616
43436100	235,508
43441800	56,775
43450500	270,021
43451200	253,295
43451300	69,093
43451600	53,814
43451700	72,418
43451900	238,960
43455100	229,881
43455200	143,369

**Australia Annexure  
Emeco Holdings Ltd**

**20 February 2007**

**CG Investment Management Company**

<u>Account Number</u>	<u>Number of Shares</u>	<u>% Held</u>
43456400	42,506	
43457100	601,056	
43463600	97,048	
43484100	234,741	
43487600	278,134	
43487700	248,416	
43487800	223,146	
43494200	289,185	
43558600	604,259	
43560100	265,657	
43570400	147,047	
43574100	79,781	
43574200	253,828	
	28,244,126	

**Capital International S.A.**

45415100	231,348	
45415200	30,428	
45415700	507,294	
45415800	54,848	
45420100	125,000	
45426000	2,634,738	
45464300	58,700	
45508100	143,554	
45590400	169,677	
	3,955,585	

**Capital International, Inc.**

46343400	134,425	
46364700	39,990	
46422100	409,400	
	583,815	

**Capital Research and Management Company**

11000035	14,010,000	
11000075	2,810,000	
	16,820,000	

**GRAND TOTAL**

**58,391,545 9.25%**

**Nominee List****Emeco Holdings Ltd  
20 February 2007****Nominee Name**

ANZ Nominees  
Level 25, Collins Street  
GPO Box 2842 AA  
Melbourne 3001 VIC  
43402300 190,579  
43419200 14,000  
43436100 235,508  
45415800 54,848  
Total Shares: 494,935

ANZ Nominees Limited (Melbourne)  
GPO Box 2842AA  
Melbourne, Victoria 3001  
Australia 89,645  
43417600 129,201  
43428600 253,295  
43451200 472,141  
Total Shares:

Australia & New Zealand Banking Grp Ltd  
35, Elisabeth Street  
PO Box 2842AA  
Melbourne VIC 3000 53,862  
43404900 125,000  
45420100 178,862  
Total Shares:

Bank of New York Nominees  
Bank of New York  
3 Birchin Lane  
London EC3V 9BY 150,839  
43404700 150,839  
Total Shares:

Bankers Trust Australia  
Level 9, The Chifley Tower  
2, Chifley Square  
Sydney NSW 2000, Australia 142,726  
43415000 185,835  
43418300 507,284  
45415700 835,855  
Total Shares:

Chase Manhattan Bank Australia Limited  
Level 36 World Trade Centre  
Jamison Street  
Sydney, NSW 2000 Australia 243,966  
43051000 40,385  
43401400 101,695  
43418100

Nominee List

**Emeco Holdings Ltd**  
**20 February 2007**

<u>Nominee Name</u>		56,775
43441800		234,741
43484100		6,298,068
44000600		485,200
44003300		409,400
46422100		7,870,230
	<b>Total Shares:</b>	
Chase Manhattan Nominee Ltd.		
Australia		920,707
43417700		198,074
43425400		1,118,781
	<b>Total Shares:</b>	
Citicorp Nominees PTY Ltd		
Level 26, Mitre 502-30		
101 Collins Street		
Melbourne, Victoria 3000		3,997,612
43426300		147,047
43570400		4,144,659
	<b>Total Shares:</b>	
HKBA Nominees Ltd.		
GPO Box 181		
Sydney 2001		
Australia		542,482
43410500		542,482
	<b>Total Shares:</b>	
Hong Kong Bank Australia		
Level 8		
1, O'Connell St, GPO Box 5302		
Sydney NSW 2001		229,881
43455100		42,506
43455400		272,387
	<b>Total Shares:</b>	
HSBC Bank plc		
Securities Services, Mariner House		
Pepys Street		
London EC3N 4DA		238,960
43451900		238,960
	<b>Total Shares:</b>	
JP Morgan Chase Bank		
45590400		169,677
	<b>Total Shares:</b>	169,677
National Australian Bank LTD.		
271 Collins St.		
5th Floor South		

**Nominee List****Emeco Holdings Ltd  
20 February 2007****Nominee Name**

Melbourne, Victoria 3000	866,392
43418800	146,549
43419100	1,441,698
43425200	1,484,782
43426800	70,964
43428300	69,093
43451300	53,614
43451600	143,369
43455200	265,857
43560100	253,828
43574200	58,700
45464300	134,425
46343400	4,989,271

**Total Shares:**

Northern Trust  
c/o NorTrust Nominees Limited  
155 Bishopsgate  
London EC2M 3XS  
43426900

2,151,932  
2,151,932

**Total Shares:****Westpac Banking Corp**

43051300	176,752
43051400	35,000
43051500	137,000
43405200	234,493
43412500	149,133
43418600	182,366
43425300	778,055
43426200	3,356,561
43433100	20,516
45415100	231,348
45508100	143,554
46364700	39,990

**Total Shares:**

5,484,768

Westpac Custodian Nominees  
50 Pitt Street, 8th Floor  
Sydney, NSW 2000  
Australia

11000035	14,010,000
11000075	2,810,000
43415900	120,278
43420200	171,338
43425700	282,473
43425800	1,237,106
43426400	3,211,192
43450500	270,021
43451700	72,418

Nominee List

Emeco Holdings Ltd  
20 February 2007

<u>Nominee Name</u>	
43457100	601,056
43463600	97,048
43487600	278,134
43487700	248,416
43487800	223,146
43494200	289,185
43558600	604,259
43574100	79,781
44278200	1,052,000
44353600	558,000
44359800	294,551
44800300	100,200
45415200	30,426
45426000	2,634,738
	29,275,766

Total Shares:

END