

HEAD OFFICE

20-28 Cawley Road, Yarraville, VIC. 3013 Australia
Telephone: (03) 9316 2011 Facsimile: (03) 9316 2066
Postal Address: PO Box 50, Yarraville, VIC. 3013

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Australian Securities Exchange
Company Announcements Platform
Electronic transmission

Results for Announcement to the Market

The directors of Chalmers Limited provide Appendix 4E – Preliminary Final Report for release to the market which is presented in the following pages. Commentary of the year's performance can be found of page 11 – under Review of operations.

A fully franked final dividend of 3.5 cents per share has been declared and will be paid 4 October 2017.

Yours faithfully,
Kane Harnden
Company Secretary

Appendix 4E

Preliminary final report

1. Company details

CHALMERS LIMITED

ABN	Financial year ended ('current period')	Financial year ended ('previous period')
34 004 471 032	30 JUNE 2017	30 JUNE 2016

2. For announcement to the market

\$A'000

2.1 Revenues from continuing operations		UP	14%	To	\$66,659
2.2 Profit (loss) from continuing operations after tax attributable to members		UP	91%	To	\$481
2.3 Net profit (loss) for the period attributable to members		UP	91%	To	\$481
2.4 Dividends	Amount per security	Franked amount per security			
Final dividend declared & payable on 4 October 2017	3.5c	3.5c			
No interim dividend was declared	-c	-c			
2.5 Record date for determining entitlements to the dividend		20 September 2017			
2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood.					
Please refer to Review of Operations at 14.2 for a detailed explanation					

3. Condensed consolidated Statement of Comprehensive Income

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenues from continuing operations	66,659	58,502
Expenses from continuing operations	(65,536)	(57,615)
Finance costs	(346)	(409)
Profit (loss) from continuing operations before tax	777	478
Income tax (expense) / benefit	(296)	(227)
Profit (loss) from continuing operations after tax	481	251
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	481	251
Net profit (loss) attributable to outside ⁺ equity interests	-	-
Net profit (loss) for the period attributable to members	481	251
Non-owner transaction changes in equity		
Increase in revaluation reserves	-	-
Net exchange differences recognised in equity	-	-
Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
Initial adjustments from UIG transitional provisions	-	-
Total transactions and adjustments recognised directly in equity	-	-
Total changes in equity not resulting from transactions with owners as owners	481	251

Notes to condensed consolidated Statement of Comprehensive Income

3.1 Revenue and expenses from continuing operations

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenue from sales or services	66,571	58,427
Interest revenue	89	74
Other income:		
Profit/(Loss) on sale of non-current assets	272	(25)
Proceeds from Insurance	-	247
Details of relevant expenses:		
Employee benefits	(26,689)	(24,100)
Property	(11,116)	(9,219)
Vehicle & Equipment	(8,605)	(7,799)
Other expenses	(6,289)	(5,253)
Subcontractor	(5,094)	(3,225)
Materials	(4,437)	(4,398)
Depreciation and amortisation	(3,579)	(3,842)
Finance costs	(346)	(409)

3.2 Significant features of operating performance

	Current period - \$A'000	Previous corresponding period - \$A'000
<i>Revenue from continuing operations includes:</i>		
Interest Revenue	89	74

3.3 Extraordinary Items

N/A

3.4 Other Disclosures in accordance with AASB 101

	Current period - \$A'000	Previous corresponding period - \$A'000
Net gain/(loss) on disposal of non-current assets	272	(25)
Proceeds from Insurance	-	247
Net increment/(decrement) arising from revaluation of non-current assets		
Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets:		
- depreciation of non-current assets	(3,579)	(3,842)
- doubtful and bad debts	-	(20)

4. Condensed consolidated Statement of Financial Position

	At end of current period \$A'000	As shown in last annual report \$A'000
Current assets		
Cash and cash equivalents	2,975	1,205
Trade and other receivables	11,909	10,322
Inventories	302	405
Current tax asset	-	85
Total current assets	15,186	12,017
Non-current assets		
Property, plant and equipment (net)	36,294	36,387
Intangible assets	25	69
Deferred tax assets	372	158
Total non-current assets	36,691	36,614
Total assets	51,877	48,631
Current liabilities		
Trade and other payables	5,640	3,818
Borrowings	1,804	1,992
Current tax liabilities	104	-
Provisions exc. tax liabilities	2,935	2,846
Total current liabilities	10,483	8,656
Non current liabilities		
Borrowings	7,155	6,264
Provisions exc. tax liabilities	420	373
Total non-current liabilities	7,575	6,637
Total liabilities	18,058	15,293
Net assets	33,819	33,338
Equity		
Capital/contributed equity	8,226	8,226
Retained profits / (accumulated losses)	25,593	25,112
Equity attributable to members of the parent entity	33,819	33,338
Total equity	33,819	33,338

4.1 Condensed consolidated Statement of Changes in Equity

	At end of current period \$A'000	As shown in last annual report \$A'000
Total Equity at beginning of year	33,338	33,087
Add: Net Profit/(loss) for the year	481	251
Add: Share Issue	-	-
Less: Share issue Costs	-	-
Less: Dividends paid during year	-	-
Total Equity at end of year	33,819	33,338

5. Condensed consolidated Statement of Cash Flow

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
Receipts from customers	71,428	63,087
Payments to suppliers and employees	(66,616)	(59,297)
Interest and other items of similar nature received	89	74
Interest and other costs of finance paid	(345)	(403)
Income taxes paid	(320)	(34)
Net operating cash flows	4,236	3,427
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(1,566)	(641)
Payment for assets acquired as part of business acquisition	-	-
Proceeds from sale of property, plant and equipment	992	36
Net investing cash flows	(574)	(605)
Cash flows related to financing activities		
Repayment of borrowings	-	-
Finance lease payments	(1,892)	(2,677)
Dividends paid	-	-
Net financing cash flows	(1,892)	(2,677)
Net increase (decrease) in cash held	1,770	145
Cash at beginning of period	1,205	1,060
Cash at end of period	2,975	1,205

5.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

Acquisition of plant & equipment by means of hire purchase/chattel mortgage contracts (A'000).	
Current period - \$2,596	(Previous period - \$620)

5.2 Reconciliation of cash and cash equivalents

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding Period - \$A'000
Cash on hand and at bank	2,975	1,205
Total cash at end of period	2,975	1,205

5.3. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Current period \$A'000	Previous corresponding period - \$A'000
Operating profit/(loss) after income tax	480	251
Depreciation and amortisation	3,579	3,842
Net (profit)/loss on sale of non-current assets	(272)	25
Change in operating assets and liabilities		
(Increase)/decrease in trade debtors	(805)	(209)
Decrease in inventories	103	198
(Increase) in deferred tax assets	(214)	(29)
(Increase) in other operating receivables	(782)	(337)
Decrease in current tax assets	189	223
Increase in trade creditors	241	217
Increase/(Decrease) in other payables	1,582	(823)
(Decrease) in deferred tax liabilities	-	-
Increase in provisions	135	69
Net cash inflow from operating activities	4,236	3,427

6. Dividends

6.1 Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend: Current year	3.5¢	3.5¢	-¢
Previous year	-¢	-¢	-¢
Interim dividend: Current year	-¢	-¢	-¢
Previous year	-¢	-¢	-¢

6.2 Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	3.5¢	-¢

7. Dividend Reinvestment Plans

At 30 June 2017 there was no dividend reinvestment plan in operation for Chalmers Limited

Any other disclosures in relation to dividends.

N/A

8. Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
Retained profits (accumulated losses) at the beginning of the financial period	25,112	24,861
Net profit (loss) attributable to members	481	251
Dividends and other equity distributions paid	-	-
Retained profits (accumulated losses) at end of financial period	25,593	25,112

9. NTA backing per ordinary security

Current period	Previous corresponding Period
\$4.44	\$4.37

10. Control gained over entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

\$

Date from which such profit has been calculated

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$

10.1 Loss of control of entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

\$

Date to which the profit (loss) in item 14.2 has been calculated

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

\$

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

11. Details of associates and joint venture entities

N/A

12. Other significant information

N/A

13. Accounting standards used in foreign entities

N/A

14. Commentary on results for the period

14.1 Earnings per security (EPS)

	Current period	Previous corresponding Period
Basic EPS	6.31	3.30
Diluted EPS	6.31	3.30

14.2 Review of Operations

The 2016/17 year recorded an improvement in both revenue and profit over 2015/16. Revenue improved by \$8.2M increasing from \$58,502K to \$66,659K. Pre-tax profit was \$777K that compared favourably to \$479K for the preceding year. It is worth noting the 2015/16 profit included \$357K of write-backs for a previously recognised onerous contract provision.

The following factors contributed to the improved result:

- The Chalmers management team in Melbourne continued their focus on driving operational efficiencies to ensure that increases in turnover were not absorbed by additional costs. Despite annual cost increases, with improved fleet utilisation and workforce planning, management were able to secure a \$200K saving in labour.
- The Brisbane Container Park recorded increased revenue during the year but was unable to improve profitability compared to 2015/16. Despite a \$1.1M revenue improvement operational issues contributed to a \$300K decrease in profit. During November 2016 the container park suffered extensive damage from a severe mini-cyclone. In excess of 900 containers were dislodged by the wind and toppled over. Despite the significant damage suffered plus the extensive debris strewn across the site, the Container Park re-opened after three days. Due to the insurance cover in place, the financial impact was largely limited to the excess on various policies.
- Brisbane Transport consolidated the gains that were made during the latter stages of 2015/16 to improve revenue and deliver a slight improvement in profit. While losing one of its longstanding major clients to predatory pricing, improved weather conditions resulted in significantly higher grain exports that boosted revenue. Several new clients were acquired in the reverse logistics sector that mitigated the loss of this major client and that will position the operation well for the start of financial 2018.
- The Brisbane Warehousing & Logistics operation showed a marked improvement over the previous year with excess warehouse capacity being sub-leased and additional clients adding significant incremental revenue. The existing timber clients all increased their volumes and Chalmers was also able to increase volume with other commodities such as aluminium.
- The Brisbane Tank Wash & Storage operation showed significant improvement over 2015/16. While road tanker wash services continued to be somewhat depressed, substantial gains were made with increases in modification and fabrication work. Due to requirements that emerged from a major chemical clean-up, Chalmers experienced significant increased demand for the hire of ISO tanktainers.
- The Melbourne Transport & Logistics business was able to increase revenue across both transport and warehousing arms. A much improved grain season drove the improved transport revenue while clients servicing the construction industry helped to improve warehousing revenue.
- The Melbourne Container Park experienced higher gate moves during the year although the increased revenue did not improve the Park's profitability. This was largely due to EPA mandated ground repairs although the competitive landscape in the shipping industry also made it difficult for Chalmers to achieve adequate rate increases.

15. This report is based on ⁺accounts to which one of the following applies.
- | | |
|---|--|
| <input type="checkbox"/> The ⁺ accounts have been audited. | <input type="checkbox"/> The ⁺ accounts have been subject to review. |
| <input checked="" type="checkbox"/> The ⁺ accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The ⁺ accounts have <i>not</i> yet been audited or reviewed. |
16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below
- N/A
17. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below
- N/A

By electronic lodgement

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Company Secretary - Kane Harnden – 31 August 2017