Chalmers

CHALMERS LIMITED
ABN 34 004 471 032

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Australian Securities Exchange
Company Announcements Platform
Electronic transmission

Results for Announcement to the Market

The directors of Chalmers Limited announce a summary of group consolidated results for the financial year ended 30 June 2014. In summary:

- Revenue increased by 2.6% to $61.8M.
- Profit before tax was $1.6M – down 37% on the previous financial year.
- Profit after tax was $1.08M and equates to earnings of 14.23 cents per share.
- The following items contributed to the year's performance:
  - Queensland experienced lacklustre volumes largely as a result of drought-affected primary production although there was also a significant fall-away in freight volumes towards the end of the year
  - A surplus of warehouse space in some geographical areas saw a lower utilisation of Chalmers capacity
  - Higher than budgeted costs were experienced with repairs, maintenance and equipment hire
  - Property costs in Brisbane continued their upward movement in an environment of relatively soft demand.
- A fully franked final dividend of 2.5 cents a share has been declared and will be paid 2 October 2014.

The Appendix 4E – Preliminary Final Report is presented in the following pages.

Yours faithfully,
J P FEDORKO
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 2014	30 JUNE 2013

2. For announcement to the market

				$A'000
2.1 Revenues from continuing operations	**UP**	**3%**	**To**	**$61,843**
2.2 Profit (loss) from continuing operations after tax attributable to members	**DOWN**	**36%**	**To**	**$1,084**
2.3 Net profit (loss) for the period attributable to members	**DOWN**	**36%**	**To**	**$1,084**

2.4 Dividends	Amount per security	Franked amount per security
Final dividend declared & payable on 2 October 2014	**2.5c**	**2.5c**
Interim dividend paid on 3 April 2014	5c	5c

2.5 Record date for determining entitlements to the dividend	18 September 2014

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	61,843	60,272
Expenses from continuing operations	(59,605)	(56,957)
Finance costs	(660)	(814)
Profit (loss) from continuing operations before tax	**1,578**	**2,501**
Income tax	(494)	(812)
Profit (loss) from continuing operations after tax	**1,084**	**1,689**
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	**1,084**	**1,689**
Net profit (loss) attributable to outside +equity interests	-	-
Net profit (loss) for the period attributable to members	**1,084**	**1,689**
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	**1,084**	**1,689**

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	61,704	60,123
Interest revenue	139	149
Other income:		
Profit/(Loss) on sale of non-current assets	(87)	226
Gain on asset acquisition	462	-
Details of relevant expenses:		
Employee benefits	25,163	23,783
Vehicle & Equipment	8,868	7,981
Property	8,480	7,561
Subcontractor	5,569	5,971
Other expenses	5,228	5,003
Depreciation and amortisation	3,352	3,474
Materials	3,320	3,410
Finance costs	660	814

3.2 Significant features of operating performance

	Current period - $A'000	Previous corresponding period - $A'000
Revenue from continuing operations includes:		
Interest Revenue	139	149

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	(87)	226
Gain on asset acquisition	462	-
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	3,352	3,474
- doubtful and bad debts	9	49

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	1,854	3,343
Trade and other receivables	10,048	10,602
Inventories	687	647
Current tax asset	82	-
Total current assets	**12,671**	**14,592**
Non-current assets		
Property, plant and equipment (net)	40,316	37,345
Intangible assets	301	320
Total non-current assets	**40,617**	**37,665**
Total assets	**53,288**	**52,257**
Current liabilities		
Trade and other payables	4,011	3,757
Borrowings	3,107	3,123
Current tax liabilities	-	88
Provisions exc. tax liabilities	2,692	2,853
Total current liabilities	**9,810**	**9,821**
Non current liabilities		
Borrowings	9,136	8,412
Deferred tax liabilities	69	93
Provisions exc. tax liabilities	257	237
Total non-current liabilities	**9,462**	**8,742**
Total liabilities	**19,272**	**18,563**
Net assets	**34,016**	**33,694**
Equity		
Capital/contributed equity	8,226	8,226
Retained profits / (accumulated losses)	25,790	25,468
Equity attributable to members of the parent entity	**34,016**	**33,694**
Total equity	**34,016**	**33,694**

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	33,694	32,767
Add: Net Profit for the year	1,084	1,689
Add: Share Issue	-	-
Less: Share issue Costs	-	-
Less: Dividends paid during year	(762)	(762)
Total Equity at end of year	**34,016**	**33,694**

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	67,765	64,492
Payments to suppliers and employees	(62,094)	(58,613)
Interest and other items of similar nature received	157	135
Interest and other costs of finance paid	(646)	(814)
Income taxes paid	(689)	(890)
Net operating cash flows	**4,493**	**4,310**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(1,214)	(298)
Payment for assets acquired as part of business acquisition	(2,213)	-
Proceeds from sale of property, plant and equipment	988	1,104
Net investing cash flows	**(2,439)**	**806**
Cash flows related to financing activities		
Repayment of borrowings	-	-
Finance lease payments	(2,781)	(3,605)
Dividends paid	(762)	(762)
Net financing cash flows	**(3,543)**	**(4,367)**
Net increase (decrease) in cash held	**1,489**	**749**
Cash at beginning of period	(3,343)	2,594
Cash at end of period	1,854	3,343

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 - $3,490 (Previous period - $2,214)

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	1,854	3,343
Total cash at end of period	**1,854**	**3,343**

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	1,084	1,689
Depreciation and amortisation	3,352	3,474
Net (profit)/loss on sale of non-current assets	87	(226)
Gain on asset acquisition	(462)	-
Change in operating assets and liabilities		
Decrease/(increase) in trade debtors	570	(979)
(Increase) in inventories	(40)	(56)
(Increase)/decrease in other operating assets	(33)	392
(Decrease) in trade creditors	(228)	(419)
Increase in other operating liabilities	500	410
(Decrease) in provision for income tax payable	(171)	(30)
(Decrease) in deferred tax liabilities	(24)	(48)
(Decrease)/increase in other provisions	(142)	103
Net cash inflow from operating activities	**4,493**	**4,310**

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	2.5 ¢	2.5 ¢	-¢
	Previous year	5 ¢	5 ¢	-¢
Interim dividend:	Current year	5¢	5¢	-¢
	Previous year	5¢	5¢	-¢

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

	Current year	Previous year
Ordinary securities	7.5 ¢	10 ¢

7. Dividend Reinvestment Plans

At 30 June 2014 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	25,468	24,541
Net profit (loss) attributable to members	1,084	1,689
Dividends and other equity distributions paid	(762)	(762)
Retained profits (accumulated losses) at end of financial period	**25,790**	**25,468**

9. NTA backing per ordinary security

Current period	Previous corresponding Period
$4.43	$4.38

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	14.23	22.18
Diluted EPS	14.23	22.18

14.2 Review of Operations

2013-2014 was a year of flat revenue and increasing costs. Revenue totalled $61.8M – an increase of 2.6% over the previous year.

Profit before tax of $1,577,608 was below the figure for the previous year by some $0.9M.

The following items contributed to the year's performance:

- Queensland experienced lacklustre volumes largely as a result of drought-affected primary production although there was also a significant fall-away in freight volumes towards the end of the year
- A surplus of warehouse space in some geographical areas saw a lower utilisation of Chalmers capacity
- Higher than budgeted costs were experienced with repairs, maintenance and equipment hire
- Property costs in Brisbane continued their upward movement in an environment of relatively soft demand.

Chalmers operates in two main areas in both Melbourne and Brisbane: Transport and Containers.

Revenue in the Transport sector – including road transport, logistics and warehousing – increased by some $1.2M with the Melbourne business accounting for most of this growth.

Profit on the other hand declined markedly, contributed to by:

- A loss on disposal of surplus Melbourne transport equipment
- Strong downward pressures on prices
- An increased reliance on more expensive agency labour to cope with increased volumes
- Increased repairs and maintenance and specifically a major motor vehicle accident in Melbourne
- Significantly increased rental in Brisbane.

14.2 Review of Operations (continued)

The Container business had a better result with revenue of $18.5M producing a good profit in excess of $700K. The result in this area was attributable in part to:

- A buoyant grain season in Victoria requiring both increases in food quality container upgrades and increased site activity
- Increased Melbourne property and site maintenance as a result of higher activity
- A significant decrease in Brisbane volumes and consequent repair activity in conjunction with escalating property lease costs

In all areas of the business, activity levels remain subdued both within the industry and across Chalmers operational segments. The downturn experienced during the year contributed to a lower level of capital expenditure in the early part of the year although during the June quarter, significant capital was directed towards new equipment purchases.

Capital expenditure for the year totalled $7.4M, well above the preceding two year average of $3.3M. The major capital investment was the acquisition in June of the business assets of Australian Terminal Services Pty Ltd and ATS Developments Pty Ltd. This operation involves the handling, storage, repair and washing of ISO containers and tankers and represents a good fit with the Chalmers Brisbane business. This site is also adjacent to the Brisbane container park which provides significant physical synergies with other parts of the Chalmers business.

While business conditions remain subdued, some inroads are being made into winning new business in the short to medium term.

Mr John Carew was appointed Managing director during the year and a significant focus of his management approach has been on improved operational efficiencies in all areas of the business. A number of initiatives in this area have reduced costs significantly and Directors believe this is a good platform for the year ahead.

Earnings of 14.23 cents per share were lower than the prior year result of 22.18 cents. An interim dividend of 5 cents per share fully franked (FY12 interim dividend – 10 cents) has been paid. A final dividend of 2.5 cents per share fully franked (FY13 final – 5 cents) has been declared and will be paid on 2 October 2014.

15. This report is based on +accounts to which one of the following applies.

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
✓	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* 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 - JP Fedorko – 28 August 2014