2015
Annual Report

Chalmers
When customer service counts

Chalmers Limited 20-28 Cawley Road, Yarraville, Victoria 3013 • www.chalmers.net.au

This financial report covers the consolidated entity consisting of Chalmers Limited and its subsidiaries.

The financial report is presented in the Australian currency.

Chalmers Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Chalmers Limited
20-28 Cawley Road
Yarraville Vic 3013

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 2.

The financial report was authorised for issue by the directors on 4th September 2015. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company.

Press releases and financial information are available at:
www.chalmers.net.au

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A.B.N. 34 004 471 032
20-28 Cawley Road,
Yarraville, Vic 3013
Incorporated in Australia
www.chalmers.net.au

Directors
Andrew Murrowood (Chairman)
John Carew (Managing director)
Peter Brannighan
Gary Chalmers
Layton Daglish
Graham Mulligan
John Wilson (retired 2 July 2015)

Bankers
Bank of Melbourne
530 Collins Street
Melbourne VIC 3000

Auditors
Grant Thornton Audit Pty Ltd
Chartered Accountants
The Rialto
Level 30 525 Collins Street
Melbourne VIC 3000

Secretary
John Fedorko

Subsidiaries
Chalmers Industries Pty Ltd
Chalmers (Australia) Pty Ltd
Chalmers Industries (Brisbane) Pty Ltd

Divisions
Chalmers Transport
Chalmers Containers Services
Chalmers Motors

Stock Exchange Litsing
Australian Securities Exchange

Share Register
Link Market Services Limited
Securities Registration Services
Level 1, 333 Collins Street
Melbourne VIC 3000
T: 1300 554 474

Registered Office & Melbourne Transport & Logistics Operations
20-28 Cawley Road
Yarraville VIC 3013
PO Box 50
Yarraville VIC 3013
T: 03 9316 2011
F: 03 9316 2066
E: admin@vic.chalmers.net.au

Melbourne Empty Container Park Operations
Cnr Francis Street & Hardie Road
Brooklyn VIC 3025
PO Box 50
Yarraville VIC 3013
T: 03 9314 1244
F: 03 9314 2686
E: contpark@vic.chalmers.net.au

Brisbane Container, Freight Station, Tank & Transport Operations
25, 26 & 31 Whimbrel Street
Port of Brisbane QLD 4178
PO Box 667
Hamilton Central QLD 4007
T: 07 3895 6000
F: 07 3895 6060
E: admin@qld.chalmers.net.au

Five Year **Performance**

$1000s	**2011**	**2012**	**2013**	**2014**	**2015**
Revenue from continuing operations	57,656	57,726	60,272	61,843	60,746
Earnings before interest, tax, depreciation	**9,842**	**7,771**	**6,789**	**5,590**	**3,500**
less: interest paid	(1,062)	(947)	(814)	(660)	(583)
less: depreciation & amortisation	(3,526)	(3,653)	(3,474)	(3,352)	(3,869)
Profit/(loss) before tax	**5,254**	**3,171**	**2,501**	**1,578**	**(952)**
(less)/add: income tax (expense)/benefit	(1,665)	(1,047)	(812)	(494)	213
Profit/(loss) after tax	**3,589**	**2,124**	**1,689**	**1,084**	**(739)**
less: dividends paid/provided	(1,028)	(1,523)	(761)	(761)	(190)
Retained profits/(losses)	2,561	601	928	323	(929)
EBITDA / Revenue	17.1%	13.5%	11.3%	9.0%	5.8%
Profit(/loss) before tax / Revenue	9.1%	5.5%	4.1%	2.6%	(1.6%)
Profit on sale/acquisition of assets	348	203	226	375	39
EBITDA - excl POSA	**9,494**	**7,568**	**6,563**	**5,215**	**3,461**
Profit/(loss) after tax / Revenue	6.2%	3.7%	2.8%	1.8%	(1.2%)
Profit/(loss) after tax / Equity	11.2%	6.5%	5%	3.2%	(2.2%)
Earnings per share (cents)	**60.11**	**27.89**	**22.18**	**14.23**	**(9.71)**
Dividends per share (cents)	**22.31***	**15**	**10**	**7.5**	**0**
Net Tangible Assets per share	**$4.18**	**$4.25**	**$4.38**	**$4.43**	**$4.32**
Average issued shares	5,971,250**	7,614,000	7,614,000	7,614,000	7,614,000
Equity - share capital & reserves	32,166	32,767	33,694	34,016	33,087

** Dividends per share based on interim dividend of 10 cents on 5,710,500 shares and a final dividend of 10 cents on 7,614,000 shares over the weighted average of 5,971,250 shares.*

*** Weighted average of 5,971,250 shares incorporates the new share base of 7,614,000 shares as from 11 May 2011.*

Directors' Report

Your directors present their report on the consolidated entity consisting of Chalmers Limited and the entities it controlled at the end of, or during the year ended 30 June 2015.

Directors

The following persons were directors of Chalmers Limited during the whole of the financial year and up to the date of this report:

AJ Murrowood	(Non-executive Chairman)
JP Carew	(Managing director)
PT Brannighan	(Non-executive)
GW Chalmers	
LA Daglish	(Non-executive)
GD Mulligan	(Non-executive)

Messrs Brannighan and Daglish were appointed directors effective 25 February 2015 and continue in office at the date of this report.

Mr Wilson was a director from the beginning of the financial year until his resignation on 2 July 2015.

Principal Activities

The principal continuing activities of the consolidated entity during the year consisted of road transport, logistic services, warehousing, tank services and container storage, repairs and sales.

Consolidated Results

	2015 $	2014 $
(Loss)/profit from continuing operations after income tax expense	(739,017)	1,083,489

Earnings per Share

	Cents	Cents
Basic earnings per share	(9.71)	14.23
Diluted earnings per share	(9.71)	14.23
Share base on which above Earnings per Share calculated.	7,614,000	7,614,000

Review of Operations

The 2014 – 2015 year was difficult for Chalmers with revenues dipping from $61.8M to $60.7M. This reduction in revenue was shared across most operating areas and contributed to a loss before income tax of $952K. This result contains a provision for $357K under onerous contracts to cover future losses relating to leased warehouse space in Brisbane. The operating loss net of this provision was $595K.

The following significant factors contributed to the lower result:

- Warehouse capacity in Brisbane was significantly under-utilised with the departure of a significant client early in the year. Excess warehouse capacity in the surrounding precinct meant Chalmers was unable to replace this volume other than via short-term lower volume and lower margin business.
- Freight movements were markedly lower in Brisbane reflecting reduced import traffic but also in the area of grain and beef exports where volumes were below anticipated levels.
- The Transport sector performed comparatively well in both locations with both revenues and profit performance above that for the corresponding previous period.
- The two Container Parks experienced reduced gate moves and storage compared with last year reflecting lower levels of business activity. No major clients were lost although some anticipated incremental volume did not eventuate.
- The Brisbane Tank Wash business acquired in June 2014 required significant investment to bring the equipment to an acceptable operational performance level. The delay in offering a fully operational tank wash service resulted in higher than anticipated losses although this facility has now moved into profit.

Directors' Report

Dividends – Chalmers Limited

In respect of the current year, no interim dividend was paid (2014: $380,700 – 3 April 2014).

Directors have not recommended a final dividend out of retained profits at 30 June 2015 (2014: $190,350 – 2 October 2014).

Environmental Regulations

Chalmers Industries Pty Ltd, a wholly owned subsidiary of Chalmers Limited, is subject to environmental regulations by aspects of its road transport, bulk commodities, container/goods importation and property ownership operations and is focused on achieving and ensuring compliance with all relevant legislative requirements. Chalmers is not subject to the reporting requirements of the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007. To the best of directors' knowledge, Chalmers has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report. A Pollution Abatement Notice was received under the Environment Protection Act 1970 in respect of its Brooklyn property. Chalmers understand that a number of other entities in the area have also received similar notices. The Notice concerns airborne dust. Chalmers have progressed measures to remedy this issue.

Likely Developments

Business conditions across all sectors remain difficult. The Queensland drought and the consequent impact on grain and beef exports during the year was significant for the Queensland business of Chalmers. Queensland remains in drought and early indications suggest 2015 – 2016 will be another difficult year for primary exports. Additionally, live cattle exports are likely to lead to reduced exports of processed beef.

Grain exports in Victoria were lower than anticipated during 2014 – 2015 although indications suggest the coming year will show a marked improvement in this market where Chalmers is well poised to benefit.

The Tank Wash & Storage business is now profitable following the return of a number of Tanktainer clients and a complete refurbishment of the cleaning system. Directors anticipate strong growth in this business in the coming year.

The external warehouse costs in Brisbane were a significant drain on the business in 2014 – 2015 and a major effort has been directed towards finding a suitable large tenant for this space. Recent indications suggest a replacement tenant for this warehouse space in the near future appears likely.

The Board has been reviewing all operations of the business to both reduce cost and better utilise the current asset base. The Port of Brisbane is an excellent location from which to service Chalmers' clients but it is also an expensive footprint from which to operate. Discussions are continuing with the Port on all three Chalmers' Brisbane sites that are being reviewed for suitability and operational efficiency. Chalmers' owned location in Melbourne is well situated in terms of proximity to ports but is a high maintenance location, particularly for the Container Park. A thorough review of all aspects of Melbourne operations is well underway including the development of strategies to better realise benefit from the fixed asset base.

Capital expenditure was lower in 2014 – 2015 than previous years and this trend will continue in 2015 – 2016. Only areas of critical importance will be considered for capital expenditure.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the end of the Financial Year

At the date of this report, there is no matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

(a) the operations in financial years subsequent to 30 June 2015 of the consolidated entity constituted by Chalmers Limited and the entities it controls from time to time; or

(b) the operational results; or

(c) the state of affairs of the consolidated entity in financial years subsequent to 30 June 2015.

Directors' Report

Information on Directors'

Director qualifications, experience and special responsibilities held in Parent Entity

Shares held in Chalmers Limited by Director or Director-related Entity

AJ Murrowood

2,666

GAICD

- Non-executive Chairman for 3 years
- Mr Murrowood joined the Chalmers board in October 2009 as a non-executive director
- He has significant experience in manufacturing and professional/executive search and recruitment
- Mr Murrowood attended all of the year's Board meetings
- Member of the audit and remuneration committees and risk management group

GW Chalmers

1,475,000

- Mr Chalmers has worked in varied roles with Chalmers over the last 33 years and holds the executive role of director – Container Services
- Director for 25 years
- Mr Chalmers attended 12 of the year's 13 Board meetings

JP Carew

1,333

- Mr Carew joined Chalmers in 2000 with considerable experience in the industry sectors in which Chalmers operate
- Director for 8 years and appointed Managing director in November 2013
- Member of the risk management group
- Mr Carew attended all of the year's Board meetings

GD Mulligan

1,333

- Mr Mulligan has been a non-executive director for 6 years
- He has considerable expertise and experience in ports and infrastructure.
- Currently a director of Beijing Capital Waste Management NZ Limited (unlisted)
- Mr Mulligan attended all of the year's Board meetings
- Chairman of the remuneration committee and member of the audit committee

PT Brannighan

1,000

M. Mngment

- Mr Brannighan joined the Chalmers board on the 25 February 2015 as a non-executive director
- Mr Brannighan has financial expertise in a range of industries – in predominantly a financial role
- Attended all 5 of the year's board meetings to which he was entitled
- He is Chairman of the audit committee and member of the risk management group

LA Daglish

39,870

Dip Logistics Mgmt

- Mr Daglish joined the Chalmers board on 25 February 2015 as a non-executive director
- Mr Daglish has significant experience in logistics, warehousing and primary industries
- Attended all 5 of the year's board meetings to which he was entitled
- He is Chairman of the risk management group and member of the rumuneration committee

The Risk Committee is a separate function of each boardmeeting and includes all directors. The Risk Committee is separate to the risk management group chaired by LA Daglish which consists of some directors (as detailed above) and senior employees. Further information is available in the Corporate Governance Statement – section K. Risk Assessment & Management.

With the exception of GD Mulligan who was a director of Roc Oil Company Ltd, all other directors have not held directorships of listed public companies other than those listed above during the last 3 years.

Directors' Report

Company Secretary

The company secretary is JP Fedorko B.Comm (Melb), GradDip International Business (Monash), Diploma of Corporate Management (CSA/AGSM), member of Governance Institute of Australia Limited and Certified Practising Accountants Australia. He was appointed to the position of company secretary in 1997. Previous experience includes shipping, primary industry and chartered accounting.

Indemnification of Officers and Auditors

During the financial year, the company paid a premium to insure officers of the company and related bodies corporate. The officers of the company covered by the insurance policy included all directors. A confidentiality clause in the insurance policy prohibits disclosure of the sum insured, the premium paid and policy coverage details. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or related bodies corporate.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the company or any of its subsidiaries against a liability incurred as such by an auditor. During the year, the company entered into a Deed of Indemnity, Insurance and Access with each of its officers.

Audit and Remuneration Committees and Risk Management Group

Meetings of director committees of which all directors are members, were held during the year as follows.

Committee	No of meetings	Chairman
Audit	2	PT Brannighan (replaced JK Wilson)
Remuneration	2	GD Mulligan
Risk Management Group	3	LA Daglish (replaced JK Wilson)

Mr Brannighan became a member of the risk management group during the year and replaces Mr Wilson who retired on 2 July 2015 as Chairman of the audit committee.

Mr Daglish became a member and Chairman of the risk management group committee during the year replacing Mr Wilson who retired on 2 July 2015. Mr Daglish also became a member of the remuneration committee during the year.

All members attended all meetings excepting Messrs Chalmers, Wilson and Brannighan who did not attend one risk management group meeting.

The risk committee is in addition to the risk management group now chaired by Mr Daglish. The board considers matters of risk at each of the regular director meetings held to specifically deal with substantially detailed issues. Further information is available in the Corporate Governance Statement – please refer sections G. Remuneration Committee; H. Audit Committee and K. Risk Assessment & Management.

Audited Remuneration Report

The names of all key management personnel and other executives are as follows:

PT	Brannighan	Non-executive director (effective 25 February 2015)
JP	Carew	Managing director
GW	Chalmers	Container Services director
P	Cusack	Queensland Manager
LA	Daglish	Non-executive director (effective 25 February 2015)
JP	Fedorko	CFO/Company Secretary
M	Filmer	General Manager Operations Victoria
GD	Mulligan	Non-executive director
AJ	Murrowood	Non-executive Chairman
JK	Wilson	Non-executive director (retired 2 July 2015)

The remuneration committee advises the Board on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors and salaried staff. Salaried staff comprise employees from management and administration.

Principles underlying determination of remuneration

Three basic principles underlie the determination of executive remuneration:

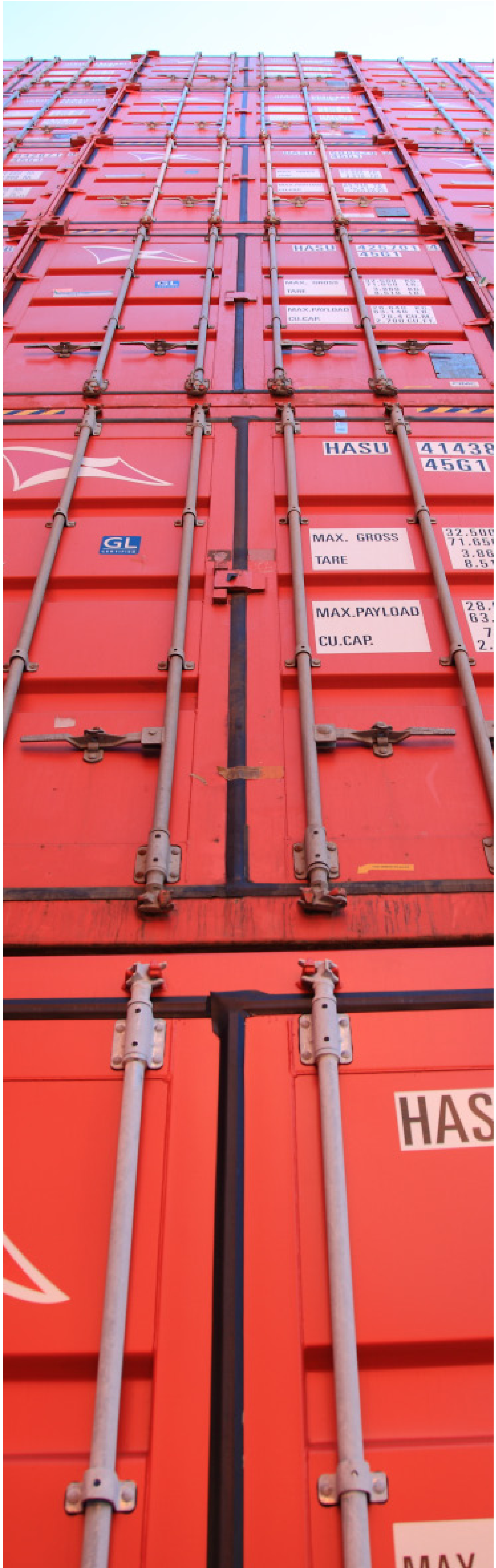
(a) the performance of the division(s) for which the executive has responsibility and/or works within;

(b) remuneration practices of the industry within which Chalmers operates, and;

(c) Australian economic conditions, particularly international trade flows.

Performance is judged on the basis of prior and current period profitability. Absolute results are considered in the light of the relative improvements made over prior periods.

Directors' Report



Audited Remuneration Report (continued)

Chalmers utilise performance bonuses as a tool of remuneration and reward. No bonuses were awarded in respect of FY15. Bonuses are mutually exclusive for each executive and for each financial year. There is no expectation nor encouragement of precedent for future decisions to award bonuses and the quantum of same in relation to each executive. Bonuses are paid on the basis of performance of the individual and the extension of the individual's performance into improvement of the operations and/or results of their division. All bonuses are discretionary with the exception of that of Mr Carew whose bonus is dependent on the level of performance over budget.

Specific factors used in assessing executive performance include:

- contributions to profitability;
- process refinement and simplification;
- teamwork;
- the acceptance and promotion of the philosophy that "the customer is king", and;
- specific capability and experience.

The nature of the industry together with Chalmers size predominantly dictate flexible short to medium term strategies. It is broadly considered that all remuneration is performance related on the basis that continued positive performance will likely be rewarded through increased remuneration. Conversely, continued under-performance may result in a decline in total remuneration and, where appropriate, counselling and possibly termination. Reference may be made to external advice in support of the determination of senior management remuneration. Reference was made to an Australian Institute of Company Directors survey in July 2014 with respect to directors' fees. No other specific advice was sought in respect of 2014-15.

The performance for the financial year ended June 2015 has seen a marked decline with a loss after tax of $739K. No dividend will be paid.

Senior management remuneration has increased by 1.22% p.a on average since 2010. The rate of remuneration growth has reduced significantly over that reported in last year's Audited Remuneration Report of 3.0%.

Directors' Report

Audited Remuneration Report (continued)

Data in respect of earnings per share, dividends, share prices and Net Tangible Assets per share, is presented below.

	2015	2014	2013	2012	2011
EPS (cents)	(9.71)	14.23	22.18	27.89	60.11
Dividends (cents) paid / to be paid					
- Interim	-	5	5	10	10
- Final	-	2.5	5	5	10
Total	-	7.5	10	15	20
Share price – June 30	$3.10	$2.66	$2.70	$3.20	$2.90
Average issued shares	7,614,000	7,614,000	7,614,000	7,614,000	5,971,250
NTA per share	$4.32	$4.43	$4.38	$4.25	$4.18
Total Dividends paid / provided in respect of the financial year ($1000s)	-	$571	$761	$1,142	$1,332

Details of Remuneration

Details of the nature and amount of each element of remuneration of the directors and other key management personnel of the company and the consolidated entity are set out below. Please note that where some components are salary sacrificed into superannuation, they are shown under the Post Employment Benefits category.

Directors' Report

Audited Remuneration Report (continued)

Directors of Chalmers Limited 2015 *(with 2014 shown in italics)*

Name	Year	Position	Short term benefits			Long Term Benefits	Post Employment Benefits	Termination Benefit	TOTAL	Proportion of remuneration that is Performance Based
			Salary & Fees	Cash Bonus	Other	LSL	Super-annuation			
JP Carew*	2015 *2014*	Managing Director	305,320 *267,797*	- -	69,239* *37,419*	4,518 *5,605*	27,311 *24,779*	- -	406,388* *335,600*	- -
GW Chalmers	2015 *2014*	Director Container Services	190,568 *185,898*	- -	34,519 *37,248*	4,546 *5,038*	26,662 *26,160*	- -	256,295 *254,344*	- -
AJ Murrowood	2015 *2014*	Chairman non-exec	65,000 *60,000*	- -	- -	- -	6,175 *5,550*	- -	71,175 *65,550*	- -
JK Wilson****	2015 *2014*	Director non-exec	24,587 *24,636*	- -	- -	- -	40,661 *34,999*	- -	65,248 *59,635*	- -
GD Mulligan	2015 *2014*	Director non-exec	55,000 *50,000*	- -	- -	- -	5,225 *4,625*	- -	60,225 *54,625*	- -
PT Brannighan**	2015 *2014*	Director non-exec	14,466 -	- -	- -	- -	1,374 -	- -	15,840 -	- -
LA Daglish**	2015 *2014*	Director non-exec	14,466 -	- -	- -	- -	1,374 -	- -	15,840 -	- -
GF Birch***	2015 *2014*	CEO/ Director	- *116,825*	- -	- *22,681*	- -	- *18,347*	- -	- *506,653*	- -
TOTAL 2015			669,407	-	103,758	9,064	108,782	-	891,011	-
TOTAL 2014			*705,156*	-	*97,348*	*10,643*	*114,460*	*348,800*	*1,276,407*	-

** Mr Carew's appointment as Managing director in November 2013 required his relocation from Brisbane to Melbourne. He initially secured temporary accommodation with a view to establishing permanent family residence in Melbourne within 12 months of his appointment. However, this did not transpire due to family health reasons. The company has paid a Living Away From Home allowance (included as part of "Short Term Remuneration – Other" above) for the whole year of $46K in comparison with $25K for the last eight months of last year. Directors considered it appropriate to continue to support Mr Carew in the circumstances. The ongoing and increased nature of the LAFHA underscores a significant part of the stated "remuneration" as defined by Corporations Law. However, the real intent of the Allowance is to provide support for Mr Carew's living expenses. Furthermore, any comparison of remuneration, as given above, requires consideration of the periods of time covered – 2014-15 represented a full 12 months of remuneration as Managing director in contrast to the 8 months in 2013-14.*

*** Messrs Brannighan and Daglish were appointed to the board on 25 February 2015.*

**** GF Birch ceased as CEO on 31 October 2013.*

***** JK Wilson ceased as director on 2 July 2015.*

Directors' **Report**

Audited Remuneration Report (continued)

Other Key Management Personnel of the consolidated entity 2015 *(with 2014 shown in italics)*

Name	Year	Position	Short term benefits			Long Term Benefits	Post Employment Benefits	Termination Benefit	TOTAL	Proportion of remuneration that is Performance Based
			Salary & Fees	Cash Bonus	Other	LSL	Super-annuation			
JP Fedorko	2015 *2014*	CFO/ Company Secretary	185,208 *204,128*	- *10,000*	16,000 *16,000*	7,206 *5,973*	34,137 *25,973*	- *-*	242,551 *262,074*	- *4%*
M Filmer	2015 *2014*	GM Operations VIC	174,841 *174,281*	- *-*	20,000 *20,000*	1,335 *1,428*	16,610 *16,121*	- *-*	212,786 *211,830*	- *-*
P Cusack	2015 *2014*	QLD Manager	156,656 *140,855*	- *-*	17,727 *16,970*	2,905 *7,526*	34,969 *36,473*	- *-*	212,257 *201,824*	- *-*
TOTAL 2015			516,705	-	53,727	11,446	85,716	-	667,594	-
TOTAL 2014			*519,264*	*10,000*	*52,970*	*14,927*	*78,567*	*-*	*675,728*	*1.5%*

All non-director executives are employed by Chalmers Industries Pty Ltd. There are no share-based payments in respect of directors and key management personnel.

Retirement benefits have been previously provided for in respect of directors. This provision totals $207,100 and consists of $130,800 for Mr Wilson and $76,300 for Mr Chalmers.

Remuneration and other terms of employment for Messrs Carew, Cusack, Fedorko and Filmer are formalised under service agreements. All these agreements are ever-green. Mr Chalmers does not have a service agreement. Termination of employment by the employer of either Messrs Carew, Cusack or Fedorko requires notice of six months or payment in substitution of all or part of the period in lieu of notice. Mr Filmer's contract termination requires 2 week's notice. Some remuneration components have been salary sacrificed into superannuation, and as such are shown under Post-Employment Benefits – Superannuation. There are no guaranteed pay increases in any of the above service agreements.

Chalmers received 91.3% "yes" votes, on the basis of shares held, on its remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The number of shares in the company held during the financial year by each director and key management personnel of Chalmers are as follows:

	Balance at start of year	Movement/ Recognition	Balance at end of year
GW Chalmers	1,475,000	-	1,475,000
LA Daglish *	-	39,870	39,870
JK Wilson **	16,000	-	16,000
AJ Murrowood	2,666	-	2,666
JP Carew	1,333	-	1,333
GD Mulligan	1,333	-	1,333
PT Brannighan *	-	1,000	1,000

* Became directors on 25 February 2015.
** Ceased as director 2 July 2015

This marks the end of the Audited Remuneration Report.

Directors' Report

Retirement, Election and Continuation in office of Directors

Messrs Murrowood and Mulligan retire by rotation in accordance with the Articles of Association and the Australian Securities Exchange Listing Rules and being eligible, offer themselves for re-election.

Messrs Brannighan and Daglish were appointed to the board on 25 February 2015 and as such, their appointments are required by Corporations Law to be confirmed at the forthcoming Annual General Meeting.

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience are important.

The following fees were paid/payable to the external auditors during the year ended 30 June 2015:

	Consolidated 2015 $	2014 $
Amounts paid/payable to Grant Thornton for audit and review work under Corporations Act 2001:		
Auditing or reviewing the financial report	85,000	81,500
Taxation compliance	13,500	13,500
Other Services		
– prepare indicative fair market valuation	25,048	-
– review proposed asset acquisition	-	11,150
Total paid or payable	123,548	106,150

In accordance with advice received from the audit committee, the Board of directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board have reached this conclusion for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor

Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

Signed at Yarraville on 4th September 2015
in accordance with a resolution of the directors.

.... Chairman
A Murrowood

.... Director
J Carew

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Chalmers Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Chalmers Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 4 September 2015

Corporate **Governance Statement**

A summary of Chalmers Limited main corporate governance practices, at at 30 June 2015, is provided below.

Broadly speaking, corporate governance revolves around the creation and ongoing implementation of core values to underscore the company's activities so that the virtues of transparency, probity and accountability prevail.

Unless otherwise stated, these practices were in place for the entire year.

A. The Board of directors

The Board has a broad range of management, financial and other skills, experience and expertise to meet its responsibilities. Details of Board composition and each director's background, are provided as part of the Information on directors section in the Directors' Report.

The role and responsibilities of the Board are formalised in a Charter which in summary include:

- Overviewing and fine-tuning the ultimate direction of the Chalmers enterprise as put forward by senior management
- Ensuring the appropriateness of risk management & internal compliance & control systems, codes of conduct & legal compliance
- Monitoring the enterprise through appropriate reporting
- Promotion of adherence to corporate governance principles for both internal and external stakeholders
- Review and approval of major capital expenditure
- Appointment and review of the MD
- Endorsement of the appointment or removal of the Company Secretary / CFO.

In parallel, senior management roles are defined formally in each manager's job description and are refined and further directed, as required, by the Board and the Managing director. These job descriptions are reviewed and updated as necessary. Senior management may be asked to attend Board meetings and are also available for discussions with directors at any time.

The Board of directors assumes responsibility for corporate governance and operates in accordance with the following broad principles:

- The Board should comprise between three and six members
- Non-executive directors should number at least two of the total Board composition
- Each member needs to hold at least 1000 shares as a qualification to membership
- Up to one-third of directors (excluding directors filling a casual vacancy) are required to retire at each AGM.

There are currently six directors on the Board – four non-executive independent directors and two executive directors. This compliment increased in February 2015 when two new non-executive directors were elected to the Board – Messrs Brannighan and Daglish. Mr Wilson retired from the Board and all other positions within the Company on 2 July 2015.

The company's constitution currently allows up to seven directors to be appointed to the Board. There is currently no intention by the Board to appoint another director. However, this will be kept under review. At the company's 2014 AGM, shareholders approved a declaration that there were no vacant board positions.

To assist in carrying out its responsibilities, the Board has established remuneration, audit, risk / corporate governance committees which each have their charter setting out the authority delegated by the Board and detailing the manner in which the committees are to function. The committees allow each series of matters to be dealt with effectively and separately from the conduct of regular Board meetings.

New directors are inducted into their role on the same basis as any new employee with required sign-offs on corporate policies and other similar matters together with director-specific induction in respect of Corporations Law and the duties and responsibilities of directors.

B. Chairman

The Chairman of the board is a non-executive director who is elected annually by the Board. The Chairman's role includes:

- Leading the Board's strategy for the overall management of the enterprise
- Briefing of all directors in relation to issues arising at Board meetings
- Ensuring that the Board meets at regular intervals throughout the year and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual directors
- Guiding the agenda and conduct of all Board meetings.

Corporate **Governance Statement**

C. Review of Board performance

The Board is responsible for reviewing its own performance, as well as the performance of individual directors and executive management.

Evaluation of Board performance was carried out in 2004 and looked at the performance of the Board as a whole and the contribution of each director to Board performance. It focused on such aspects as commercial acumen, judgment in decision making and willingness to challenge management. The evaluation process was developed according to requirements of Chalmers and principles of good corporate management in order to provide the Board with a formal assessment of Board operations and activities. Since that time, there have been a number of changes to Board composition with only one director, Mr Chalmers, remaining on the Board since that evaluation. Another evaluation of board performance will be forthcoming.

The performance of executive directors is reviewable by the Board on an ongoing basis.

The performance of non-executive directors is reviewable by the Chairman on an ongoing basis. Any director whose performance is considered unsatisfactory may be asked to resign.

D. Nomination and appointment of new directors

The Board considers the benefits of additional non-executive directors by reference to specific individuals on an on-going basis. Review includes assessment against a number of criteria including background, experience, industry & professional skills, personal qualities, the degree of augmentation and/or new skills that potential directors may bring.

Messrs Brannighan and Daglish were appointed to the Board in February 2015. Both were well known to some of the Board prior to their appointment and were scrutinized by a Nomination Committee consisting of Messrs Murrowood and Mulligan.

E. Director independence

An "independent" director is broadly considered to be one that is independent of management and free from any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment.

Prima facie, independence will be challenged if there is a business or other relationship with Chalmers, either directly or as a shareholder or officer of an entity that has an interest or business relationship with Chalmers.

Independence is considered to be challenged in the following scenarios:

(a) holding / having recently held an executive management position at Chalmers

(b) being a substantial shareholder of Chalmers, directly or indirectly

(c) being / having been in the last two years, a senior executive of, or the direct provider of consulting / audit services to; a supplier to; or a customer of, Chalmers, in a substantial manner

(d) being a member of the Board for a period in excess of 10 years which, having regard to all the circumstances could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Chalmers

(e) having an interest or business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Chalmers.

Materiality is assessed on a case-by-case basis by reference to each director's individual circumstances.

It is the Board's view that its non-executive directors are independent. Specifically, Messrs Murrowood and Mulligan joined the Board in 2009. The two new directors, Messrs Brannighan and Daglish, joined the board early 2015.

F. Board access to information and advice

All directors have unrestricted access to company records and information and receive regular detailed financial and operational reports from senior management.

Non-executive directors have direct access to Chalmers employees without reference to the executive directors.

Directors have the right, in connection with their duties and responsibilities as directors, to seek professional independent advice which is of reasonable cost. These costs are reimbursable by the company.

G. Remuneration Committee

The remuneration committee consists of the following directors: GD Mulligan – chairman, AJ Murrowood and LA Daglish. (All non-executive)

The remuneration committee considers recommendations on remuneration packages and other terms of employment for executive and non-executive directors and salaried personnel. Remuneration and other terms of employment are reviewed at least annually by the committee having regard to performance, relevant comparative information and where necessary, independent advice.

Corporate **Governance Statement**

G. Remuneration Committee (continued)

The committee recognises remuneration should also be linked to the company's profitability and with respect to each divisional manager, divisional performance and profitability, and conducts reviews with this tenant firmly in mind. As well as a base salary, remuneration packages currently include superannuation, retirement/termination entitlements and fringe benefits.

Committee membership was changed in April 2015.

Remuneration consultants have not been engaged at any time during the financial year.

Director remuneration is currently set at:

Chairman	$71,175
Non-executive directors	$60,225
Executive directors	$32,850

Further information in respect of director and executive remuneration is contained in the Directors' Report and notes 22 and 23 in the notes to the Financial Statements.

Assessment and review of management and support staff is guided by a common set of principles and approach which allows ample scope to tailor assessment to divisional goals and requirements. Equity based reward is not used as a component of any remuneration package.

H. Audit Committee

The audit committee consists of the following directors: PT Brannighan (non-executive) – chairman, AJ Murrowood (non-executive), GD Mulligan (non-executive) and JP Fedorko.

The committee was restructured in April 2015.

The main responsibilities of the audit committee are to:

- Review and report to the Board on the annual report, half year report and financial statements
- Provide assurance to the Board that it is receiving adequate, up to date and reliable information
- Assist the Board in reviewing the effectiveness of the company's internal controls
- Make appointment, removal and remuneration recommendations in respect of the external auditors and review the terms of engagement, scope and quality of the audit.

The committee also considers whether the accounting methods applied by management are consistent and comply with accounting standards and concepts. It does so by reference to the Grant Thornton partner who presents his report to the committee. Members have the option of receiving this report without the presence of the CFO. Attendance by persons other than committee members or external audit staff requires sanctioning by the committee chairman.

Whilst the committee is not comprised solely of non-executive directors, the committee can convene without the attendance of the CFO. In such circumstance, the committee will comprise three members – of all which are non-executive directors. The majority of the committee are considered to be independent. The committee is chaired by an experienced director with a substantial financial background. Committee members have the option to discuss matters directly with auditors and management without reference to executive directors. These factors provide assurance to the broad aim of safeguarding financial reporting integrity.

A corporate governance committee specifically considers and discusses issues as raised by the ASX Corporate Governance Council. Its membership and chair are the same as for the audit committee.

Attendance of the meetings of the audit and remuneration committees are detailed in the Directors' Report. No specific corporate governance meetings were conducted during the year. However, board discussion occurred in respect of corporate governance matters.

I. External Auditors

It is policy of the audit committee to appoint external auditors who demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance and existing value. In accordance with the policy, Grant Thornton were appointed as the external auditors in 2012. It is Grant Thornton's policy to rotate audit engagement directors on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 21 to the financial statements. It is policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The Grant Thornton audit partner or representative will attend the Chalmers AGM and will be available to answer shareholder questions.

J. Managing director and CFO assurance

The Managing director and the CFO provide a formal written statement to the Board each year which declare, in all material respects, that:

- the company's financial statements during and, as at the end of the financial year, present a true and fair view of Chalmers financial condition and operational results
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

K. Risk Assessment and Management

The identification and analysis of risks faced by the company in achieving its objectives is an on-going process which is part of day-to-day operations.

Divisional managers have front-line responsibility of identifying and improving the methods of control of such risks with appropriate reference to internal and external resources. One of the basic underlying philosophies of Chalmers is that divisional managers have total vertical responsibility for all aspects of their operations. All indirect functions are therefore considered to be a subset of the main focus of the business – operations.

Corporate **Governance Statement**

K. Risk Assessment and Management (continued)

The Chalmers Risk Management Responsibility Matrix articulates the responsibilities of all management by reference to human resources, business and legal risk categories. And managers are required to involve all employees in the roles of identifying and dealing with risk. Divisional managers are also encouraged to identify and assess risk factors within divisions that are not their primary responsibility.

Chalmers oversight of risk management which involves directors is formalised through two mechanisms:

- the risk management group and
- the risk committee.

(a) The risk management group

Regular meetings of senior personnel enable recommendations and any subsequent improvements to be discussed and for appropriate courses of action to be planned and implemented within delegated lines of responsibility. More specifically, all divisional managers are members of the risk management group (RMG) which is an internal forum, chaired by Mr Daglish, a non-executive director. Mr Daglish replaced Mr Wilson as chairman during the year.

The RMG's role aims to formalise, communicate and handle major risk issues across the company. This role was modified in April 2015 to give appropriate weighing to all areas of risk, whereas previously its charter was primarily focused on occupational health and safety matters with a secondary emphasis on other areas of risk throughout the company. Due regard is given to such aspects such as but not limited to, physical property risks, legal liability considerations, insurance matters, funding arrangements and costs, environmental standards, health and safety issues and contractual obligations.

Expertise, both internal and external, is drawn upon in the assessment and management of risks. Reference can be made to such sources as employee committees, operations meetings, legal and marketing resources, documented guidelines, procedures and work instructions and professional bodies of which the company is a member.

Mr Daglish, as chairman of the RMG, reports to the risk committee (refer below) on developments of concern and/or interest in respect of the group's deliberations. Such reporting includes on-going assessment of the effectiveness of the company's management of material risks.

The National Human Resources and Safety manager fulfills coordinating and secretarial roles for the RMG.

Weekly operational bulletins are submitted to the Managing director by divisional managers. These are also distributed to all directors, as required. This provides a "canvas" of the current major events and issues in each division.

(b) The risk committee

The risk committee is a board committee consisting of all the directors of Chalmers Limited and the company secretary. It is a sub-set of all boardmeetings and as such is chaired by Mr Murrowood. Its primary focus is on occupational health and safety matters together with the report by the chair of the risk management group, Mr Daglish. Further matter are discussed and resolved, as required. The risk committee reviewed the framework within which it and the RMG operate during 2015 and concluded that the framework was operating effectively. The committee's charter is:

- provide direction and 'set the tone' of the whole of Chalmers in respect of risk and governance consistent with AS/NZS ISO 31000:2009
- establish and maintain a risk framework to ensure robust systems of control and reporting under a common set of principles
- review control structures to ensure Chalmers takes proactive steps to effectively integrate its risk systems.

It is recognised that risk is ubiquitous at all levels within Chalmers and as such its management and control is the responsibility of everyone at each of level of the organisation. In succinct terms, the RMG committee provides a "bottom-up" approach to risk and works together with the "top-down" review and management by the risk committee.

Internal Audit

Internal audit is predominantly performed as part of senior and middle management roles and more specifically, from a financial perspective, by the CFO and his reports. There is no separate internal audit function. A high level of transactional involvement by all Managers ensures exposure across many aspects of the business and this, in conjunction with a problem identification, review, resolution and improvement approach serves to test and improve the company's procedures and risk profile. That being said, it is not a linear progression – and this is demonstrated figuratively as "Today's solution may be tomorrow's problem". This tenant underscores the ongoing challenging of people, processes and overall risk profiles.

Material exposure to economic, environmental and social sustainability risks

The primary risks which can have a material effect on the company are as follows:

- Consumer confidence, economic flows and more specifically tradeflows
- The variability of commodity markets and global weather patterns given the company's involvement in primary industry
- Market power and changing nature of competition – both direct and indirect
- Cost of infrastructure.

A key tenant of Chalmers is to be able to respond quickly to changing circumstances – to effectively deal with situations as they arise whilst, all the while, maintaining a close watch on industry players and their positioning - and to use its reputation as a customer-centric provider to succeed when other like-operators fail to deliver on their service offering. The assists in dealing with the third point above. However, in respect of the first two points, there is little one can affect other than dealing with the opportunity or threat as promptly as possible. The final point, cost of infrastructure, is monitored with a view to seeking alternatives in the medium term given the fixed nature and long leadtimes involved with infrastructure.

Corporate **Governance Statement**

L. Diversity

The promotion of gender diversity is considered a laudable aim within Chalmers and positive bias is promoted in selection and advancement of employees whenever possible. It should be noted that the industries within which Chalmers operate are traditionally male-dominated. Nevertheless, employment of women, given appropriate skills and experience, is encouraged – particularly at the "coal-face" – eg trucks drivers and forklift handler operators.

There are currently no specific objectives for the employment of women.

The gender proportions at the end of the year are as follows:

Broad Job Category	Females	Males
Board	0%	100%
Managers	18%	82%
Administration	58%	42%
Service	1%	99%
Total Company	16%	86%

M. Ethical Standards and Legal Compliance

Chalmers Code of Conduct defines how the company conducts its business and manages and treats its customers and colleagues. It conveys a commitment to upholding the highest standards of integrity, honesty and ethical behaviour in all interactions and applies to all employees including volunteers, directors, officers, managers, supervisors/leading hands and other employees. Each person is required to bring any potential breaches to the attention of their Manager. All suspected instances of non-compliance are investigated and may involve disciplinary action and/or termination of employment. The Code addresses each of the following:

- Workplace Behaviour and Personal Conduct
- Conflict of Interest
- Gifts and Hospitality
- Functions & Entertainment
- Company Assets
- Confidentiality
- Media and Advertising
- Business Records
- Licences/MSIC
- Fit for Duty (Drug & Alcohol)
- Dress Standards
- Technology and Social Media
- Health and Safety
- Upon Leaving Chalmers
- False or Misleading Claims or Complaints

Furthermore, additional policies are implemented on the company's behalf in respect of such matters as occupational health and safety, equal employment opportunity and harassment.

Senior manager responsibility in respect of legal compliance is also formalised by a written Compliance Officer statement which assigns primary responsibility for statutory and contractual obligations to specific managers. A number of broad areas of responsibility are defined and include corporations law, health safety and environment, trade practices and roads/traffic/mass management. The Compliance Officer statement aims to provide a structure with which Chalmers can move to satisfy itself as to statutory and contractual compliance.

N. Continuous Disclosure

The company secretary is the person primarily responsible for communications with the ASX. He is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and coordinating disclosure to appropriate parties. The company's information disclosure policy apprises staff of their obligations regarding continuous disclosure of information where such information, in a reasonable person's view, would be expected to have a material effect on the company's share price.

Chalmers disseminates information on its web site:
www.chalmers.net.au

All information provided to the ASX is promptly referenced on the company's web site. Additional information is provided on the web for the benefit of all stakeholders. Any subsequent changes to this Corporate Governance Statement are made available on the company's website.

All shareholders are welcome to participate in the AGM which is held at its registered office only a few kilometres from Melbourne.

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Chalmers Limited

Report on the financial report

We have audited the accompanying financial report of Chalmers Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Chalmers Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 5 to 9 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Chalmers Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 4 September 2015

Directors' **Declaration**

The directors of the company declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and accompanying notes, are in accordance with the Corporations Act 2001, and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2015, and of the performance for the year ended on that date of the consolidated entity.
2. Chalmers has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included on pages 5 to 9 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2015, comply with section 300A of the Corporations Act 2001.
5. The directors have been given the declaration by the Managing director and chief financial officer required by section 295A.

Signed at Yarraville on 4th September 2015

in accordance with a resolution of the directors.

A Murrowood
.... Chairman
A Murrowood

J P Carew
.... Director
J Carew

Statement of Profit or Loss
& Other Comprehensive Income
for the year ended 30 June 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
Revenue from continuing operations	2	60,745,790	61,842,705
Other Income	3	38,738	374,967
Employee benefits expense		(25,579,499)	(25,162,811)
Property expense		(10,031,496)	(8,480,539)
Vehicle and equipment expense		(8,540,486)	(8,867,674)
Other expense		(5,376,209)	(5,228,042)
Subcontractor expense		(4,654,908)	(5,569,471)
Depreciation and amortisation expense	3	(3,868,966)	(3,351,567)
Materials expense		(3,102,435)	(3,319,913)
Finance costs	3	(582,836)	(660,047)
(Loss)/profit from continuing operations before income tax expense		(952,307)	1,577,608
Income tax benefit (expense)	4	213,290	(494,119)
(Loss)/profit for the year		(739,017)	1,083,489
Total comprehensive income for the year attributable to owners of the parent entity		(739,017)	1,083,489
Basic earnings per share	28	(9.71 cents)	14.23 cents
Diluted earnings per share	28	(9.71 cents)	14.23 cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of **Financial Position**
as at 30 June 2015

		Consolidated	
		2015	2014
	Notes	$	$
CURRENT ASSETS			
Cash and cash equivalents	5, 29	1,059,950	1,854,071
Trade and other receivables	6, 29	9,775,987	10,047,877
Inventories	7	602,474	686,577
Current tax assets	12	307,999	82,179
		11,746,410	12,670,704
NON-CURRENT ASSETS			
Property, plant & equipment	8	38,913,087	40,315,973
Intangible assets	9	184,972	301,293
Deferred tax assets	15	128,796	-
		39,226,855	40,617,266
TOTAL ASSETS		**50,973,265**	**53,287,970**
CURRENT LIABILITIES			
Trade and other payables	10, 29	4,065,924	4,011,250
Borrowings	11, 29	2,529,956	3,107,136
Provisions	13	3,296,712	2,691,613
		9,892,592	9,809,999
NON-CURRENT LIABILITIES			
Borrowings	14, 29	7,783,269	9,136,054
Deferred tax liabilities	15	-	68,632
Provisions	16	210,561	257,075
		7,993,830	9,461,761
TOTAL LIABILITIES		**17,886,422**	**19,271,760**
NET ASSETS		**33,086,843**	**34,016,210**
EQUITY			
Contributed equity	17, 30	8,225,847	8,225,847
Retained earnings		24,860,996	25,790,363
TOTAL EQUITY		**33,086,843**	**34,016,210**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of **Changes in Equity**
for the year ended 30 June 2015

	Attributable to owners of Chalmers Limited				
	Contributed equity $	Retained earnings $	Total $	Non-controlling interest $	Total equity $
CONSOLIDATED 2015					
Balance at 1 July 2014	8,225,847	25,790,363	34,016,210	-	34,016,210
Net (loss) for the year	-	(739,017)	(739,017)	-	(739,017)
Total comprehensive income for the year	-	(739,017)	(739,017)	-	(739,017)
Transactions with owners in their capacity as owners: Dividends provided for or paid	-	(190,350)	(190,350)	-	(190,350)
Balance at 30 June 2015	**8,225,847**	**24,860,996**	**33,086,843**	**-**	**33,086,843**
CONSOLIDATED 2014					
Balance at 1 July 2013	8,225,847	25,468,274	33,694,121	-	33,694,121
Net profit for the year	-	1,083,489	1,083,489	-	1,083,489
Total comprehensive income for the year	-	1,083,489	1,083,489	-	1,083,489
Transactions with owners in their capacity as owners: Dividends provided for or paid	-	(761,400)	(761,400)	-	(761,400)
Balance at 30 June 2014	**8,225,847**	**25,790,363**	**34,016,210**	**-**	**34,016,210**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of **Cash Flows**
for the year ended 30 June 2015

	Notes	Consolidated 2015 Inflows (Outflows) $	Consolidated 2014 Inflows (Outflows) $
Cash flows from operating activities			
Receipts from customers (inc GST)		66,665,353	67,765,127
Payments to suppliers & employees (inc GST)		(62,258,168)	(62,094,503)
		4,407,185	5,670,624
Interest received		22,017	157,355
Borrowing costs		(583,079)	(645,727)
Income taxes paid		(208,907)	(689,203)
Net cash inflow from operating activities	26	3,637,216	4,493,049
Cashflows from investing activities			
Payments for property, plant and equipment and intangible assets		(1,360,322)	(1,213,164)
Payments for assets acquired as part of business acquisition		-	(2,213,350)
Proceeds from sale of property, plant and equipment		165,886	987,727
Net cash (outflow) from investing activities		(1,194,436)	(2,438,787)
Cash flows from financing activities			
Finance lease payments		(3,046,551)	(2,781,266)
Dividends paid		(190,350)	(761,400)
Net cash (outflow) from financing activities		(3,236,901)	(3,542,666)
Net (decrease) in cash and cash equivalents		(794,121)	(1,488,404)
Cash and cash equivalents at the beginning of the year		1,854,071	3,342,475
Cash and cash equivalents at the end of the financial year	5	1,059,950	1,854,071

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity consisting of Chalmers Limited and its subsidiaries (forthwith referred to as "Chalmers").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS
The financial statements of Chalmers also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by Chalmers Limited ("Parent Entity") as at 30 June 2015. Chalmers Limited together with its subsidiaries is the consolidated entity referred to in these financial statements. The effects of all transactions between entities in the consolidated entity are eliminated.

Subsidiaries are all entities (including structured entities) over which Chalmers has control. Chalmers controls an entity when Chalmers is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Chalmers. They are deconsolidated from the date that control ceases. There are no such subsidiaries within Chalmers.

Intercompany transactions, balances and unrealised gains on transactions between Chalmers companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Chalmers.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any provision for impairment in the Parent Entity information note 30.

(d) Property plant and equipment

Land and buildings, motor vehicles, furniture and equipment and plant and equipment are recorded at cost less accumulated depreciation with impairment testing conducted, as required, at the end of each reporting period. Where impairment exists, and cost is above the recoverable amount (higher of fair value net of selling costs or value-in-use) the difference will be debited to the profit or loss (refer 1(m)).

Land is not depreciated. Depreciation is calculated at straight line excepting some motor vehicles which are on a diminishing basis, so as to write off the net cost of each item of property, plant and equipment over its expected useful life. Leasehold improvements depreciation is based over the term of the lease. Estimates of remaining useful lives and residual values are made on a regular basis for all assets, with annual reassessments for major items.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

The expected useful lives are as follows:

Buildings	20	-	50 years
Motor vehicles	5	-	15 years
Furniture and equipment	3	-	13 years
Plant and equipment	3	-	15 years

(e) Leases

Leases of property, plant and equipment where Chalmers has substantially all the risks and rewards of ownership are classified as finance leases. These are also referred to in this Annual Report as hire purchases/chattel mortgage agreements. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased item and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short and long term borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting estimates and judgements

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

Unrecognised tax losses
The company has unused tax losses of a capital nature, for which no deferred tax asset has been recognised in the financial statements. Management believes that these do not meet the recognition requirement for deferred tax assets contained in AASB 112 Income Taxes, as it is not believed probable that future taxable profits of a capital nature will be available against which to apply the losses. Under current taxation law, capital losses can only be applied against capital gains. Refer to note 4(b).

Onerous Contracts
Where the estimated unavoidable costs of meeting an obligation exceeds the economic benefits derived, an onerous provision is required to be recognised. At balance date, warehouse capacity in Brisbane was under-utilised due to the departure of a customer during the current financial year. The determination of whether a lease contact is onerous requires an estimation of the expected economic benefits and unavoidable costs of meeting the obligations under the contract. Directors have, on the basis of indicative information, assessed that there is a likelihood that either the lease will be reassigned or excess capacity will be utilised within 3 months of balance date. Refer note 13.

(g) Inventories

Inventories which consist of fuel, spare parts, containers, engineering materials and container materials, are stated at the lower of cost or net realisable value. Cost is generally determined on a "first-in-first-out" basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer note 4(b).

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Chalmers Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation.

The head entity, Chalmers Limited, and the subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Chalmers Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in Chalmers. Details of the tax funding agreement are disclosed in note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled including on-costs.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected accrued benefit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The obligation are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Employee payroll on-costs

Employee payroll on-costs are recognised and included as part of employee benefit provision.

(j) Retirement benefit obligations

Employee superannuation contributions made by Chalmers in order to provide retirement, disability or death benefits for employees and their dependents, are charged to the profit or loss as incurred. References to "employees" encompass directors.

(k) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(l) Earnings per share

Basic earning per share is determined by dividing net profit after income tax attributable to owners of Chalmers Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At the end of each reporting period Chalmers assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit and loss where the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value net of selling costs and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(n) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

(o) Trade and other payables

These amounts represent unpaid liabilities for goods and services provided to Chalmers prior to the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, duties and taxes paid.

Chalmers recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to Chalmers and, when specific criteria have been met for each type of activity described below. Revenue is not considered to be reliably measurable until all contingencies relating to the service have been resolved. Chalmers bases its estimates on historical results, taking into consideration the type of customer and transaction and the specifics of each arrangement.

Revenue is recognised for major business activities as follows:

(i) Transport

Transport revenue is recognised on an accrual basis, as and when the delivery is performed.

(ii) Containers

Container revenue is recognised on an accrual basis, as and when the service is provided.

(iii) Interest Income

Interest income is recognised on a time proportionate basis using the effective interest rate.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(q) Dividends

Provision is only made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at the end of the financial year. Refer note 18.

(r) Trade Receivables

All trade receivables are recognised at the amounts receivable and are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for doubtful debts is established where there is objective evidence that Chalmers will not be able to collect all amounts due.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Trade Receivables (continued)

The amount of the allowance for doubtful debts is recognised in the Statement of Profit and Loss and Other Comprehensive Income as part of "Other Expenses". When a trade receivable for which an allowance for doubtful debts had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against Other Expenses in the Statement of Profit and Loss and Other Comprehensive Income.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid in the establishment of loan facilities, which are not incremental costs relating to the draw-down of the facility, are written off at the time they are paid.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid, is recognised in Other Expenses.

All borrowings are classified as current liabilities unless Chalmers has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the lesser of, the unexpired period of the lease or the estimated useful life of the improvement.

(u) Repairs and maintenance

Chalmers equipment is required to be maintained on a regular basis. This is managed as part of ongoing maintenance programs. The costs of maintenance are charged as expenses as incurred, except where they relate to improvement of an asset, in which case costs are capitalised and depreciated in accordance with note 1(d). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(v) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. Chalmers assessment of the impact of these new standards and interpretations is set out below.

AASB 9 financial Instruments (December 2010) (effective from 1 January 2018)
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are:

(i) Financial assets that are instruments will be classified on (1) the objective of Chalmers Business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(ii) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit and loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument

(iii) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(iv) the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Consequential amendments arising from AASB 9 are contained in various other accounting standards

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017)
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction contracts and some revenue related interpretations:

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New accounting standards and interpretations not yet adopted (continued)

The main changes are:

(i) establishes a new revenue recognition model.

(ii) changes the basis for deciding whether revenue is to be recognised over time or at a point in time

(iii) provides new and more detailed guidance on specific topics

(iv) expands and improves disclosure about revenue

(It is noted that the IASB & AASB have recently issued Exposure drafts, proposing to defer the effective date to 1 January 2018)

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(w) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risk and returns that are different to those of other business segments. Refer note 25.

Chalmers operates within one geographical area – Australia.

(x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If Chalmers reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(y) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST receivable or payable. The net GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis in the Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow, included in receipts from customers or payments to suppliers, as appropriate.

(z) Financial Instruments

Recognition and derecognition
All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which Chalmers commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Regular purchases and sales of financial assets and financial liabilities are recognised on trade date - the date on which Chalmers commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Chalmers has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Non-current loans and receivables include loans due from related parties repayable within 365 days of the end of the reporting date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited on initial recognition to the investment account.

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in the profit or loss.

Investments in subsidiaries
Investments in subsidiaries are accounted for in the consolidated financial statements as described in note 1(b) and in the parent entity financial information in Note 30 at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 *Consolidated and Separate Financial Statements.*

(aa) Intangible Assets

IT development and software
Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generating and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service spent on the project. Amortisation is calculated on a straight-line basis over 5 years. Refer note 9.

Notes to the **Financial Statements**

30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Business Combinations

The acquisition method of accounting is used to account for business combinations. The consideration transferred by Chalmers to obtain control of a subsidiary comprises the fair values of the assets transferred. Identifiable assets acquired in a business combination are measured at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on asset acquisition.

2. REVENUE

	Consolidated	
	2015	**2014**
	$	**$**
Revenue from continuing operations		
Services	60,723,773	61,703,574
Other revenue		
Interest	22,017	139,131
	60,745,790	61,842,705

Notes to the **Financial Statements**

30 June 2015

3. PROFIT FROM CONTINUING OPERATIONS

Other Income and Expenses

Profit/(loss) from continuing activities before income tax includes the following other income and expenses:

	Consolidated	
	2015	2014
	$	$
Other Income		
Net gain/(loss) on disposal of non-current assets	38,738	(87,193)
Gain on asset acquisition (note 24)	-	462,160
Total other income	38,738	374,967
Expenses		
Depreciation & Amortisation		
Buildings	824,813	571,456
Plant and equipment	2,927,832	2,671,290
Software	116,321	108,821
	3,868,966	3,351,567
Other charges against assets		
Bad and doubtful debts – trade debtors	15,420	8,943
Total depreciation and other charges against assets	3,884,386	3,360,510
Finance Costs		
Interest paid/payable to other persons and/or corporations	144,270	189,512
Finance charges relating to hire purchase/chattel mortgage contracts	438,566	470,535
	582,836	660,047
Operating lease rental expense	10,263,812	9,158,278
Superannuation contribution expense	1,385,900	1,281,691

Notes to the **Financial Statements**
30 June 2015

4. INCOME TAX

	Consolidated	
	2015	**2014**
	$	**$**
(a) Reconciliation of income tax expense to prima facie tax payable		
(Loss)/profit from continuing operations before income tax expense	(952,307)	1,577,608
Income tax calculated at 30% (2014 – 30%)	(285,692)	473,282
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Non-deductible depreciation	48,786	55,280
Sundry items	14,330	13,835
	(222,576)	542,397
(Over)/under provision in previous year	9,286	(48,278)
Income tax (benefit)/expense	(213,290)	494,119
(b) Tax losses		
Deferred tax assets have not been recognised in the Statement of Financial Position for the following items:		
Unused tax losses – capital losses	2,057,913	2,057,913
Potential tax benefit at 30% (2014: 30%)	617,374	617,374
(c) Income Tax Expense		
Current tax	-	558,227
Deferred tax (net movement) (note 15)	(222,576)	(15,830)
(Over)/under provision in previous year	9,286	(48,278)
Income tax (benefit)/expense	(213,290)	494,119

All income tax expense is attributable to profit from continuing operations.

No deferred tax asset in respect of capital losses has been recognised in the financial statements. Management believes that these do not meet the recognition requirement for deferred tax assets contained in AASB 112 *Income Taxes*, as it is not considered probable that future taxable profits of a capital nature will be available against which to offset these losses.

Tax consolidation legislation

Chalmers Limited and its subsidiaries accounting policy on tax consolidation legislation is set out in note 1(h).

Under the terms of the tax sharing and funding agreements, the wholly-owned entities reimburse Chalmers Limited for any current income tax payable by Chalmers Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. The reimbursement amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. In the opinion of directors, the tax sharing agreement is a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of default by Chalmers Limited.

Notes to the **Financial Statements**
30 June 2015

5. CURRENT ASSETS – Cash and Cash Equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank and on hand	1,059,950	1,854,071

The above figure equals cash at the end of the financial year as shown in the Statement of Cash Flows.

Risk exposure

Chalmers exposure to interest rate risk is discussed in note 29.

6. CURRENT ASSETS – Trade and Other Receivables

Trade receivables	8,480,602	8,825,465
Less: Allowance for Doubtful Debts	-	-
	8,480,602	8,825,465
Other receivables	573,401	443,519
Prepayments	721,984	778,893
	9,775,987	10,047,877

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance for doubtful debts is recognised when there is objective evidence that a receivable is impaired. There were no doubtful debts for the consolidated group in 2015 and 2014.

Movements in doubtful debts allowances are as follows:

At 1 July	-	-
Bad debt allowance	15,420	8,943
Receivables written off during the year as uncollectible	(15,420)	(8,943)
Unused amount reversed	-	-
	-	-

The creation and release of receivables has been included in 'Other Expenses' in the Statement of Profit or Loss and Other Comprehensive Income. Amounts charged to the account are generally written off when there is no expectation of recovery.

Notes to the **Financial Statements**

30 June 2015

6. CURRENT ASSETS – Trade and Other Receivables (continued)

	Consolidated	
	2015	**2014**
	$	**$**

Past due but not impaired

As of 30 June 2015, trade receivables of $3,017,002 (2014: $3,868,339) were past due but not impaired. These relate to customers for whom there is no recent history of default and no payment terms have been negotiated.

The ageing analysis of these trade receivables is as follows:

	2015 $	2014 $
Up to 2 months	2,878,135	3,738,108
Over 2 months	138,867	130,231
	3,017,002	3,868,339

Other receivables

These amounts represent accrued operating revenue normally due no more than 30 days once invoiced.

Credit risk

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 29 for more information on Chalmers risk management policy and the credit quality of its trade receivables.

7. CURRENT ASSETS – Inventories

	2015 $	2014 $
Finished goods – at cost	602,474	686,577

Notes to the **Financial Statements**

30 June 2015

8. NON-CURRENT ASSETS – Property, plant and equipment

	Consolidated	
	2015	2014
	$	$
Land and Buildings		
Freehold land - at cost	12,320,430	12,320,430
	12,320,430	12,320,430
Building and property improvements - at cost	15,559,089	14,681,381
Less: accumulated depreciation	(4,132,889)	(3,313,755)
	11,426,200	11,367,626
Total land and buildings	23,746,630	23,688,056
Plant and Equipment		
Motor vehicles - at cost	28,615,896	27,829,878
Less: accumulated depreciation	(14,962,294)	(12,759,796)
	13,653,602	15,070,082
Furniture and equipment - at cost	5,597,211	5,262,719
Less: accumulated depreciation	(4,084,356)	(3,704,884)
	1,512,855	1,557,835
Total plant and equipment	15,166,457	16,627,917
Total property, plant and equipment	38,913,087	40,315,973

Reconciliations

Reconciliations of the consolidated carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year, are set out below:

2015	Freehold Land	Buildings & associated assets	Plant & Equipment	Total
	$	$	$	$
Carrying amount at beginning of year	12,320,430	11,367,626	16,627,917	40,315,973
Additions	-	916,027	1,560,880	2,476,907
Disposals	-	(32,640)	(94,508)	(127,148)
Depreciation/amortisation expense	-	(824,813)	(2,927,832)	(3,752,645)
Carrying amount at end of year	12,320,430	11,426,200	15,166,457	38,913,087

Notes to the **Financial Statements**

30 June 2015

8. NON-CURRENT ASSETS – Property, plant and equipment (continued)

Reconciliations (continued)

2014	Freehold Land	Buildings & associated assets	Plant & Equipment	Total
	$	$	$	$
Carrying amount at beginning of year	12,320,430	9,175,108	15,849,676	37,345,214
Additions	-	2,763,974	4,596,385	7,360,359
Disposals	-	-	(1,146,854)	(1,146,854)
Depreciation/amortisation expense	-	(571,456)	(2,671,290)	(3,242,746)
Carrying amount at end of year	12,320,430	11,367,626	16,627,917	40,315,973

9. NON-CURRENT ASSETS – Intangible Assets

	Consolidated	
	2015	2014
	$	$
Software:		
At cost	581,605	581,605
Less: accumulated amortisation and impairment	(396,633)	(280,312)
	184,972	301,293
Year ended 30 June 2015		
Balance at beginning of the year	301,293	320,114
Additions	-	90,000
Disposals	-	-
Amortisation charge	(116,321)	(108,821)
Impairment losses	-	-
Closing value at 30 June 2014	184,972	301,293

10. CURRENT LIABILITIES – Trade and Other Payables

Unsecured

Trade payables	1,677,649	1,520,929
Other payables	2,388,275	2,490,321
	4,065,924	4,011,250

Risk Exposure

Details of Chalmers exposure to risk is set out in note 29.

Notes to the **Financial Statements**
30 June 2015

11. CURRENT LIABILITIES – Borrowings

	Consolidated	
	2015	2014
	$	$
Secured		
Bank bills (note 29)	-	200,000
Hire purchase liabilities (note 20(a))	1,187,864	1,889,935
Chattel mortgages (note 20(a))	1,342,092	1,017,201
	2,529,956	3,107,136

Security

Information about the security relating to each liability is disclosed in note 14.

Risk Exposure

Details of Chalmers exposures to risks arising from current and non-current borrowings are set out in note 29.

12. CURRENT TAX

Current tax assets	307,999	82,179

13. CURRENT LIABILITIES – Provisions

Employee benefits		
Annual leave / RDOs	1,435,504	1,381,400
Long service leave	1,297,108	1,103,113
Retirement benefits	207,100	207,100
Onerous contracts	357,000	-
	3,296,712	2,691,613

Notes to the Financial Statements
30 June 2015

14. NON-CURRENT LIABILITIES – Borrowings

	Consolidated	
	2015	2014
	$	$
Secured		
Bank bills (note 29)	4,000,000	3,800,000
Hire purchase liabilities (note 20(a))	800,779	2,010,460
Chattel mortgages (note 20(a))	2,982,490	3,325,594
	7,783,269	9,136,054

Assets pledged as security

Bank overdraft and bills are secured by a first mortgage over property located at Brooklyn, a fixed and floating charge over the assets of Chalmers Industries Pty Ltd and Chalmers Limited, and a guarantee given by Chalmers Limited and Chalmers (Australia) Pty Ltd. The carrying amount of property located at Brooklyn, pledged as security for current and non-current borrowings, is $14,095,717 (2014: $13,848,927).

Hire purchase liabilities are effectively secured, as the rights to the financed assets recognised in the financial statements revert to the financier in the event of default.

Notes to the **Financial Statements**
30 June 2015

14. NON-CURRENT LIABILITIES – Borrowings (continued)

Financing Arrangements

Unrestricted access was available at the end of the reporting period to the following lines of credit.

	Consolidated	
	2015	**2014**
	$	**$**
Total Facilities		
Bank overdraft	250,000	250,000
Bank bill facility	4,000,000	4,610,000
Asset finance facility	4,000,000	4,000,000
Bank guarantee	3,582,000	3,582,000
Credit card facility	40,000	40,000
	11,872,000	12,482,000
Used at the end of the reporting period		
Bank overdraft	-	-
Bank bill facility	4,000,000	4,000,000
Asset finance facility	1,112,781	1,074,035
Bank guarantee	3,581,075	3,581,075
Credit card facility	40,000	39,000
	8,733,856	8,694,110
Unused at the end of the reporting period		
Bank overdraft	250,000	250,000
Bank bill facility	-	610,000
Asset finance facility	2,887,219	2,925,965
Bank guarantee	925	925
Credit card facility	-	1,000
	3,138,144	3,787,890

The fair values of borrowings at the end of the reporting period are the same as carrying value. Subject to the continuance of a satisfactory credit rating, finance facilities may be drawn at any time and may be terminated by the bank giving notice on the occurrence of specified events. The option of drawing and/or arranging a floating, fixed, capped or any combination thereof, interest rate structure exists on the bank bill facility.

Notes to the **Financial Statements**

30 June 2015

14. NON-CURRENT LIABILITIES – Borrowings (continued)

Movement in Total of Current & Non-current Liabilities - Borrowings

	Consolidated	
	2015	2014
	$	$
Balance of beginning of year	12,243,190	11,534,708
Add: Acquisition of plant & equipment by means of hire purchase contracts and chattel mortgages (Note 27)	1,116,586	3,489,748
Less: Repayment of Borrowings	(3,046,551)	(2,781,266)
Balance of end of year	10,313,225	12,243,190

15. DEFERRED TAXES

Deferred income tax asset/(liability)	128,796	(68,632)
The balance comprises temporary differences attributable to:		
Property, Plant and Equipment	(797,233)	(758,933)
Employee Benefits	975,675	995,242
Inventories & Prepayments	(264,240)	(249,584)
Carry forward losses	152,103	-
Other	62,491	(55,357)
	128,796	(68,632)

The above deferred tax asset/(liability) account represents the net of all deferred tax assets and liabilities.

Movements

Balance at beginning of year	(68,632)	(93,260)
Net (debited)/credited to the Statement of Comprehensive Income in respect of current year (note 4(c))	222,576	15,830
(Under)/over provision in prior year	(25,148)	8,798
Balance at end of year	128,796	(68,632)

Notes to the **Financial Statements**

30 June 2015

15. DEFERRED TAXES (continued)

2015 Movement in Deferred Tax Assets/(Liabilities)	Opening balance 1 July 2014	(Debited)/ credited to profit or loss in respect of prior year	(Debited)/ credited to profit or loss in respect of current year	Closing balance 30 June 2015
	$	$	$	$
Property, Plant and Equipment	(758,933)	(9,691)	(28,609)	(797,233)
Employee Benefits	995,242	(7,569)	(11,998)	975,675
Inventories & Prepayments	(249,584)	(2,640)	(12,016)	(264,240)
Carry Forward losses	-	-	152,103	152,103
Other	(55,357)	(5,248)	123,096	62,491
	(68,632)	(25,148)	222,576	128,796

2014 Movement in Deferred Tax Assets/(Liabilities)	Opening balance 1 July 2013	(Debited)/ credited to profit or loss in respect of prior year	(Debited)/ credited to profit or loss in respect of current year	Closing balance 30 June 2014
	$	$	$	$
Property, Plant and Equipment	(720,667)	(4,891)	(33,375)	(758,933)
Employee Benefits	939,295	(658)	56,605	995,242
Inventories & Prepayments	(251,806)	(3,841)	6,063	(249,584)
Other	(60,082)	18,191	(13,466)	(55,357)
	(93,260)	8,801	15,827	(68,632)

	Consolidated	
	2015	2014
	$	$
Timing of Net Deferred Tax Assets/(Liabilities)		
Expected to be settled within next 12 months	236,075	105,471
Expected to be settled after more than 12 months	(107,279)	(174,103)
	128,796	(68,632)

16. NON-CURRENT LIABILITIES – Provisions

Employee benefits – long service leave	210,561	257,075

Notes to the **Financial Statements**
30 June 2015

17. CONTRIBUTED EQUITY – CHALMERS LIMITED

	Parent Entity	
	2015 Shares	2014 Shares
(a) Share capital	7,614,000	7,614,000

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. The shares have no par value. Every shareholder present at a meeting either in person or by proxy, is entitled to one vote on a show of hands or one vote per share where a poll is conducted.

(c) Capital risk management

Chalmers objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Chalmers may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, Chalmers monitors capital on the basis of the gearing ratio. This ratio is calculated as Borrowings net of cash as a proportion of Equity and Borrowings net of Cash as shown in the Statement of Financial Position. During 2015, Chalmers strategy, which was unchanged from 2014, was to maintain a gearing ratio within 10% to 50%.

The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	Consolidated	
	2015	2014
	$	$
Borrowings	10,313,225	12,243,190
Less: Cash and cash equivalents	(1,059,950)	(1,854,071)
	9,253,275	10,389,119
Total equity	33,086,843	34,016,210
Borrowings	10,313,225	12,243,190
Less: Cash and cash equivalents	(1,059,950)	(1,854,071)
	42,340,118	44,405,329
Gearing Ratio	21.9%	23.4%

Notes to the Financial Statements
30 June 2015

18. DIVIDENDS

	Consolidated	
	2015	2014
	$	$
Fully franked (30% tax) final dividend 2014 of 2.5 cents paid during the reporting period (2013: 5 cents)	190,350	380,700
Fully franked (30% tax) interim dividend 2015 was not declared during the reporting period (2014: 5 cents)	-	380,700
Fully franked dividends paid during the reporting period.	190,350	761,400

(a) Dividends not recognised at the end of the reporting period
Since the end of the reporting period and in addition to the above dividends, directors have not recommended payment of a final dividend. The franked portions of the final dividends if recommended after 30 June 2015 are franked out of existing franking credits or out of franking credits arising from the payment of income tax during the year ending 30 June 2016. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2015, but not recognised as a liability at the end of the reporting period, is:

	2015	2014
	-	190,350

(b) Franking credits available for subsequent financial years based on a tax rate of 30% represent the balances of the franking accounts as at the end of the financial year, adjusted for:

(i) franking credits that will arise from the payment of current tax liability

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(iii) franking credits that may be prevented from being distributed in the subsequent financial year.

	2015	2014
	6,812,598	6,911,090

19. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2015. (2014: NIL)

Notes to the **Financial Statements**
30 June 2015

20. COMMITMENTS FOR EXPENDITURE

	Consolidated 2015 $	Consolidated 2014 $
(a) Hire purchase/chattel mortgage commitments		
The total contracted amounts are capitalised in the Statement of Financial Position in accordance with policies set out in note 1(e).		
Details of commitments are:		
Total Hire Purchase/Chattel Mortgage Liability		
Current (note 11)	2,529,956	2,907,136
Non-current (note 14)	3,783,269	5,336,054
	6,313,225	8,243,190
Hire Purchase/Chattel Mortgage Payments		
Not later than one year	2,790,675	3,289,348
Later than one year but not later than five years	3,989,767	5,728,057
Minimum payments	6,780,442	9,017,405
Less: Future finance charges	(467,217)	(774,215)
Provided for in the financial Statements	6,313,225	8,243,190
(b) Operating lease commitments		
Total contracted amount not provided for in the financial statements:		
Not later than one year	9,406,429	9,920,322
Later than one year but not later than five years	24,370,689	8,619,699
	33,777,118	18,540,021

Chalmers leases various machinery and property under non-cancellable operating leases expiring within one to five years. Leases have varying terms, escalation clauses and renewal rights. Chalmers also leases equipment on a month to month basis. Chalmers is not required to provide notice of termination for these leases.

	Consolidated 2015 $	Consolidated 2014 $
(c) Capital Commitments		
Total contracted amount not provided for in the financial statements:		
Not later than one year	-	601,095

Notes to the **Financial Statements**
30 June 2015

21. REMUNERATION OF AUDITOR

	Consolidated	
	2015	2014
	$	$
During the year, the following fees were paid or payable for services provided by the auditor of the Parent Entity and its related practices.		
(a) Assurance services		
Audit services		
Audit or review of financial statements of entities in the consolidated group	85,000	81,500
(b) Non assurance services		
Taxation compliance	13,500	13,500
Other Services		
- prepare indicative fair market valuations	25,048	-
- review proposed asset acquisition	-	11,150
	123,548	106,150

Notes to the **Financial Statements**
30 June 2015

22. KEY MANAGEMENT PERSONNEL

Details of remuneration of the persons who represent directors and key management personnel of Chalmers during the financial year are represented in the Directors' Report.

The following table summarises the remuneration of directors and key management personnel.

	Consolidated	
	2015	**2014**
	$	**$**
Short term Benefits		
Salary & Fees	1,186,112	1,224,420
Bonus	-	10,000
Other	157,485	150,318
Long term benefits		
LSL	20,510	25,570
Post-employment benefits		
Superannuation	194,498	193,027
	1,558,605	1,603,335
Termination benefits	-	348,800
	1,558,605	1,952,135

Information on the remuneration of directors is set out in the Directors' Report.

Director-related transactions with Chalmers Limited and certain of its subsidiaries are summarised as follows:

- JK Wilson was paid to chair risk management group meetings. This amount is shown as part of salaries & fees – short term employee benefits and post-employment benefits in the Audited Remuneration Report.

All director-related transactions are on normal commercial terms and conditions.

All directors received or were entitled to receive dividends from Chalmers Limited during the years ended 30 June 2015 and 2014 on shares held in the company.

There are no other related party disclosures to be made in respect of the key management personnel.

Notes to the **Financial Statements**
30 June 2015

23. RELATED PARTIES

Directors

A summary of director-related transactions is provided below. This does not include any reimbursements for costs of travel and accommodation in respect of Chalmers meetings

	Consolidated	
	2015	2014
	$	$
Summary of related party transactions with directors and their director-related entities (ex GST):		
Consultancy / Employment Services		
GF Birch (retired 31 October 2013)	-	14,123
JK Wilson	5,000	5,000
	5,000	19,123
Dividends Paid		
GW Chalmers	36,875	147,500
JK Wilson	400	1,600
AJ Murrowood	67	267
JP Carew	33	133
GD Mulligan	33	133
GF Birch (retired 31 October 2013)	-	267
PT Brannighan (commenced 25 February 2015)	-	-
LA Daglish (commenced 25 February 2015)	-	-
	37,408	149,900
Total of above		
GW Chalmers	36,875	147,500
JK Wilson	5,400	6,600
AJ Murrowood	67	267
JP Carew	33	133
GD Mulligan	33	133
GF Birch (retired 31 October 2013)	-	14,390
PT Brannighan (commenced 25 February 2015)	-	-
LA Daglish (commenced 25 February 2015)	-	-
	42,408	169,023

Notes to the **Financial Statements**
30 June 2015

24. BUSINESS COMBINATION

(a) Summary of acquisition

On 11 June 2014 Chalmers acquired 100% of Australian Terminal Services (ATS) assets and leasehold improvements. The ATS business is an ISO tanktainer and roadtanker cleaning operation which also provides repairs, handling and storage of sea-going ISO tanktainers.

This business parallels that of Chalmers existing container division.

The initial accounting for this acquisition involved identifying and determining the fair values to be assigned to the identifiable assets and liabilities and the cost of the combination. In respect of the leasehold improvements, and plant and machinery, independent valuation reports were used.

A significant part of the acquisition involved capital works such as buildings which under Australian taxation legislation treats the acquirer as the original owner for the purpose of capital works deductions in the assessment of future taxable income.

This, in combination with the fair values ascribed to this acquisition, may give rise to either a future income tax benefit or a deferred tax liability. As a result of this, provisional accounting was adopted in June 2014 in respect to tax balances associated with the acquisition.

In the current financial year, Directors advised that a deferred tax liability was not required to be recognised in respect of this acquisition as there is a good probability that the lease will be extended.

25. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of a company that are regularly reviewed by the chief operating decision makers, being the board of Chalmers Limited, in order to allocate resources to, and assess the performance of, each segment.

Transport consists of road transport, predominantly import/export FCL containers and the interface with logistics/warehousing/hubbing services.

Containers represent the empty container park operations concerned with handling, storage, repairs, upgrades, pretrips and so on of empty containers on behalf of shipping and leasing company customers and newly acquired tank services business.

Property represents the capital investment Chalmers has in freeholds located in Melbourne. The property segment charges rental on a conservative commercial arms-length basis to each of the divisional occupants.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, being the board of Chalmers Limited.

All non-current assets are located in Australia.

No single customer represents more than 10% of revenue.

Some revenue is derived from customers located overseas, predominantly shipping companies and container leasing companies.

Notes to the **Financial Statements**
30 June 2015

25. SEGMENT INFORMATION (continued)

	Transport $	Containers $	Property $	Total $
2015				
Total segment revenue	42,310,157	18,413,616	1,455,712	62,179,485
less: Inter-segment revenue			(1,455,712)	(1,455,712)
Revenue from external customers	**42,310,157**	**18,413,616**	**-**	**60,723,773**
Total segment results	**(1,171,685)**	**(581,610)**	**778,971**	**(974,324)**
Total segment assets	21,701,924	8,879,583	19,331,808	49,913,315
Unallocated assets – Cash	-	-	-	1,059,950
Total assets				**50,973,265**
Total liabilities	11,529,256	2,357,166	4,000,000	**17,886,422**
Depreciation and amortisation	2,710,652	674,162	484,152	**3,868,966**
Acquisition of property plant and equipment, intangibles and other non-current segment assets	1,146,664	1,247,394	82,849	**2,476,907**
2014				
Total segment revenue	43,181,954	18,521,620	1,505,500	63,209,074
less: Inter-segment revenue			(1,505,500)	(1,505,500)
Revenue from external customers	**43,181,954**	**18,521,620**	**-**	**61,703,574**
Total segment results	**(46,522)**	**718,903**	**766,096**	**1,438,477**
Total segment assets	22,776,803	8,473,232	20,183,864	51,433,899
Unallocated assets – Cash	-	-	-	1,854,071
Total assets				**53,287,970**
Total liabilities	13,369,041	1,902,719	4,000,000	**19,271,760**
Depreciation and amortisation	2,550,171	313,781	487,615	**3,351,567**
Acquisition of property plant and equipment, intangibles and other non-current segment assets	3,985,983	3,277,442	186,934	**7,450,359**

Notes to the **Financial Statements**

30 June 2015

25. SEGMENT INFORMATION (continued)

	Consolidated	
	2015	2014
	$	$
Reconciliation of adjusted segment revenue to revenue from continuing operations:		
Total segment revenue	62,179,485	63,209,074
Inter-segment eliminations	(1,455,712)	(1,505,500)
Interest revenue	22,017	139,131
Total revenue from continuing operations	60,745,790	61,842,705
Reconciliation of adjusted segment result to operating profit before income tax:		
Total segment results	(974,324)	1,438,477
Interest revenue	22,017	139,131
Profit/(loss) from continuing operations before income tax expense	(952,307)	1,577,608

26. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
(Loss)/profit for the year	(739,017)	1,083,489
Depreciation and amortisation	3,868,966	3,351,567
Net (profit)/loss on sale of non-current assets	(38,738)	87,193
Gain on asset acquisition	-	(462,160)
Change in operating assets and liabilities		
Decrease in trade debtors	344,863	569,768
Decrease/(increase) in inventories	84,103	(39,125)
(Increase) in deferred tax asset	(128,796)	-
(Increase) in other operating assets	(72,973)	(33,374)
Increase/(decrease) in trade creditors	156,718	(228,195)
Increase in other operating liabilities	254,957	500,346
(Decrease) in provision for income tax payable	(225,820)	(170,456)
(Decrease) in deferred tax liabilities	(68,632)	(24,628)
Increase/(decrease) in other provisions	201,585	(141,376)
Net cash inflow from operating activities	3,637,216	4,493,049

27. NON-CASH FINANCING AND INVESTING ACTIVITIES

	2015	2014
Acquisition of plant and equipment by means of hire purchase and chattel mortgage contracts	1,116,585	3,489,749

28. EARNINGS PER SHARE

	Consolidated	
	2015	2014
	$	$
Basic earnings per share (note 1(l)).	(9.71 cents)	14.23 cents
Diluted earnings per share (note 1(l)).	(9.71 cents)	14.23 cents
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share.	7,614,000	7,614,000
Reconciliations of earnings used in calculating basic earnings per share		
Profit/(loss) for the year	(739,017)	1,083,489
Earnings used in calculating basic earnings per share	(739,017)	1,083,489

29. FINANCIAL INSTRUMENTS

Chalmers activities expose it to financial risks such as credit risk, market risk and liquidity risk. The parent is not subject to any of these risks as it does not engage in transactions in its own right. The Board is responsible for Chalmers risk management strategy and management is responsible for implementing the Board's strategy and for developing policies and procedures to identify, manage and minimise risk across Chalmers operations. A risk management program focuses on the unpredictability of finance markets and seeks to minimise potential adverse effects on financial performance. Chalmers uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk. Chalmers does not use derivatives.

(a) Credit Risk

Credit risk is the risk that a party to a financial instrument will cause financial loss to Chalmers by failing to meet its contractual obligations. Chalmers has no significant concentrations of credit risk due to a large number of its customers operating in a number of industries. No particular customer or group of customers within these categories makes a proportion of total debtors that management would consider significant. There are policies in place to ensure that services are only provided to customers with an appropriate credit history. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Compliance with terms and credit limits is regularly monitored by senior management. Sales to one-off customers are required to be settled in cash or using major credit cards. Such circumstances mitigate credit risk.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets. For customers who default under the terms of agreement, Chalmers generally has a lien over the goods and any related documents until full payment is received. Cash transactions are limited to high credit quality financial institutions with a minimum independent rating of 'A'. The policies also limit the amount of credit exposure to any one financial institution.

The carrying amount of Chalmers financial assets represents the maximum credit exposure. Chalmers maximum exposure to credit risk at the end of the reporting period was:

Trade and Other receivables	9,054,003	9,268,984
Cash and cash equivalents	1,059,950	1,854,071
	10,113,953	11,123,055

Chalmers maximum exposure to credit risk for Trade Receivables at the end of the reporting period was $8,480,602 (2014: $8,825,465). The majority of exposure was attributable to customers located in Australia, and all customers were of the same type (transport or containers customers).

Notes to the **Financial Statements**
30 June 2015

29. FINANCIAL INSTRUMENTS (continued)

(b) Market Risks

(i) Cash Flow and Fair Value Interest Rate Risk
As there are no significant interest-bearing assets which Chalmers currently intends to hold beyond the medium term, income and operating cash flow are not materially exposed to changes in market interest rates.

Chalmers interest rate risk arises from borrowings. Borrowings issued at variable rates expose it to cash flow interest rate risk. The normal policy is to fix the rates for majority of its borrowings. However floating rate borrowings were maintained during the year to take advantage of declining interest rates.

Interest rate sensitivity
As at 30 June 2015, if interest rates changed by -/+100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have changed by $28,000 (2014 – $28,000 lower/higher). Equity would have changed by $28,000 (2014 - $28,000 lower/higher).

(ii) Foreign currency risk and other price risk
Chalmers has no exposure to foreign currency risk or other price risk.

(c) Interest Rate Risk Exposures

Interest rate risk exposures arise predominantly from some assets and liabilities bearing variable rates of interest. Chalmers intends to hold fixed rate assets and liabilities to maturity. Interest bearing financial assets represents cash held in bank accounts. Interest on bank accounts is earned at the standard bank rates. The weighted average interest rate earned during the year was 1.95% (2014: 3.13%).

Financial liabilities, to which an interest rate risk attaches, are represented by bank bills and hire purchase/chattel mortgage contracts. Financial liabilities in respect of hire purchase/chattel mortgage contracts are incurred for fixed terms ranging from three to five years depending on the nature of the item being financed. The weighted average cost of interest in respect of fixed term financial liabilities was 5.53% (2014: 6.06%). The weighted average cost of interest for short term floating financial liabilities that is, those incurred for periods of less than one year was 6.02%

(c) Interest Rate Risk Exposures - consolidated

			Fixed interest maturing in			
2015	**Notes**	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**Non- interest bearing**	**Total**
Financial assets						
Cash and cash equivalents	5	1,059,950	-	-	-	1,059,950
Receivables	6	-	-	-	9,054,003	9,054,003
		1,059,950	-	-	9,054,003	10,113,953
Financial liabilities						
Bank bills	11,14	4,000,000	-	-	-	4,000,000
Trade and other payables	10	-	-	-	4,065,924	4,065,924
Hire purchase/chattel liabilities	11,14	-	2,529,956	3,783,269	-	6,313,225
		4,000,000	2,529,956	3,783,269	4,065,924	14,379,149
Weighted average interest rate of financial liabilities		5.18%	6.02%	5.21%	-	-
Net financial assets (liabilities)		(2,940,050)	(2,529,956)	(3,783,269)	4,988,079	(4,265,196)

29. FINANCIAL INSTRUMENTS (continued)

(c) Interest Rate Risk Exposures - consolidated (continued)

2014	Notes	Floating interest rate	Fixed interest maturing in: 1 year or less	Fixed interest maturing in: Over 1 to 5 years	Non- interest bearing	Total
Financial assets						
Cash and cash equivalents	5	1,854,071	-	-	-	1,854,071
Receivables	6	-	-	-	9,268,984	9,268,984
		1,854,071	-	-	9,268,984	11,123,055
Financial liabilities						
Bank bills	11,14	4,000,000	-	-	-	4,000,000
Trade and other payables	10	-	-	-	4,011,250	4,011,250
Hire purchase/chattel liabilities	11,14	-	2,907,136	5,336,054	-	8,243,190
		4,000,000	2,907,136	5,336,054	4,011,250	16,254,440
Weighted average interest rate of financial liabilities		5.90%	6.68%	5.73%	-	-
Net financial assets (liabilities)		(2,145,929)	(2,907,136)	(5,336,054)	5,257,734	(5,131,385)

(d) Liquidity Risk

Liquidity risk is the risk that Chalmers will encounter difficulty in raising funds to meet its financial obligations as they fall due.

Chalmers aims to ensure it has sufficient liquidity to meet its obligations on short term and long term bases. Chalmers manages its cash position on a daily basis. If cash is not available, Chalmers will use its overdraft facility to fund short term needs. Chalmers also uses long term finance (various financiers) and bank bill facilities (Bank of Melbourne) to fund new equipment and long term projects. Details of financing facilities are included in note 14.

The following are the contractual maturities of financial liabilities for Chalmers:

2015	Carrying Amount	Contract C/Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Non-Derivative Financial Liabilities							
Trade payables	1,677,649	1,677,649	1,677,649	-	-	-	-
Bank bills	4,000,000	4,160,000	80,658	79,342	4,000,000	-	-
Hire purchase/chattel liabilities	6,313,225	6,780,442	1,501,033	1,289,643	2,026,137	1,963,629	-
Derivative Financial Liabilities							
None	-	-	-	-	-	-	-
	11,990,874	12,618,091	3,259,340	1,368,985	6,026,137	1,963,629	-

Notes to the **Financial Statements**
30 June 2015

29. FINANCIAL INSTRUMENTS (continued)

(d) Liquidity Risk (continued)

2014	Carrying Amount	Contract C/Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$	$
Non-Derivative Financial Liabilities							
Trade payables	1,520,929	1,520,929	1,520,929	-	-	-	-
Bank bills	4,000,000	4,435,288	218,718	213,803	4,002,767	-	-
Hire purchase/chattel liabilities	8,243,190	9,017,405	1,749,726	1,546,319	2,504,462	3,216,898	-
Derivative Financial Liabilities							
None	-	-	-	-	-	-	-
	13,764,119	14,973,622	3,489,373	1,760,122	6,507,229	3,216,898	-

Chalmers Limited has no financial liabilities with contractual maturities.

(e) Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of Chalmers approximates their carrying value.

30. PARENT ENTITY INFORMATION

The individual financial statements for the Parent Entity showing the following aggregate amounts:

	Parent	
	2015	2014
	$	$
Statement of Financial Position		
Current assets	7,571,918	7,566,039
Total assets	9,498,880	9,493,002
Current liabilities	206,559	200,681
Total liabilities	206,559	200,681
Shareholders Equity		
Issued capital	8,225,847	8,225,847
Retained earnings	1,066,474	1,066,474
	9,292,321	9,292,321
Statement of Comprehensive income		
Profit for the year	190,350	761,400
Other comprehensive income	-	-
Total comprehensive income	190,350	761,400

The Parent Entity has capital commitments of Nil (2014:NIL).
The Parent Entity has not yet entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

Shareholder **Information**
as at 12 August 2015

The number of shareholdings in the issued ordinary share capital are categorised as follows:

1	-	1,000	ordinary shares	87
1,001	-	5,000	ordinary shares	69
5,001	-	10,000	ordinary shares	18
10,001	-	100,000	ordinary shares	21
100,001	-	or more	ordinary shares	9
				204

Number of shareholdings of less than a marketable parcel: 23

One voting right (with no operative restriction) is attached to each ordinary share issued.

Shares held in Chalmers Limited by director or director-related entity:

GW Chalmers	1,475,000
LA Daglish	39,870
JK Wilson	16,000
AJ Murrowood	2,666
JP Carew	1,333
GD Mulligan	1,333
PT Brannighan	1,000

The twenty largest shareholders holdings hold an aggregate of 93.88% of the issued ordinary share capital of Chalmers Limited and are detailed as follows:

Name	Ordinary Shares Number Held	% of issued shares
Significant Shareholders		
Mr GW Chalmers	1,475,000	19.37%
Alljet Investments Pty Ltd	1,214,979	15.96%
Mr SA Chalmers	1,125,000	14.78%
WFDC Nominees Pty Ltd	1,050,000	13.79%
Mrs JF Chalmers	710,000	9.32%
Other Shareholders		
Angueline Investments Pty Limited	325,000	4.27%
Qube Equity Limited	311,256	4.09%
Mr C Stubbs	250,000	3.28%
G & H Handbury Foundation Pty Limited	192,416	2.53%
Mr JH Davis	100,000	1.31%
Mr AE Portbury	67,444	0.89%
Mr DS Whyte	55,000	0.72%
JP Morgan Nominees Australia Limited	43,924	0.58%
CEP Pty Ltd	40,000	0.53%
East Coast Solutions Pty Ltd	39,870	0.52%
Mr AA Weigall & Ms LE Weigall	31,722	0.42%
Mr AA Weigall & Mr AT Weeks	30,923	0.41%
Windrush Farms Pty Ltd	24,500	0.32%
Mr D Scicluna & Mr A Scicluna	20,991	0.28%
Mr SEB Evans & Mr GA Evans	20,000	0.26%
Mr N Erlich & Mr SM Erlich	20,000	0.26%
Total	7,148,025	93.88%

Shareholder **Information**
as at 12 August 2015

Chalmers Limited share registry functions are out-sourced to Link Market Services Limited.

A number of registry services are available on Link Market Services website www.linkmarketservices.com.au and include functionality which allows you to:

- Check your current and previous holding balances
- Choose your preferred annual report option
- Update your address details (for individual holders)
- Update your bank details (for individual holders)
- Confirm lodgement of your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Check transaction and distribution history
- Enter your email address
- Check the share prices and graphs
- Download a variety of instruction forms
- Subscribe to email announcements.

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname or company name and postcode.

Please bank your dividend cheques promptly as cheques that remained uncleared for a statutory period of time are required to be handed over to the State Trustee under the Unclaimed Monies Act.

Link Market Services can arrange dividends to be credited directly into any nominated bank, building society or credit union account in Australia. You can do this by using the internet as mentioned above, writing to postal address Locked Bag A14, Sydney South NSW 1235, calling Link Market Services on 1300 554 474 or faxing (02) 9287 0303.

Notes