

CHALMERS LTD – CHAIRMAN'S ADDRESS

Welcome everybody. I'm Graham Mulligan the Chairman of Chalmers Ltd.

Introducing my fellow directors: Mr Peter Brannighan the Deputy Chairman. Peter has a background in finance, property development and shipping; Mr Layton Daglish is an expert in agricultural commodity logistics both in Australia and internationally; Mr Gary Chalmers who represents the Chalmers' family interests – the largest shareholder at 57%.

Mr Kane Harnden is the CFO and Company Secretary and Mr Greg Smith is our Queensland State Manager. Mr Brad Taylor of the firm Grant Thornton is the Auditor and is also present.

You will notice the number of directors is now four down from six directors last year. – Three non-executive and one executive. Although I am currently filling the role as Executive Chairman on a temporary basis following the resignation of the Managing Director as we go through a transition phase of change. I have been on the board of five public listed companies and I can testify that this is the hardest working group of directors I have ever been part of. For that I thank my fellow directors for their hard effort and dedication to ensure this company succeeds.

Not only has the workload increased due the reduced number of directors but we are fully committed to drive up shareholder value in this company.

The financial performance for the year ended 30th June 2018 is unsatisfactory.

The transport sector we operate in is very challenging with structural changes in the industry through consolidations both with shipping lines and onshore logistics operators. The Annual Report spells out in detail these matters and I do not intend to repeat those as we have and are moving on.

In particular we have brought about management changes and are refocussing the company to provide superior service, meet the challenges of the market head-on and diversify our service products from what has been a narrow traditional focus. Trading conditions continue to be a challenge, but we are bringing about changes in order to improve our financial performance. This takes time.

Chalmers Ltd has two main components of shareholder value 1) the transport operations on one part, and 2) the Melbourne Properties on the other part.

We have been proactive in working up the recognition of the value of the land at Brooklyn and Yarraville as we have advised shareholders before.

I am pleased to announce that as a result of valuation advice just completed, the current "as is" market value of the Melbourne Properties is \$30 million on the basis of existing occupancy and up to \$40.3 million under a sale and lease back arrangement. (cf. \$20.3 million presently carried in the accounts) The potential but conservative development value of the sites, if they were re-zoned to a higher and better use including commercial/low density residential/mixed use is circa \$50 Million. This follows the identification of the Melbourne Properties as a key strategic site for renewal and planning by the Victorian Planning Authority by inclusion in the Brooklyn Business Park initiative.

Mr Peter Brannighan has led this project for Chalmers and I call on him to present more detail on this part of the business which will have a significant impact on the value of Chalmers.

G.D. Mulligan

31st October 2018.