Chalmers

CHALMERS LIMITED
ABN 34 004 471 032

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

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31 August 2010

Australian Stock Exchange
Company Announcements Platform
Electronic transmission

Results for Announcement to the Market

The directors of Chalmers Limited provide a summary of group consolidated results for the financial year ended 30 June 2010

In summary:

- Revenue rose by 7% to $ 48.4M.
- Profit before tax was $2.837M – up 11% on the previous financial year.
- Profit after tax was $2.09M and equates to earnings of 36.6 cents per share.
- Our two main operating segments both contributed to this improvement. Transport revenue and profitability increased by 12% and 10% respectively. And more importantly, the ongoing losses generated by our container segment were substantially reduced. Container revenue was marginally down on last year – however losses were significantly reduced – to $142K from last year's $756K.
- Depreciation expense increased 18% to $3.4M on the back of continued strong capital expenditure of $6.3M
- EBITDA improved over last year by 16% to $7.2M.
- EBITDA as a % of revenue was 14.9% - in comparison with last year's 13.8%.
- A fully franked final dividend of 8 cents a share has been declared and will be paid 4 October 2010
- Prospects for FY2011 look encouraging.

The Appendix 4E – Preliminary Final Report is presented below.

Yours faithfully,
J P FEDORKO
Company Secretary

Appendix 4E
Preliminary final report

1. Company details

CHALMERS LIMITED

ABN	Financial year ended ('current period')	Financial year ended ('previous period')
34 004 471 032	30 JUNE 2010	30 JUNE 2009

2. For announcement to the market

				$A'000
2.1 Revenues from continuing operations	**UP**	**7%**	**to**	**48,390**
2.2 Profit (loss) from continuing operations after tax attributable to members	**UP**	**9%**	**to**	**2,090**
2.3 Net profit (loss) for the period attributable to members	**UP**	**9%**	**to**	**2,090**

2.4 Dividends	Amount per security	Franked amount per security
Final dividend declared & payable on 4 October 2010	**8 c**	**8 c**
Interim dividend paid 1 April 2010	7c	7c

2.5 Record date for determining entitlements to the dividend	16 September 2010

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Please refer to Review of Operations at 14.2 for a detailed explanation

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3. Condensed consolidated Income Statements

	Current period - $A'000	Previous corresponding period - $A'000
Revenues from continuing operations	48,390	45,245
Expenses from continuing operations	44,593	41,922
Finance costs	960	760
Profit (loss) from continuing operations before tax	**2,837**	**2,563**
Income tax	(747)	(641)
Profit (loss) from continuing operations after tax	**2,090**	**1,922**
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	**2,090**	**1,922**
Net profit (loss) attributable to outside +equity interests	-	-
Net profit (loss) for the period attributable to members	**2,090**	**1,922**
Non-owner transaction changes in equity		
Increase in revaluation reserves	-	-
Net exchange differences recognised in equity	-	-
Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
Initial adjustments from UIG transitional provisions	-	-
Total transactions and adjustments recognised directly in equity	-	-
Total changes in equity not resulting from transactions with owners as owners	**2,090**	**1,922**

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Notes to condensed consolidated Income Statement

3.1 Revenue and expenses from continuing operations

	Current period - $A'000	Previous corresponding period - $A'000
Revenue from sales or services	48,372	45,051
Interest revenue	18	194
Other income:		
Profit on sale of non-current assets	40	78
Details of relevant expenses:		
Employee benefits	18,525	18,558
Vehicle & Equipment	6,084	6,321
Subcontractor	5,566	3,561
Property	4,817	4,197
Depreciation and amortisation	3,422	2,913
Materials	3,313	3,653
Other expenses	2,906	2,797
Finance costs	960	760

3.2 Significant features of operating performance

	Current period - $A'000	Previous corresponding period - $A'000
Revenue from continuing operations includes:		
Interest Revenue	18	194

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3.3 Extraordinary Items

N/A

3.4 Other Disclosures in accordance with AASB 101

	Current period - $A'000	Previous corresponding period - $A'000
Net gain/(loss) on disposal of non-current assets	40	78
Net increment/(decrement) arising from revaluation of non-current assets	-	-
Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets:		
- depreciation of non-current assets	3,422	2,913
- doubtful and bad debts	23	283

4. Condensed consolidated Balance Sheets

	At end of current period $A'000	As shown in last annual report $A'000
Current assets		
Cash and cash equivalents	1,080	718
Trade and other receivables	8,161	6,735
Inventories	438	415
Total current assets	**9,679**	**7,868**
Non-current assets		
Property, plant and equipment (net)	38,658	35,972
Total non-current assets	**38,658**	35,972
Total assets	**48,337**	**43,840**
Current liabilities		
Trade and other payables	3,256	3,402
Borrowings	3,390	3,290
Current tax liabilities	320	91
Provisions exc. Tax liabilities	2,615	2,433
Total current liabilities	**9,581**	**9,216**
Non current liabilities		
Borrowings	13,137	10,195
Deferred tax liabilities	13	107
Provisions exc. tax liabilities	230	237
Total non-current liabilities	**13,380**	**10,539**
Total liabilities	**22,961**	**19,755**
Net assets	**25,376**	**24,085**
Equity		
Capital/contributed equity	3,997	3,997
Retained profits / (accumulated losses)	21,379	20,088
Equity attributable to members of the parent entity	**25,376**	**24,085**
Total equity	**25,376**	**24,085**

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5. Condensed consolidated Cash Flow statements

	Current period $A'000	Previous corresponding period - $A'000
Cash flows related to operating activities		
Receipts from customers	50,856	50,336
Payments to suppliers and employees	(45,106)	(42,860)
Interest and other items of similar nature received	18	202
Interest and other costs of finance paid	(969)	(771)
Income taxes paid	(611)	(1,427)
Net operating cash flows	**4,188**	**5,480**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(2,880)	(8,909)
Proceeds from sale of property, plant and equipment	269	323
Net investing cash flows	**(2,611)**	**(8,586)**
Cash flows related to financing activities		
Proceeds from borrowings	3,000	3,150
Repayment of borrowings	(3,416)	(3,288)
Dividends paid	(799)	(1,142)
Net financing cash flows	**(1,215)**	**(1,280)**
Net increase (decrease) in cash held	**362**	**(4,386)**
Cash at beginning of period	718	5,104
Cash at end of period	1,080	718

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5.1 Non-cash financing and investing activities

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

Acquisition of plant & equipment by means of hire purchase contracts (A'000). Current period - $3,457 (Previous period - $5,253)

5.2 Reconciliation of cash and cash equivalents

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding Period - $A'000
Cash on hand and at bank	1,080	718
Total cash at end of period	**1,080**	**718**

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

	Current period $A'000	Previous corresponding period - $A'000
Operating profit/(loss) after income tax	2,090	1,922
Depreciation and amortisation	3,422	2,913
Net (profit)/loss on sale of non-current assets	(40)	(78)
Change in operating assets and liabilities		
(Increase)/decrease in trade debtors	(1,314)	1,400
(Increase)/decrease in inventories	(23)	50
Decrease/(increase) in other operating assets	(112)	72
(Decrease)/increase in trade creditors	(432)	77
Increase/(decrease) in other operating liabilities	286	(332)
Increase/(decease) in provision for income tax payable	229	(694)
(Decrease) in deferred tax liabilities	(93)	(92)
Increase in other provisions	175	242
Net cash inflow from operating activities	**4,188**	**5,480**

6. Dividends

6.1 Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	8¢	8¢	-¢
	Previous year	7¢	7¢	-¢
Interim dividend:	Current year	7¢	7¢	-¢
	Previous year	7¢	7¢	-¢

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

	Current year	Previous year
Ordinary securities	15 ¢	14 ¢

7. Dividend Reinvestment Plans

At 30 June 2010 there was no dividend reinvestment plan in operation for Chalmers Limited

Any other disclosures in relation to dividends.

N/A

8. Consolidated retained profits

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	20,088	19,308
Net profit (loss) attributable to members	2,090	1,922
Dividends and other equity distributions paid	(799)	(1,142)
Retained profits (accumulated losses) at end of financial period	**21,379**	**20,088**

9. NTA backing per ordinary security

Current period	Previous corresponding Period
$4.44	$4.22

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10. Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	$
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$

10.1 Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$
Date to which the profit (loss) in item 14.2 has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$

11. Details of associates and joint venture entities

N/A

12. Other significant information

N/A

13. Accounting standards used in foreign entities

N/A

14. Commentary on results for the period

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14.1 Earnings per security (EPS)

	Current period	Previous corresponding Period
Basic EPS	36.60	33.67
Diluted EPS	36.60	33.67

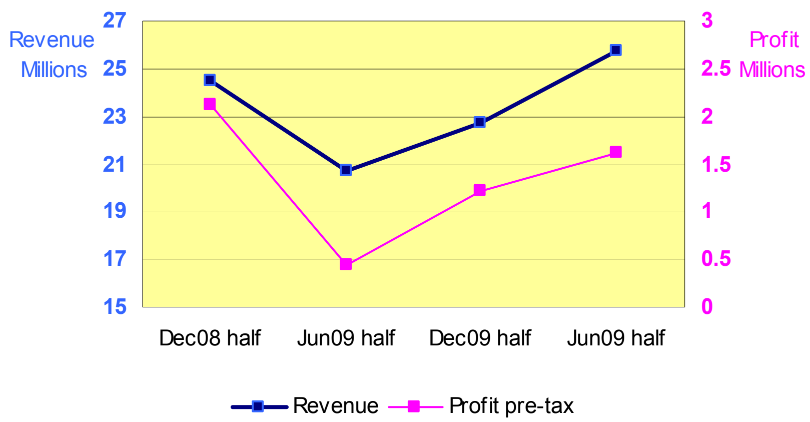
14.2 Review of Operations

The 2009-10 year produced a very creditable result - profit before tax improving by 11% to $2.837M with revenue rising 7% over the previous year to $48.4M.

The year saw progressive improvement over the prior year and more encouraging signs emerged late 2009 and into 2010 following the global financial crisis. As last year was a tale of two distinct halves, the current financial year saw increasingly prospective improvements.

A chart showing each six month period commencing July 2008 simply demonstrates the activity and resultant profitability patterns – with the GFC firmly in place in the June 2009 half.

Revenue & pre-tax Profit - 6 monthly



Last year's report referred to "the most abrupt fall in import / export opportunities over the last 20-30 years". Progression from this low-point did not gather convincing pace until the June 2010 quarter which saw substantial increases in activity in trade volumes across both of Chalmers operating locations. This, in combination with the introduction of an infrastructure levy for our Brisbane container park saw a solid turnaround in profitability. The infrastructure levy was introduced as a matter of financial necessity as rent costs at the Port were continuing to rise at an exponential rate. Ongoing rate pressure from shipping companies has over a long period of time effectively retarded appropriate rates of return in the industry. This underlined the need to introduce the levy which is the main reason in reducing losses in our container parks.

Most major east-coast stevedore and park operators have subsequently followed by initiating similar levies – at varying rates. As is always the case, Chalmers continue to operate in a highly competitive environment.

Earnings before interest, tax and depreciation/amortisation (EBITDA) improved by 16% to $7.2M. This compares with performance over the last three years where EBITDA has tightly ranged between $6.1M & $6.6M.

Increased depreciation charges of $3.4M were up from $2.9M last year. This is a result of the major capital expenditure Chalmers has undertaken in recent years. Capital expenditure totalled $6.3M – of which some $2.5M represented the investment in hardstand which integrated our new Cawley Road premises with the Brooklyn container park. The hardstand became operational in February 2010. Two heavy container handlers were commissioned during the year for a total cost of $1.2M. These units also secured a tax credit as a result of the federal government's 30% investment allowance.

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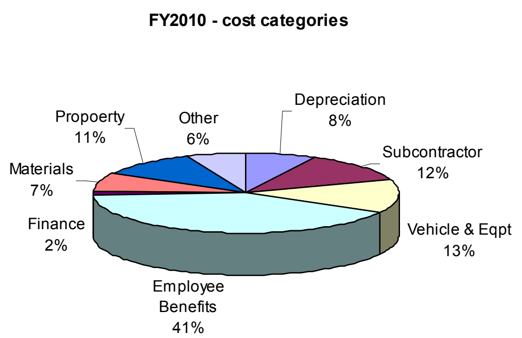
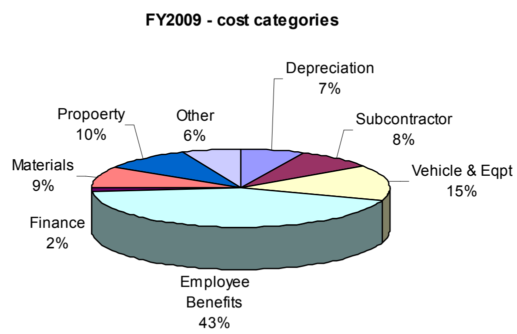
Capital expenditure over the three year period ended June 2010 totals almost $26M.

Earnings before interest & tax also improved to $3.8M – up 14%. Assisting this has been a reduction in bad debt provisioning which last year was a substantial factor.

Looking to our major cost categories, the following commentary is offered:
Vehicles – this category covers our road-going primemovers, trailing equipment and the forklift fleet. Costs overall declined by 4% due in the main to focused cost control over our container park equipment. Contributions were also secured in R&M costs for the road fleet.
Employee costs - remained constant.
Finance costs - increased by 26% as further borrowings were undertaken to fund our extensive capital expenditure program. Gearing, as represented by total liabilities over total assets, moved up to 47.5% - from 45.1% last year.
Subcontractor costs - increased by over 50% due to additional work in respect of interstate container transport and handling.
Property costs - increased by 15% due to rising Brisbane rentals.
Materials costs - declined by 9% - unfortunately due to fewer container repairs.

The following pie charts provide an overview of the relativity of our cost bases.





Turning to our major operating business segments – both Transport and Containers yielded positive bottom-line growth.

Transport revenue increased by 12% to $32.2M. Profits also improved by 10% to $2.2M. Melbourne was the driving force with both revenue and profits increasing over last year. Brisbane's overall transport segment performance was held back by reduced revenue and profitability in the Freight Station. The exit of customers during the GFC continues to impinge of this section's performance. Additionally, a reduced percentage of boxes are transiting through the yard - instead being delivered direct to/from our customers.

The other major operating business segment – Containers – represents our container parks in Melbourne and Brisbane. Total revenue declined marginally for the year – moving from $16.2M to $16.1M. But more importantly, the result saw a substantial reduction in the losses for this segment – moving from $756K loss to $142K loss. This improvement has come about from many factors – the primary one being the introduction of the infrastructure levy.

Repair volumes have continued to decline – as average quote repair hours per storage TEU fell. This reduction in repair hours is usually attributed to empty repositioning of empty containers to overseas depots with much lower cost bases. Whilst this remains a factor, this year shipping companies appeared to be postponing repairs as a precautionary measure in response to the GFC. However, as trade volumes increased, Chalmers park stocks fell as more containers found their way into the shipping revenue-generation cycle. As a result, the average TEU days storage time in our parks reduced. Improved forklift cost management also added to the container segment turnaround.

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As a stand-alone business unit, container parks in general have suffered from a long procession of losses over recent years. However, for Chalmers, it is pleasing to report that these losses are reducing – due substantially to the introduction of the infrastructure levy.

Our third business segment – Property - also features in our results. This segment was formalised in the external reporting structure during the year. It reflects the fact that a large portion of the company's assets are invested in property and, as such, requires a rate of return separate from the operations of the business that occupy these freeholds. In effect, we are acting as landlord to our own businesses.

Prospects for 2010-2011 are encouraging. However, as is always the case, economic factors will continue to set the tone of our performance as a wharf transport/logistics enterprise, with the following factors foremost in any improvements in our business:

- Competition between container parks
- Expectation of strong lead up to Christmas – consumer goods expenditure
- Improvements in Brisbane Freight Station activity
- $A exchange rate conducive to supporting primary product exports
- Seeking new opportunities with existing and prospective customers.

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

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
✓	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

17. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A

By electronic lodgement

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Company Secretary - JP Fedorko – 31/08/2010