

28 February 2019

Dear Shareholder

The Company has released its results for the six months to 31 December 2018.

Profit before tax for the period was \$1,751,699, after allowing for the contingent consideration of \$2,340,000 relating to the acquisition of Jayde Transport [now CTI Logistics Interstate]. The additional payment arose as the profits of Jayde Transport exceeded initial expectations at the time of acquisition and Accounting Standards require such consideration to be charged through the profit and loss account. The profit before tax excluding this contingent consideration is \$4,091,669, down 9.3% on the previous corresponding period (after excluding the profit on sale of a non-core property of \$293,365). Revenue from operations was up 27.3%, to \$111,804,931.

The results for the period after allowing for the contribution from recent acquisitions and the payment of contingent consideration, have been impacted by expansion costs. These relate to East coast operations in Melbourne, Sydney and Brisbane, the consolidation of our Western Australian regional freight operations, the end of lease closure costs of a warehouse facility and transfer of those clients to a Company-owned premises and challenging trading conditions in December.

During the period the Company acquired the business operations and assets of the Western Australian regional freight carrier business Stirling Freight Express. The purchase price was \$4,500,000. Stirling Freight Express provides freight services across the state, operating depots in Perth, Bunbury, Albany, Geraldton, Kalgoorlie, Merredin, and there are agents covering many other regional and rural locations. With our existing regional businesses CTI Freightlines, Broome Freightlines and Bunbury Freight Services, we now cover most of the state with regular scheduled services, and the businesses are being combined to trade under the name CTI Logistics Regional Freight at our new regional freight operation in Forrestfield.

We are continuing to focus on cost reduction and productivity initiatives to maintain and improve margins and looking at opportunities for expansion and growth throughout Australia, while also maintaining leverage to any improvement in the Western Australian economy.

The directors have declared a fully franked interim dividend of 2.0cents per share payable on 17 April 2019.

Yours faithfully



David Watson
EXECUTIVE CHAIRMAN