CTI Logistics Limited

ABN 69 008 778 925

Appendix 4E
Preliminary final report

For the year ended 30 June 2009

For announcement to the market

Extracts from this report for announcement to the market $A'000

Revenue	up	1.5%	to	50,455
Profit after tax attributable to members	down	56%	to	4,167
Net profit for the period attributable to members	down	56%	to	4,167

Dividends		Amount per security	Franked amount per security
Final dividend	Current year	3 cents	3 cents
	Previous corresponding period	3 cents	3 cents
Interim dividend	Current year	3 cents	3 cents
	Previous corresponding period	3 cents	3 cents

+Record date for determining entitlements to the dividend	6 November 2009

Income Statement for the Year Ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $
Revenue from continuing operations		50,454,640	49,713,029
Other income		221,837	317,869
Changes in inventories of finished goods and work in progress		28,139	688,522
Raw materials and consumables used		(2,639,803)	(3,222,344)
Employee benefits expense		(13,820,775)	(13,292,867)
Subcontractor expense		(19,262,667)	(18,402,722)
Depreciation and amortisation expense		(2,128,713)	(2,014,172)
Motor vehicle and transport costs		(2,967,466)	(3,264,854)
Property costs		(169,206)	(391,898)
Finance costs		(717,988)	(646,302)
Other expenses		(3,154,092)	(2,971,199)
Shares of net profit of joint venture partnership		34,217	94,733
Profit before income tax		5,878,123	6,607,795
Income tax expense		(1,711,125)	(1,966,777)
Profit from continuing operations		4,166,998	4,641,018
Profit from discontinued operation	11	-	4,923,069
Profit for the year		4,166,998	9,564,087
		Cents	**Cents**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company as adjusted for the 1 for 5 bonus issue on 8 December 2008			
Basic earnings per share	8	10.16	11.31
Diluted earnings per share	8	10.16	11.31
Earnings per share for profit attributable to the ordinary equity holders of the Company as adjusted for the 1 for 5 bonus issue on 8 December 2008			
Basic earnings per share	8	10.16	23.32
Diluted earnings per share	8	10.16	23.32

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2009

	Consolidated	
	2009	2008
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	2,725	814,242
Trade and other receivables	9,064,620	9,006,939
Inventories	2,126,469	2,368,089
Total current assets	11,193,814	12,189,270
Non-current assets		
Investments accounted for using the equity method	-	170,987
Available-for-sale financial assets	60,427	74,273
Property, plant and equipment	22,277,024	17,395,065
Investment properties	10,215,861	10,315,388
Deferred tax assets	868,321	783,235
Intangible assets	1,642,145	621,498
Total non-current assets	35,063,778	29,360,446
Total assets	46,257,592	41,549,716
Current liabilities		
Trade and other payables	6,665,102	7,201,551
Borrowings	2,876,646	1,446,533
Current tax liabilities	511,431	614,649
Total current liabilities	10,053,179	9,262,733
Non-current liabilities		
Borrowings	8,257,600	6,294,604
Provisions	223,664	186,653
Total non-current liabilities	8,481,264	6,481,257
Total liabilities	18,534,443	15,743,990
Net assets	27,723,149	25,805,726
EQUITY		
Contributed equity	7,292,807	7,292,807
Reserves	(53,313)	(43,621)
Retained profits	20,483,655	18,556,540
Total equity	27,723,149	25,805,726

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2009

	Consolidated	
	2009	2008
	$	$
Total equity at the beginning of the financial year	25,805,726	17,651,738
Change in fair value of available-for-sale financial assets, net of tax	(9,692)	(1,154)
Profit for the year	4,166,998	9,564,087
Total recognised income and expense for the year	4,157,306	9,562,933
Transactions with equity holders in their capacity as equity holders:		
Share-based payments	-	507,000
Dividends provided for or paid	(2,239,883)	(1,915,945)
Total equity at the end of the financial year	**27,723,149**	**25,805,726**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement for the year ended 30 June 2009

	Consolidated	
	2009	2008
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	55,503,742	61,781,481
Payments to suppliers and employees (inclusive of goods and services tax)	(47,316,960)	(51,026,794)
Dividends received	3,864	3,864
Interest received	36,193	73,139
Joint venture partnership distribution received	100,000	115,000
Interest paid	(546,590)	(599,513)
Income tax refund received	87,472	144,136
Income taxes paid	(1,988,334)	(2,699,581)
Net cash inflow from operating activities	5,879,387	7,791,732
Cash flows from investing activities		
Payments for property, plant and equipment	(6,209,693)	(5,544,066)
Payments for investment property	-	(5,646,725)
Payments for intangibles	(73,798)	(5,750)
Payments for purchase of business	(1,422,421)	-
Proceeds from sale of property, plant & equipment	268,782	351,408
Proceeds from sale of available-for-sale financial assets	-	6
Proceeds from sale of business	-	11,434,706
Net cash (outflow)/inflow from investing activities	(7,437,130)	589,579
Cash flows from financing activities		
Proceeds from borrowings	3,500,000	1,275,000
Repayment of borrowings	(673,875)	(6,891,952)
Proceeds from share-based payments	-	507,000
Dividends paid to company's shareholders	(2,239,883)	(1,915,945)
Net cash inflow/(outflow) from financing activities	586,242	(7,025,897)
Net (decrease)/increase in cash and cash equivalents	(971,501)	1,355,414
Cash and cash equivalents at the beginning of the financial year	814,242	(541,172)
Cash and cash equivalents at the end of the financial year	(157,259)	814,242

The above cash flow statement should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION OF PRELIMINARY FINAL REPORT

This preliminary final report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the consolidated financial statements and notes of the Company comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRSs).

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the last annual report and any public announcement to the market made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the listing rules of the Australian Stock Exchange.

The accounting policies adopted are consistent with those of the previous financial year.

Historical cost convention
This preliminary final report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value.

Comparatives
Comparative information is reclassified where appropriate to enhance comparability.

2. DIVIDENDS

Details of dividends declared or paid during or subsequent to the year ended 30 June 2009 are as follows:

	Payment date	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
Final dividend – Current year (fully franked at 30%)	20 November 2009	3 cents	$1,230,565	3 cents	-
Final dividend – Previous year (fully franked at 30%)	14 November 2008	3 cents	$1,009,318	3 cents	-
Interim dividend – Current year (fully franked at 30%)	22 May 2009	3 cents	$1,230,565	3 cents	-
Interim dividend – Previous year (fully franked at 30%)	2 May 2008	3 cents	$984,982	3 cents	-

(a) DIVIDENDS NOT RECOGNISED AT YEAR END

Since the end of the year the directors have declared a final dividend of 3 cents per ordinary share, fully franked at 30%. The aggregate amount of the dividend payable on 20 November 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end is $1,230,565 (2008 - $1,025,472).

The Dividend Re-investment Plan and Bonus Share Plan are currently suspended.

3. CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF

There were no acquisitions or disposals of controlled entities during the current period. However, on 1 April 2009 a controlled entity acquired 100% ownership of the business of Foxnet Taxi Trucks (note 12).

4. DISPOSAL OF BUSINESS

There were no disposals of business during the current period. The Company sold its printing business in the previous period (30 September 2007 (note 11)).

5. CONSOLIDATED STATEMENT OF RETAINED PROFITS	Consolidated 2009 $	2008 $
Retained profits at the beginning of the financial period	18,556,540	10,908,398
Profit for the year	4,166,998	9,564,087
Dividends paid or payable	(2,239,883)	(1,915,945)
Retained profits at end of financial period	20,483,655	18,556,540

6. NET TANGIBLE ASSETS PER SHARE

Net tangible assets per share	$0.63	$0.61

7. NON-CASH FINANCING AND INVESTMENT ACTIVITIES

Acquisition of plant and equipment by means of hire purchase	407,000	419,913

8. EARNINGS PER SHARE	2009 Number	2008 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share as adjusted for the 1 for 5 bonus issue on 8 December 2008	41,018,830	41,018,830

9. COMMENTARY ON RESULTS FOR THE PERIOD

Profit after tax attributable to the members of the Company was $4,166,998 compared to $9,564,087 in the previous corresponding period, which was made up of $4,641,018 from continuing operations and $4,923,069 from discontinued operation. Revenue from continuing activities was $50,454,640 compared to $49,713,029 in the previous corresponding period. Net cash flows from operating activities were $5,879,387 down from $7,791,732 in the prior period mainly due to the release of working capital in the prior year on the sale of the printing business.

10. SEGMENT INFORMATION

The Group operates predominantly in Australia and is involved in the production and sale of the following products and services:

- Logistics and transport services - includes the provision of courier, taxi truck, parcel distribution, fleet management, warehousing and distribution and document storage services.
- Manufacturing, security and other services - includes the manufacturing of plastic products and the provision of security services.

Primary reporting format – business segments

2009	Logistics and Transport $	Manufacturing, Security and Other $	Consolidated $
Sales to external customers	38,766,755	10,603,867	49,370,622
Intersegment sales	6,434	-	6,434
Total sales revenue	38,773,189	10,603,867	49,377,056
Intersegment elimination			(6,434)
Share of net profit of joint venture partnership	34,217	-	34,217
Other revenue/income			1,305,855
Total segment revenue/income			50,710,694
Segment result	6,419,131	1,203,638	7,622,769
Intersegment elimination			3,791
Unallocated revenue less expenses			(1,748,437)
Profit before income tax expense			5,878,123
Income tax expense			(1,711,125)
Profit for the year			4,166,998
Segment assets	21,765,061	20,999,711	42,764,772
Intersegment elimination			(1,436,352)
Unallocated assets			4,929,172
Total assets			46,257,592
Segment liabilities	2,943,542	2,346,696	5,290,238
Intersegment elimination			130,258
Unallocated liabilities			13,113,947
Total liabilities			18,534,443

10. SEGMENT INFORMATION (continued)

Primary reporting format – business segments

2009	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation - Printing (note 11) $	Consolidated $
Depreciation and amortisation expense	1,032,448	814,934	1,847,382	-	1,847,382
Unallocated			281,331	-	281,331
Total depreciation and amortisation expense			2,128,713	-	2,128,713

2008	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation - Printing (note 11) $	Consolidated $
Sales to external customers	37,127,573	11,637,753	48,765,326	3,454,342	52,219,668
Intersegment sales	108,897	-	108,897	7,565	116,462
Total sales revenue	37,236,470	11,637,753	48,874,223	3,461,907	52,336,130
Intersegment elimination			(108,897)	(7,565)	(116,462)
Share of net profit of joint venture partnership	94,733	-	94,733	-	94,733
Other revenue/income			1,265,572	4,798,045	6,063,617
Total segment revenue/income			50,125,631	8,252,387	58,378,018
Segment result	6,557,741	2,249,557	8,807,298	84,610	8,891,908
Intersegment elimination			(156,991)	139,590	(17,401)
Unallocated revenue less expenses			(2,042,512)	4,798,045	2,755,533
Profit before income tax expense			6,607,795	5,022,245	11,630,040
Income tax expense			(1,966,777)	(99,176)	(2,065,953)
Profit for the year			4,641,018	4,923,069	9,564,087

10. SEGMENT INFORMATION (continued)

Primary reporting format – business segments

2008	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation - Printing (note 11) $	Consolidated $
Segment assets	16,811,894	20,024,342	36,836,236	-	36,836,236
Intersegment elimination			(1,032,693)	-	(1,032,693)
Unallocated assets			5,746,173	-	5,746,173
Total assets			41,549,716	-	41,549,716
Segment liabilities	2,379,583	3,111,664	5,491,247	-	5,491,247
Intersegment elimination			(69,194)	-	(69,194)
Unallocated liabilities			10,321,937	-	10,321,937
Total liabilities			15,743,990	-	15,743,990
Investment in joint venture partnership	170,987	-	170,987	-	170,987
Depreciation and amortisation expense	866,983	848,976	1,715,959	298,700	2,014,659
Unallocated			298,213	-	298,213
Total depreciation and amortisation expense			2,014,172	298,700	2,312,872

(a) Notes to and forming part of the segment information

(i) *Accounting policies*

Segment information is prepared in conformity with the accounting policies of the entity and accounting standard AASB 114 *Segment Reporting.*

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(ii) *Inter-segment transfers*

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

11. DISCONTINUED OPERATION

(a) Description

In the previous period (20 September 2007) the Company accepted an offer to purchase its printing business. The business was sold on 30 September 2007 and is reported as a discontinued operation in the previous period.

(b) Financial performance and cash flow information

The financial performance information presented are for the three months ended 30 September 2007.

	2009 $	2008 $
Revenue	-	3,454,342
Expenses	-	(3,230,142)
Profit before income tax	-	224,200
Income tax expense	-	(90,477)
Profit after income tax of discontinued operation	-	133,723
Gain on sale of the business before income tax	-	4,798,045
Income tax expense	-	(8,699)
Gain on sale of the business after income tax	-	4,789,346
Profit from discontinued operation	-	4,923,069
Net cash outflow from ordinary activities	-	(126,695)
Net cash inflow from investing activities (2008 - includes an inflow of $11,434,706 from the sale of the business)	-	11,432,899
Net cash outflow from financing activities	-	(8,526,581)
Net increase in cash generated by the business	-	2,779,623

11. DISCONTINUED OPERATION (continued)

(c) The carrying amounts of assets sold

	2009 $	2008 $
Plant and equipment	-	5,770,137
Inventories	-	818,069
Intangible asset	-	48,455
Total assets	-	6,636,661

(d) Details of the sale of business

Consideration received or receivable:	-	
Cash	-	11,434,706
Total disposal consideration	-	11,434,706
Carrying amount of net assets sold	-	6,636,661
Gain on sale before income tax	-	4,798,045
Income tax expense	-	(8,699)
Gain on sale after income tax	-	4,789,346

12. BUSINESS COMBINATION

(a) Description

On 1 April 2009 a controlled entity acquired 100% ownership of the business of Foxnet Taxi Trucks.

The business combination was determined on a provisional basis as the fair value of the assets acquired cannot be accurately measured as the final cost of the combination cannot be determined at this reporting date.

The acquired business contributed revenues of $1,284,284 and net profit after tax of $102,930 to the Group for the period from 1 April 2009 to 30 June 2009. If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated profit after tax for the year ended 30 June 2009 would have increased by $6,611,433 and $324,322 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the business to reflect the additional amortisation that would been charged assuming the fair value adjustments to plant and equipment and intangible assets had applied from 1 July 2008, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$
Purchase consideration (refer to (b) below):	
Cash paid	1,414,379
Direct costs related to the acquisition	8,042
Total purchase consideration	1,422,421
Fair value of net identifiable assets acquired (refer to (c) below)	(623,432)
Goodwill (refer to (c) below)	798,989

12. BUSINESS COMBINATION (continued)

(b) Purchase consideration

Outflow of cash to acquire business, net of cash acquired	$
Cash consideration	1,467,542
Less: Balances acquired – Provision for employee benefits	(45,121)
Outflow of cash	1,422,421

In the event that certain predetermined margins are achieved by the business, additional consideration of up to $425,000 may be payable in cash. At the date of this financial report no additional payments are anticipated. If it becomes probable that additional consideration will be payable it will be brought to account as a component of the goodwill arising on the acquisition when the amount can be reliably measured.

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	$	$
Plant and equipment	366,761	366,761
Intangible assets: trade name	-	180,225
Intangible assets: customer relationships	-	121,567
Provision for employee benefits	(45,121)	(45,121)
Net identifiable assets acquired	321,640	623,432*

The goodwill is attributable to the workforce, synergies, mutual client base and profitability of the acquired business. The fair value of intangible assets acquired are based on discounted cash flow models. The fair value of other assets and liabilities acquired are based on market values. There were no acquisitions in the year ended 30 June 2008.

*determined on a provisional basis

Compliance statement

1. This report is based on financial statements to which one of the following applies.

(Tick one)

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

2. The Entity has a formally constituted audit committee.

This preliminary final report was approved by resolution of the board of directors on 27 August 2009.

David Mellor
Company Secretary

27 August 2009

CTI Logistics Limited

ABN 69 008 778 925

1 Drummond Place
West Perth WA 6005

Postal Address
PO Box 400 West Perth
Western Australia 6872
Telephone (08) 9227 6333
Facsimile (08) 9227 8000
Email corporate@ctilogistics.com
Web www.ctilogistics.com

27 August 2009

Dear Shareholder

The Company has today released its results for the 2008-09 financial year.

Net profit after tax from continuing operations was $4,166,998, which was off 10.2% from the comparable figure in the previous year. At $50,454,640, revenue from continuing operations was up 1.5% on the previous year. Net cash flows from operating activities were $5,879,387, down from $7,791,732 in the previous year and mainly due to the release of working capital in the prior year on the sale of the printing business.

Earnings per share for the year was 10.16 cents, on capital expanded by the 1 for 5 bonus issue on 8 December 2008.

As previously reported, the first half of the year was relatively good, with both revenue and profit up, by 5.7% and 5.6% respectively over the previous corresponding period. The second half of the financial year has been a different story. Courier and taxi truck job numbers are down, and there are no signs yet of recovery in these major areas of our business. The other business to suffer in this downturn has been Ausplastics, our plastic injection moulding business. This business is sensitive to the building industry, and will hopefully recover over the next year. On the plus side, the security businesses have not been adversely affected by the recession, and our other logistics areas are benefitting from several large new contracts.

The directors have resolved to pay a fully franked final dividend of 3 cents per share on 20 November 2009, taking the total dividend in respect of the 2008-09 financial year to 6 cents. It is pleasing to note that the 6 cent dividend for 2008-09 is being paid on the capital expanded by the 1 for 5 bonus, so in effect it represents a 20% increase in your total dividend from the previous year.

Yours faithfully,

David Watson
EXECUTIVE CHAIRMAN