

CTI Logistics Limited

ABN 69 008 778 925

Appendix 4E Preliminary final report

For the year ended 30 June 2010

For announcement to the market

Extracts from this report for announcement to the market

\$A'000

Revenue	up	20.4%	to	60,726
Profit after tax attributable to members	up	13.5%	to	4,731
Net profit for the period attributable to members	up	13.5%	to	4,731
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				5 November 2010

Statement of Comprehensive Income for the Year Ended 30 June 2010

	Notes	Consolidated	
		2010 \$	2009 \$
Revenue from operations		60,726,513	50,454,640
Other income		139,283	221,837
Changes in inventories of finished goods and work in progress		(746,101)	28,139
Raw materials and consumables used		(2,020,231)	(2,639,803)
Employee benefits expense		(16,586,102)	(13,820,775)
Subcontractor expense		(24,467,907)	(19,262,667)
Depreciation and amortisation expense		(2,300,870)	(2,128,713)
Motor vehicle and transport costs		(2,967,935)	(2,967,466)
Property costs		(506,107)	(169,206)
Finance costs		(827,368)	(717,988)
Other expenses		(3,787,098)	(3,154,092)
Shares of net profit of joint venture partnership		-	34,217
Profit before income tax		<u>6,656,077</u>	<u>5,878,123</u>
Income tax expense		(1,925,184)	(1,711,125)
Profit for the year		<u>4,730,893</u>	<u>4,166,998</u>
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets		4,004	(13,847)
Income tax relating to changes in the fair value of available-for-sale financial assets		(1,607)	4,155
Transfer from other comprehensive income to profit and loss due to prolong decline in value of available-for-sale financial assets		58,870	-
Income tax relating to the transfer of available-for-sale financial assets		(17,661)	-
Other comprehensive income for the year		<u>43,606</u>	<u>(9,692)</u>
Total comprehensive income for the year		<u><u>4,774,499</u></u>	<u><u>4,157,306</u></u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	7	11.54	10.16
Diluted earnings per share	7	11.54	10.16

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

Balance sheet as at 30 June 2010

	Consolidated	
	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	714,825	2,725
Trade and other receivables	9,897,506	9,064,620
Inventories	1,486,939	2,126,469
Total current assets	<u>12,099,270</u>	<u>11,193,814</u>
Non-current assets		
Available-for-sale financial assets	63,517	60,427
Property, plant and equipment	31,870,116	22,277,024
Investment properties	10,107,235	10,215,861
Deferred tax assets	845,103	868,321
Intangible assets	1,683,690	1,642,145
Total non-current assets	<u>44,569,661</u>	<u>35,063,778</u>
Total assets	<u>56,668,931</u>	<u>46,257,592</u>
LIABILITIES		
Current liabilities		
Trade and other payables	6,693,281	6,665,102
Borrowings	189,806	2,876,646
Current tax liabilities	464,042	511,431
Total current liabilities	<u>7,347,129</u>	<u>10,053,179</u>
Non-current liabilities		
Borrowings	19,071,793	8,257,600
Provisions	213,491	223,664
Total non-current liabilities	<u>19,285,284</u>	<u>8,481,264</u>
Total liabilities	<u>26,632,413</u>	<u>18,534,443</u>
Net assets	<u>30,036,518</u>	<u>27,723,149</u>
EQUITY		
Contributed equity	7,292,807	7,292,807
Reserves	(9,707)	(53,313)
Retained profits	22,753,418	20,483,655
Total equity	<u>30,036,518</u>	<u>27,723,149</u>

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

Statement of changes in equity for the year ended 30 June 2010

Consolidated	Contributed equity	Reserves	Retained profits	Total equity
	\$	\$	\$	\$
Balance at 1 July 2008	7,292,807	(43,621)	18,556,540	25,805,726
Total comprehensive income for the year as reported in the 2009 financial statements	-	(9,692)	4,166,998	4,157,306
Transactions with equity holders in their capacity as equity holders:				
Dividends provided for or paid	-	-	(2,239,883)	(2,239,883)
Balance at 30 June 2009	<u>7,292,807</u>	<u>(53,313)</u>	<u>20,483,655</u>	<u>27,723,149</u>
Total comprehensive income for the year	-	43,606	4,730,893	4,774,499
Transactions with equity holders in their capacity as equity holders:				
Dividends provided for or paid	-	-	(2,461,130)	(2,461,130)
Balance at 30 June 2010	<u>7,292,807</u>	<u>(9,707)</u>	<u>22,753,418</u>	<u>30,036,518</u>

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 2010

	Consolidated	
	2010	2009
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	65,870,221	55,503,742
Payments to suppliers and employees (inclusive of goods and services tax)	(56,617,535)	(47,316,960)
Dividends received	3,992	3,864
Interest received	27,962	36,193
Joint venture partnership distribution received	-	100,000
Interest paid	(551,245)	(546,590)
Income tax refund received	76,098	87,472
Income taxes paid	(2,026,482)	(1,988,334)
Net cash inflow from operating activities	<u>6,783,011</u>	<u>5,879,387</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(11,679,500)	(6,209,693)
Payments for intangibles	(37,488)	(73,798)
Payments for purchase of business	(141,174)	(1,422,421)
Proceeds from sale of property, plant and equipment	119,435	268,782
Proceeds from sale of available-for-sale financial assets	1,593	-
Net cash outflow from investing activities	<u>(11,737,134)</u>	<u>(7,437,130)</u>
Cash flows from financing activities		
Proceeds from borrowings	14,000,000	3,500,000
Repayment of borrowings	(5,712,663)	(673,875)
Dividends paid to company's shareholders	(2,461,130)	(2,239,883)
Net cash inflow from financing activities	<u>5,826,207</u>	<u>586,242</u>
Net increase (decrease) in cash and cash equivalents	872,084	(971,501)
Cash and cash equivalents at the beginning of the financial year	<u>(157,259)</u>	<u>814,242</u>
Cash and cash equivalents at the end of the financial year	<u><u>714,825</u></u>	<u><u>(157,259)</u></u>

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*.

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, except as set out below.

Segment Reporting

The group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker who is the group's CEO.

Comparatives for 2009 have been restated.

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 2010 are as follows:

	Payment date	Amount per security	Total dividend	Franked amount per security
Final dividend – Current year (fully franked at 30%)	19 November 2010	3 cents	\$1,230,565	3 cents
Final dividend – Previous year (fully franked at 30%)	20 November 2009	3 cents	\$1,230,565	3 cents
Interim dividend – Current year (fully franked at 30%)	3 May 2010	3 cents	\$1,230,565	3 cents
Interim dividend – Previous year (fully franked at 30%)	22 May 2009	3 cents	\$1,230,565	3 cents

2. DIVIDENDS (continued)

(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 19 November 2010 out of retained profits at 30 June 2010, but not recognised as a liability at year end is \$1,230,565 (2009 - \$1,230,565).

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.

4. CONSOLIDATED STATEMENT OF RETAINED PROFITS	Consolidated	
	2010	2009
	\$	\$
Retained profits at the beginning of the financial period	20,483,655	18,556,540
Profit for the year	4,730,893	4,166,998
Dividends paid or payable	(2,461,130)	(2,239,883)
Retained profits at end of financial period	<u>22,753,418</u>	<u>20,483,655</u>
5. NET TANGIBLE ASSETS PER SHARE		
Net tangible assets per share	<u>\$0.69</u>	<u>\$0.63</u>
6. NON-CASH FINANCING AND INVESTMENT ACTIVITIES		
Acquisition of plant and equipment by means of hire purchase	<u>-</u>	<u>407,000</u>
7. EARNINGS PER SHARE	2010	2009
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	<u>41,018,830</u>	<u>41,018,830</u>

8. COMMENTARY ON RESULTS FOR THE PERIOD

Profit after tax from operations was \$4,730,893 compared to \$4,166,998 in the previous corresponding period. Revenue was \$60,726,513 compared to \$50,454,640 in the previous corresponding period. Net cash flows from operating activities were \$6,783,011 up from \$5,879,387 in the prior period. Both the increase in revenue and cash flow in the current period are mainly due to a full year's result from a business acquired in the prior year.

9. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the group's CEO.

The group's CEO considers the business from a product and services perspective and has identified two reportable segments: logistics and transport and property segments.

The reportable segments are involved in the following operations:

- Logistics and transport services - includes the provision of courier, taxi truck, parcel distribution, fleet management, warehousing and distribution and document storage services.
- Property - rental of owner occupied and investment property.

Other segments include the manufacturing of plastics products and provision of security services. Neither of these segments meets any of the quantitative thresholds for determining the reportable segments.

The group's CEO assesses the performance of the operating segments based on segment profit before income tax.

(b) Information about reportable segments

The segment information provided to the group's CEO for the reportable segments for the year ended 30 June 2010 is as follows:

2010	Logistics and Transport \$	Property \$	Other \$	Total \$
External revenues	49,193,730	588,767	10,180,664	59,963,161
Intra and inter-segment revenue	3,797,997	1,889,541	213,684	5,901,222
Reportable segment profit before income tax	6,417,280	775,231	683,190	7,875,701
Reportable segment assets	15,561,270	33,411,670	5,042,122	54,015,062
Reportable segment liabilities	3,641,313	18,275,188	2,176,430	24,092,931

9. SEGMENT INFORMATION (continued)

2009	Logistics and Transport \$	Property \$	Other \$	Total \$
External revenues	<u>38,560,463</u>	<u>575,292</u>	<u>10,812,779</u>	<u>49,948,534</u>
Intra and inter-segment revenue	<u>5,118,174</u>	<u>1,849,341</u>	<u>205,104</u>	<u>7,172,619</u>
Reportable segment profit before Income tax	<u>5,348,725</u>	<u>1,082,807</u>	<u>462,150</u>	<u>6,893,682</u>
Reportable segment assets	<u>13,199,427</u>	<u>24,895,512</u>	<u>6,210,383</u>	<u>44,305,322</u>
Reportable segment liabilities	<u>2,763,339</u>	<u>8,049,929</u>	<u>2,342,712</u>	<u>13,155,980</u>

10. 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 at 30 June 2009 as the fair value of the assets acquired could not be accurately measured as the final cost of the combination could not be determined at 30 June 2009.

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

	2009 Preliminary \$	Adjustments \$	2010 Final \$
Purchase consideration (refer to (b) below):			
Cash paid	1,414,379	141,174	1,555,553
Direct costs related to the acquisition	8,042	69,614	77,656
Total purchase consideration	<u>1,422,421*</u>	<u>210,788</u>	<u>1,633,209</u>
Fair value of net identifiable assets acquired (refer to (c) below)	<u>(623,432)*</u>	<u>-</u>	<u>(623,432)</u>
Goodwill	<u>798,989</u>	<u>210,788</u>	<u>1,009,777</u>

*determined on a provisional basis and now confirmed in the current period.

Acquisition-related costs of \$69,614 are considered part of the acquisition and included in the consideration.

10. BUSINESS COMBINATION (continued)

(b) Purchase consideration

	2009 Preliminary \$	Adjustments \$	2010 Final \$
Outflow of cash to acquire business, net of cash acquired			
Cash consideration	1,467,542	210,788	1,678,330
Less: Balances acquired — Provision for employee benefits	(45,121)	-	(45,121)
Outflow of cash	<u>1,422,421</u>	<u>210,788</u>	<u>1,633,209</u>

Contingent consideration

As certain predetermined margins were achieved by the business in the current year, additional consideration of \$141,174 was paid (2009 — contingent consideration \$425,000).

(c) Assets and liabilities acquired

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

	2009 Preliminary Acquiree's carrying amount \$	2009 Preliminary Fair value \$	2010 Final Acquiree's carrying amount \$	2010 Final Fair value \$
Plant and equipment	366,761	366,761	366,761	366,761
Intangible assets: trade name	-	180,225	-	180,225
Intangible assets: customer relationships	-	121,567	-	121,567
Provision for employee benefits	(45,121)	(45,121)	(45,121)	(45,121)
Net identifiable assets acquired	<u>321,640</u>	<u>623,432*</u>	<u>321,640</u>	<u>623,432</u>

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 current year.

*determined on a provisional basis and now confirmed in the current period.

Compliance statement

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

(Tick one)

The accounts have been audited.

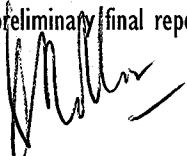
The accounts have been subject to review.

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 25 August 2010.



David Mellor
Company Secretary

26 August 2010