

# CTI Logistics Limited

ABN 69 008 778 925

## Appendix 4D Half-year Report

Half-year ended 31 December 2022

### For announcement to the market

*Extracts from this report for announcement to the market*

\$A'000

Revenue		Up	18.3%	to	\$158,012
Profit from ordinary activities after tax attributable to members		Up	81.5%	to	\$10,621
Net profit for the period attributable to members		Up	81.5%	to	\$10,621
Dividends			Amount per security		Franked amount per security
Final dividend	Year ended 30 June 2022		4.0 cents		4.0 cents
	Previous corresponding period		2.0 cents		2.0 cents
Interim dividend	Current period		5.0 cents		5.0 cents
	Previous corresponding period		2.5 cents		2.5 cents
+Record date for determining entitlements to the dividend					2 March 2023

**CTI Logistics Limited**  
**Supplementary Appendix 4D information**  
**31 December 2022**

**NTA backing**

	31 December 2022	30 June 2022
Net tangible asset backing per ordinary security	105.33 cents	94.05 cents

**Dividend**

Details of dividends declared or paid during or subsequent to the period ended 31 December 2022 are as follows:

	Payment date	Amount per security	Total dividend	Franked amount per security
Final dividend – year ended 30 June 2022 (fully franked at 30%)	7 October 2022	4.0 cents	\$3,029,734	4.0 cents
Interim dividend – Current period (fully franked at 30%)	6 April 2023	5.0 cents	\$3,822,701	5.0 cents

A Dividend Re-investment Plan and Bonus Share Plan are currently in operation.

**Controlled entities acquired or disposed of**

There were no acquisitions or disposals of controlled entities during the current period.

# **CTI Logistics Limited**

**ABN 69 008 778 925**

## **Half-year Report - 31 December 2022**

Lodged with the ASX under Listing Rule 4.2A

This half-year financial 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 annual report for the year ended 30 June 2022 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Directors' Report

Your directors present their report on the Group consisting of CTI Logistics Limited ("the Company") and the entities it controlled during the half-year ended 31 December 2022 and the independent auditor's review report thereon.

## Directors

Directors of the Company in office during the whole of the half-year and up to the date of this report are:

David Robert Watson (Chairman)  
 Peter James Leonhardt  
 David Anderson Mellor  
 Bruce Edmond Saxild  
 Owen Roy Venter  
 Matthew David Watson  
 William Edward Moncrieff

## Principal activities of the group

The principal activities of the Group during the half-year were the provision of logistics and transport services, rental of property, specialised flooring logistics and provision of security services.

## Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount	Franked	Date of payment
<b>Declared and paid during the half-year</b>				
Final 2022 - ordinary	4.0	\$3,029,734	Franked	7 October 2022
<b>Declared after end of half-year</b>				
Interim 2023 - ordinary	5.0	\$3,822,701	Franked	6 April 2023

After the half-year end the directors have declared a fully franked interim dividend of 5.0 cents per ordinary share.

The financial effect of this post half-year dividend has not been brought to account in the financial statements for the half-year ended 31 December 2022 and will be recognised in subsequent financial reports.

## Review of operations and results

The Company is a national transport and logistics provider with its head office based in Perth. Transport operations cover couriers and taxi trucks, business to business (B2B) and business to customer (B2C) parcel distribution, container handling, fleet management, regional road freight and interstate freight. Logistics includes third party logistics (3PL), offsite fourth party logistics (4PL), supply chain and distribution centre (DC) warehousing, flooring logistics, ecommerce fulfilment, temperature-controlled warehousing, minerals and energy supply base services, quarantine and preservation wrapping and fumigation, document storage, media destruction and recycling. The Company also has a security business providing installation, maintenance and monitoring of alarms, CCTV visual verification and lone worker protection.

Profit before tax for the half year was \$15,683,562 (2021 - \$8,305,178) up 89% on the previous corresponding period. The result from operating activities excluding depreciation and amortisation expense in the Statement of Profit and Loss and Other Comprehensive Income ("EBITDA") for the half year was \$29,770,434, up 36% on the previous corresponding period. Revenue from operations was up 18% to \$158,011,557.

The strong results for the period in both transport and logistics segments were affected by several factors including:

- increased freight volumes and ongoing demand for premium freight services both in the interstate and regional networks, driven in part by severe supply chain disruptions,

## CTI LOGISTICS LIMITED

### Half-year report

31 December 2022

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- continued revenue growth including project work across both warehousing and transport,
- increased demand for storage space,
- despite ongoing driver shortages WA courier and parcel businesses continued to benefit from the focus on quality revenue,
- continued focus on tighter cost controls, productivity improvements and higher utilisation of facilities and equipment.

The Company generated strong cash flows during the period and, while maintaining significant cash liquidity, has directed cash flows to the development of the 23,000sqm transport facility on a 60,000sqm site as part of our larger transport and warehousing complex in Hazelmere. Development of new leased premises in Yatala QLD has continued to progress, which will consolidate two sites and provide capacity to grow in a strategic location.

In addition to ongoing investment in plant and equipment, \$2,500,000 of long-term debt was repaid in the period. The Company's net assets have increased by 8.5% compared with the prior corresponding period, up from \$100,790,936 to \$109,325,096, which is largely attributable to the half year profit after tax.

As a consequence of the strong operating results, the directors have decided to declare an interim dividend of 5.0 cents per share fully franked, payable on 6 April 2023.

In the context of inflation and increasing interest rates, along with continuing wage cost pressures, forecasting the operating environment and outlook remains difficult and we remain aware that future trading volumes and activity could be impacted as a result.

#### Changes in the state of affairs

No other significant changes in the state of affairs of the Group have occurred.

#### Subsequent events

The directors are not aware of any other matters or circumstances not otherwise dealt with in this half-year report that have significantly or may significantly affect the operations of the Group, the results of those operations, or the affairs of the Group in subsequent financial years.

#### Likely developments

The major objectives encompassed in the Business Plan of the Group are:

- (i) expansion of existing operations by targeted marketing and by acquisition;
- (ii) establishment or acquisition of businesses in fields related to or compatible with the Group's existing core operations; and
- (iii) to maximise the profits and returns to shareholders by constant review of existing operations.

#### Lead Auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2022.

This report is made in accordance with a resolution of the directors.



DAVID WATSON  
Executive Chairman

Perth, WA  
22 February 2023



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of CTI Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the review of CTI Logistics Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jane Bailey

KPMG

Jane Bailey  
*Partner*  
Perth  
22 February 2023

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**Condensed consolidated statement of profit or loss and other comprehensive income  
for the half-year ended 31 December 2022**

	Notes	2022 \$	2021 \$
<b>Revenue</b>		158,011,557	133,540,001
Other income		573,372	711,329
Raw materials and consumables used		(375,741)	(488,838)
Employee benefits expense		(43,057,547)	(40,663,714)
Subcontractor expense		(51,315,954)	(44,534,666)
Depreciation and amortisation expense		(12,132,379)	(11,727,327)
Motor vehicle and transportation costs		(22,139,382)	(16,668,644)
Property costs		(2,746,484)	(1,997,184)
Other expenses		(9,179,387)	(8,060,497)
<b>Results from operating activities</b>		<u>17,638,055</u>	<u>10,110,460</u>
Finance income		71,122	10,535
Finance expense		(2,025,615)	(1,815,817)
Net finance costs		<u>(1,954,493)</u>	<u>(1,805,282)</u>
<b>Profit before income tax</b>		15,683,562	8,305,178
Income tax expense	8	(5,062,829)	(2,452,314)
<b>Profit for the half-year</b>		<u>10,620,733</u>	<u>5,852,864</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI – net change in fair value		1,352	4,066
<b>Total comprehensive income for the half-year</b>		<u>10,622,085</u>	<u>5,856,930</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>			
Basic earnings per share	7c	13.96	7.78
Diluted earnings per share	7c	13.90	7.78

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of financial position  
as at 31 December 2022**

	Notes	31 December 2022 \$	30 June 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,072,132	9,409,550
Trade and other receivables		41,086,408	38,909,043
Inventories		289,225	220,614
<b>Total current assets</b>		<u>47,447,765</u>	<u>48,539,207</u>
<b>Non-current assets</b>			
Other investments		55,989	54,056
Property, plant and equipment	3	99,277,473	90,601,672
Right-of-use assets	5	40,148,278	35,325,131
Investment properties		2,209,490	2,210,548
Deferred tax assets		723,694	1,240,584
Intangible assets	4	28,798,259	29,546,589
<b>Total non-current assets</b>		<u>171,213,183</u>	<u>158,978,580</u>
<b>Total assets</b>		<u>218,660,948</u>	<u>207,517,787</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		21,832,453	20,542,812
Lease liabilities		16,587,450	19,200,736
Current tax liabilities		2,776,279	2,829,716
Employee benefits provision		8,826,162	8,341,346
<b>Total current liabilities</b>		<u>50,022,344</u>	<u>50,914,610</u>
<b>Non-current liabilities</b>			
Lease liabilities		36,879,058	30,950,546
Loans and borrowings	6	20,405,000	22,905,000
Employee benefits provision		2,029,450	1,956,695
<b>Total non-current liabilities</b>		<u>59,313,508</u>	<u>55,812,241</u>
<b>Total liabilities</b>		<u>109,335,852</u>	<u>106,726,851</u>
<b>Net assets</b>		<u>109,325,096</u>	<u>100,790,936</u>
<b>EQUITY</b>			
Contributed equity	7a	28,889,298	27,947,489
Reserves		1,934,769	1,933,417
Retained profits		78,501,029	70,910,030
<b>Total equity</b>		<u>109,325,096</u>	<u>100,790,936</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2022**

Consolidated	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	27,390,922	1,932,562	59,107,833	88,431,317
Total comprehensive income for the half-year	-	4,066	5,852,864	5,856,930
Transactions with equity holders in their capacity as equity holders:				
Dividends provided for or paid	<u>157,858</u>	<u>-</u>	<u>(1,503,758)</u>	<u>(1,345,900)</u>
Balance at 31 December 2021	<u>27,548,780</u>	<u>1,936,628</u>	<u>63,456,939</u>	<u>92,942,347</u>
Balance at 1 July 2022	27,947,489	1,933,417	70,910,030	100,790,936
Total comprehensive income for the half-year	-	1,352	10,620,733	10,622,085
Transactions with equity holders in their capacity as equity holders:				
Dividends provided for or paid	<u>941,809</u>	<u>-</u>	<u>(3,029,734)</u>	<u>(2,087,925)</u>
Balance at 31 December 2022	<u><u>28,889,298</u></u>	<u><u>1,934,769</u></u>	<u><u>78,501,029</u></u>	<u><u>109,325,096</u></u>

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

**Condensed consolidated statement of cash flows  
for the half-year ended 31 December 2022**

	2022 \$	2021 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	171,769,240	143,240,928
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(142,851,140)</u>	<u>(124,514,361)</u>
	28,918,100	18,726,567
Interest received	71,122	10,535
Dividends received	1,173	1,104
Interest paid	(1,856,519)	(1,648,846)
Income taxes paid	<u>(4,598,878)</u>	<u>(2,115,298)</u>
<b>Net cash inflow from operating activities</b>	<u>22,534,998</u>	<u>14,974,062</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangibles	(12,077,881)	(3,945,434)
Proceeds from sale of property, plant and equipment	<u>347,620</u>	<u>625,560</u>
<b>Net cash outflow from investing activities</b>	<u>(11,730,261)</u>	<u>(3,319,874)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,500,000)	(2,000,000)
Repayment of lease liabilities	(9,554,230)	(8,854,641)
Dividend paid to Company's shareholders net of dividend reinvestment/Bonus share plan shares issued	<u>(2,087,925)</u>	<u>(1,345,900)</u>
<b>Net cash outflow from financing activities</b>	<u>(14,142,155)</u>	<u>(12,200,541)</u>
<b>Net decrease in cash and cash equivalents</b>	(3,337,418)	(546,353)
<b>Cash and cash equivalents at the beginning of the half-year</b>	<u>9,409,550</u>	<u>6,493,618</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u><u>6,072,132</u></u>	<u><u>5,947,265</u></u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## **1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

This general purpose financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. CTI Logistics Limited and its subsidiaries (together referred to as the "Group") is a for-profit entity.

This condensed interim financial 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 annual report for the year ended 30 June 2022 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### **Estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

As Australia recovers from the COVID-19 pandemic the future economic environment continues to be uncertain in the context of global economic markets and events, increasing inflation and interest rates, along with wage cost pressure. The Group has considered the impact of this uncertain environment on each of its significant accounting judgements and estimates, particularly with respect to assumptions used in determining expected credit losses on receivables, impairment of non-current assets and going concern. At this stage no further significant estimates have been identified, however management is continuing to monitor the ongoing increased level of uncertainty in all future cash flow forecasts used in asset valuation and financial viability.

## **2. SEGMENT INFORMATION**

### **(a) Description of segments**

Management has determined the operating segments based on the reports reviewed by the Group's Executive Chairman.

The Group's Executive Chairman considers the business from a product and services perspective and has identified three reportable segments: transport, logistics and property.

The reportable segments include the following operations:

- Transport services - includes the provision of courier, taxi truck, parcel distribution, fleet management and line haul freight.
- Logistics – includes the provision of warehousing and distribution, specialised flooring logistics, supply based management services and document storage services.
- Property - rental of owner-occupied and investment property.

"Other" segments include the provision of security services and the corporate head office. None of these segments meets any of the quantitative thresholds for determining reportable segments.

The Group's Executive Chairman assesses the performance of the operating segments based on segment profit before income tax.

**CTI LOGISTICS LIMITED**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**2. SEGMENT INFORMATION (continued)**

**(b) Information about reportable segments**

The segment information provided to the Group's Executive Chairman for the reportable segments for the half-year ended 31 December 2022 is as follows:

	<b>Transport</b>	<b>Logistics</b>	<b>Property</b>	<b>Other</b>	<b>Reconciling/ unallocated</b>	<b>Total</b>
<b>Half-year 2022</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External revenues	97,629,891	57,274,932	92,840	3,012,721	1,173	158,011,557
Intra and inter-segment revenue	14,722,317	36,611	2,017,761	334,315	(17,111,004)	-
Interest expense	281,873	1,204,057	181,207	-	229,035	1,896,172
Depreciation and amortisation	4,617,476	6,537,338	404,423	156,104	417,038	12,132,379
Total segment profit before income tax	11,680,162	4,749,171	778,423	89,546	(1,613,740)	15,683,562
<b>31 December 2022</b>						
Total segment assets	65,043,886	79,169,901	72,945,424	1,353,654	148,083	218,660,948
Total segment liabilities	32,095,952	52,850,227	25,423,344	1,818,262	(2,851,933)	109,335,852
<b>Half-year 2021</b>						
External revenues	80,759,575	49,503,489	92,331	3,173,155	11,451	133,540,001
Intra and inter-segment revenue	11,931,025	30,741	2,017,761	322,143	(14,301,670)	-
Interest expense	257,612	1,134,831	108,300	-	169,152	1,669,895
Depreciation and amortisation	4,134,022	6,584,933	414,965	166,768	426,639	11,727,327
Total segment profit before income tax	6,216,975	2,571,852	882,123	376,464	(1,742,236)	8,305,178
<b>30 June 2022</b>						
Total segment assets	59,565,883	72,947,171	67,039,182	1,402,751	6,562,800	207,517,787
Total segment liabilities	32,356,474	46,467,793	26,876,271	1,589,949	(563,636)	106,726,851

**CTI LOGISTICS LIMITED**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**3. PROPERTY, PLANT AND EQUIPMENT**

<b>Consolidated</b>	<b>Freehold land</b>	<b>Freehold buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2022</b>					
Cost	44,499,191	35,353,648	27,913,822	43,839,696	151,606,357
Accumulated depreciation	(6,371,500)	(8,366,674)	(21,049,780)	(25,216,731)	(61,004,685)
Net book amount	38,127,691	26,986,974	6,864,042	18,622,965	90,601,672
<b>Half-year ended 31 December 2022</b>					
Opening net book value	38,127,691	26,986,974	6,864,042	18,622,965	90,601,672
Additions	400,000	6,125,549	2,440,323	3,830,980	12,796,852
Disposals	-	-	(350)	(65,048)	(65,398)
Depreciation charge	-	(578,620)	(1,213,458)	(2,263,575)	(4,055,653)
Closing net book amount	38,527,691	32,533,903	8,090,557	20,125,322	99,277,473
<b>At 31 December 2022</b>					
Cost	44,899,191	41,479,197	30,243,460	46,243,730	162,865,578
Accumulated depreciation	(6,371,500)	(8,945,294)	(22,152,903)	(26,118,408)	(63,588,105)
Net book amount	38,527,691	32,533,903	8,090,557	20,125,322	99,277,473

During the prior year the Group entered into a contract for the development of new buildings on two vacant lots of land held in Western Australia. As at 31 December 2022 there is \$7,405,052 (30 June 2022: \$1,808,449) included within freehold buildings which relate to assets under construction.

**4. INTANGIBLE ASSETS**

<b>Consolidated</b>	<b>Goodwill</b>	<b>Trade names</b>	<b>Customer relationships</b>	<b>Security lines</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2022</b>						
Cost	26,461,029	3,726,914	9,178,756	1,631,326	2,355,640	43,353,665
Accumulated amortisation	-	(3,044,680)	(7,312,364)	(1,564,173)	(1,885,859)	(13,807,076)
Net book amount	26,461,029	682,234	1,866,392	67,153	469,781	29,546,589
<b>Half-year ended 31 December 2022</b>						
Opening net book amount	26,461,029	682,234	1,866,392	67,153	469,781	29,546,589
Additions	-	-	-	-	28,211	28,211
Amortisation charge	-	(221,569)	(402,665)	(12,199)	(140,108)	(776,541)
Closing net book amount	26,461,029	460,665	1,463,727	54,954	357,884	28,798,259
<b>At 31 December 2022</b>						
Cost	26,461,029	3,726,914	9,178,756	1,631,326	2,383,851	43,381,876
Accumulated amortisation	-	(3,266,249)	(7,715,029)	(1,576,372)	(2,025,967)	(14,583,617)
Net book amount	26,461,029	460,665	1,463,727	54,954	357,884	28,798,259

**CTI LOGISTICS LIMITED**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

**5. RIGHT-OF-USE ASSETS**

<b>Consolidated</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
	\$	\$	\$
<b>At 1 July 2022</b>			
Net book amount	32,841,303	2,483,828	35,325,131
<b>Half-year ended 31 December 2022</b>			
Opening net book value	32,841,303	2,483,828	35,325,131
Additions*	12,122,274	-	12,122,274
Depreciation charge	(6,364,488)	(934,639)	(7,299,127)
Closing net book amount	38,599,089	1,549,189	40,148,278
<b>At 31 December 2022</b>			
Net book amount	38,599,089	1,549,189	40,148,278

\*Additions to right-of-use assets are largely as a result of an extension to the Group's lease for the GMK facilities in NSW.

**6. BORROWINGS**

At the reporting date the Group had the following bank facilities:

	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$	\$
Non-current Borrowings	20,405,000	22,905,000
<b>Total Borrowings</b>	<u>20,405,000</u>	<u>22,905,000</u>
Undrawn facilities	28,501,167	26,001,167

The undrawn facilities may be drawn at any time subject to the continuance of satisfactory credit ratings and are also subject to annual review

**7. CAPITAL AND RESERVES**

**(a) EQUITY SECURITIES**

Contributed equity of \$28,889,298 represents shares on issue of 76,454,010 (30 June 2022: 75,745,883).

At 31 December 2022 there were 2,685,000 (30 June 2022 – 2,685,000) contingently issuable shares relating to shares issued under the Company's Employee Share Plan.

**(b) DIVIDENDS**

**Dividends not recognised at the end of the reporting period**

After the half-year end the directors have declared an interim dividend of 5.0 cents per fully paid ordinary share, (2021 – 2.5 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid on 6 April 2023 out of retained profits at 31 December 2022, but not recognised as a liability at period end, is \$3,822,701, (2021 - \$1,883,700).

**CTI LOGISTICS LIMITED**  
**Notes to the condensed consolidated financial statements**  
**31 December 2022**

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**7. CAPITAL AND RESERVES (continued)**

**(c) EARNINGS PER SHARE**

The calculation of basic and diluted earnings per share at 31 December 2022 are as follows:

	<b>2022</b>	<b>2021</b>
(i) Basic earnings per share	13.96 cents	7.78 cents
Profit attributable to ordinary shareholders	\$10,620,733	\$5,852,864
Weighted average number of shares	76,076,855	75,234,998
(ii) Diluted earnings per share	13.90 cents	7.78 cents
Profit attributable to ordinary shareholders (diluted)	\$10,620,733	\$5,852,864
<i>Weighted average number of shares (diluted)</i>		
Weighted average number of shares (basic)	76,076,855	75,234,998
The effect of the vesting of contingently issuable shares	329,104	29,780
Weighted average number of shares (diluted) at 31 December	<u>76,405,959</u>	<u>75,264,778</u>

The average market value of the Company's shares for the purposes of calculating the dilutive effect of the vesting of contingently issuable shares was based on quoted market prices for the period during which the contingently issuable shares were outstanding.

**8. INCOME TAX EXPENSE**

Included within income tax expense is an adjustment for prior period under provision of \$204,826 (2021: over provision - \$157,057), which has resulted in the variation in effective tax rate.

**9. COMMITMENTS**

Capital commitments contracted for at the reporting date but not recognised as liabilities comprises of plant and equipment of \$6,328,622 (30 June 2022 - \$6,174,237) and freehold buildings of \$15,635,750 (30 June 2022 - \$20,759,393). The commitments are payable within one year.

**10. SUBSEQUENT EVENTS**

No events have occurred since the end of the half-year other than disclosed elsewhere in these financial statements.

## Directors' Declaration

In the opinion of the directors of CTI Logistics Limited:

- (a) the consolidated financial statements and notes that are set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



DAVID WATSON  
Executive Chairman

Perth, WA  
22 February 2023



# Independent Auditor's Review Report

To the shareholders of CTI Logistics Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying **Half-Year Financial Report** of CTI Logistics Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year Financial Report of CTI Logistics Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-Year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises CTI Logistics Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Half-Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-Year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-Year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

22 February 2023