CTI Logistics Limited

ABN 69 008 778 925

Appendix 4E

Preliminary final report

For the year ended 30 June 2003

For announcement to the market

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

Revenues from ordinary activities *(item 1.1)*	down	9.5%	to	91,521
Profit from ordinary activities after tax attributable to members *(item 1.6)*	down	73%	to	215
Net profit for the period attributable to members *(item 1.6)*	down	73%	to	215

Dividends		Amount per security	Franked amount per security
Final dividend	Current year	1¢	1¢
	Previous corresponding period	1¢	1¢
Interim dividend	Current year	-¢	-¢
	Previous corresponding period	-¢	-¢

+Record date for determining entitlements to the dividend: 7 November 2003

Consolidated statement of financial performance

		Current period $A'000	Previous corresponding period $A'000
1.1	**Revenue from ordinary activities**	91,521	101,155
1.2	Borrowing costs expense	1,790	2,170
1.3	Other expenses from ordinary activities	89,277	97,725
1.4	**Profit from ordinary activities before income tax expense**	454	1,260
1.5	Income tax expense	239	471
1.6	**Net profit attributable to members of the Company**	215	789
		Cents	Cents
	Earnings per share	0.85	3.17

Consolidated statement of retained profits

1.7	Retained profits at the beginning of the financial period	794	254
1.8	Adjustment resulting from change in accounting policy for providing for dividends	249	-
1.9	Net profits attributable to members (item 1.6)	215	789
1.10	Dividends paid or payable	(249)	(249)
1.11	**Retained profits at end of financial period**	1,009	794

Revenue and expenses from ordinary activities

		Current period $A'000	Previous corresponding period $A'000
	Revenue from operating activities		
	Sale of goods	18,720	20,810
	Services	77,536	87,888
	Deduct agency sales, excise and other duties	(8,601)	(11,610)
		87,655	97,088
	Revenue from outside the operating activities		
	Interest	80	42
	Dividends	4	3
	Rent	66	363
	Grant	229	-
	Proceeds from sale of business, property, plant and equipment	2,759	3,081
	Other investments	-	30
	Other	728	548
		3,866	4,067
1.12	**Total revenue from ordinary activities (item 1.1)**	91,521	101,155
	Expenses from ordinary activities		
	Changes in inventories of finished goods and Work in progress	(79)	(148)
	Raw materials and consumables used	10,044	8,610
	Employee benefits expense	26,332	26,187
	Subcontractor expense	35,120	42,607
	Depreciation of non-current assets	3,837	3,936
	Amortisation of non-current assets	460	494
	Motor vehicle and transportation costs	5,776	5,281
	Property costs	1,619	2,043
	Write-down of investment	462	-
	Provision for share scheme loan	381	-
	Other expenses from operating activities	3,187	5,861
	Carrying value of business, property, plant and equipment sold	2,138	2,829
	Carrying value of other investments sold	-	25
1.13	**Expenses from ordinary activities, excluding borrowing costs expense (item 1.3)**	89,277	97,725

Income tax

The income tax on the operating profit differs from the amount prima facie payable on that profit as follows:

		Current period $A'000	Previous corresponding period $A'000
	Prima facie income tax on the operating profit at 30%	136	378
	Tax effect of permanent differences which		
	Reduce tax payable due to:		
	Rebatable dividends	(1)	(1)
	Non-assessable profits on sale of business	(162)	-
	Non-assessable profits on other	-	(6)
	Previously unbooked tax losses brought to account	-	(55)
	Increase tax payable due to non-deductible:		
	Amortisation	128	148
	Depreciation	20	16
	Expenses	18	-
	Write downs	138	-
	Prima facie tax adjusted for permanent differences	277	480
	Over provision in prior year	(38)	(9)
1.14	**Aggregate income tax expense (item 1.5)**	239	471

Consolidated statement of financial position

	At end of current period $A'000	As shown in last annual report $A'000	As in last half yearly report $A'000
Current assets			
Cash assets	-	756	17
Receivables	14,958	21,552	21,094
Inventories	1,355	1,376	1,563
Tax assets	1,162	1,002	714
Other assets	4,797	944	3,217
Total current assets	22,272	25,630	26,605
Non-current assets			
Receivables	1,837	687	487
Other financial assets	328	789	328
Property, plant and equipment	25,735	29,340	28,585
Tax assets	272	361	303
Intangible assets	3,357	5,194	5,002
Other assets	5	-	-
Total non-current assets	31,534	36,371	34,705
Total assets	53,806	62,001	61,310
Current liabilities			
Payables	8,818	10,161	10,337
Interest bearing liabilities	10,753	7,085	12,986
Tax liabilities	454	193	439
Provisions	1,923	1,962	1,916
Total current liabilities	21,948	19,401	25,678
Non-current liabilities			
Payables	417	-	583
Interest bearing liabilities	8,181	19,707	12,154
Tax liabilities	1,698	1,701	1,510
Provisions	509	541	442
Total non-current liabilities	10,805	21,949	14,689
Total liabilities	32,753	41,350	40,367
Net assets	21,053	20,651	20,943
Equity			
Contributed equity	20,044	19,857	20,044
Retained profits	1,009	794	899
Total equity	21,053	20,651	20,943

Consolidated statement of cash flows

	Current period $A'000	Previous corresponding period $A'000
Cash flows from operating activities		
Receipts from trade and other debtors	108,812	121,784
Payments of accounts payable and to other suppliers and creditors and employees	(101,506)	(114,025)
Interest received	80	42
Borrowing costs	(1,790)	(2,170)
Dividends received	3	3
Income taxes paid	(51)	(210)
Net cash flows from operating activities	5,548	5,424
Cash flows from investing activities		
Loan repayments received	6	-
Payments for property, plant and equipment	(1,261)	(973)
Payments for purchase of businesses	(52)	(38)
Proceeds from sale of business, property, plant and equipment	5,455	1,347
Net cash flows from investing activities	4,148	336
Cash flows from financing activities		
Repayment of borrowings	(10,272)	(5,885)
Dividends paid	(249)	(35)
Net cash flows from financing activities	(10,521)	(5,920)
Net decrease in cash held	(825)	(160)
Cash at the beginning of the financial year	756	916
Cash at the end of the financial year	(69)	756

Non-cash financing and investing activities

Acquisition of plant and equipment by means of finance leases and hire purchase	3,076	2,154
Sale of business, plant and equipment for deferred consideration	1,800	1,846

NTA backing

Net tangible asset backing per ordinary security	69.86 cents	62.13 cents

Dividend

Details of dividends declared or paid during or subsequent to the year ended 30 June 2003 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%)	21 November 2003	1 cent	$253,299	1 cent	-
Final dividend – Previous year (fully franked at 30%)	21 November 2002	1 cent	$248,799	1 cent	-

Dividends not recognised at year end

Since the end of the year the directors have declared a final dividend of 1 cent per ordinary share, fully franked at 30%. The aggregate amount of the dividend payable on 21 November 2003 out of retained profits at 30 June 2003, but not recognised as a liability at year end as a result of the change in accounting policy for providing for dividends (refer to notes on change in accounting policies) is $253,299.

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

Commentary on results for the period

Revenue from ordinary activities was $91,521,000, down 9.5% on the previous year. Part of this reduction can be attributed to the sale of a business in that period. This year there has been an increase in courier revenue, which has been offset by the decline in warehousing and wharf related revenues, and the effect of the sale of certain transport operations in May this year.

As previously reported at the half year, earnings were adversely affected by the write-down of an investment and a provision for share scheme loans. These two items reduced net profit attributable to shareholders by $728,280.

For further commentary see attached letter to shareholders.

Basis of financial report preparation

This report has been prepared in accordance with the ASX Listing Rules and should be read in conjunction with the last annual report and any announcements to the market made by the Entity during the period. This report does not include all the notes of the type normally included in an annual report.

Changes in accounting policies since the last annual report

There have been no changes in accounting policies since the last annual report except for the change described below.

New accounting policy on providing for dividends
Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

Change in accounting policy for providing for dividends
The above policy was adopted with effect from 1 July 2002 to comply with AASB 1044 Povisions, Contingent Liabilities and Contingent Assets released in October 2001. In previous years, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of $248,799 was made against the consolidated and parent entity retained profits at the beginning of the financial year to reverse the amount provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the consolidated and parent entity current liabilities – provisions and total liabilities at the beginning of the financial year by $248,799 with corresponding increases in their net assets, retained profits, total equity and the total dividends provided for or paid during the current financial year.

The restatements of consolidated and parent entity retained profits, provisions and total dividends provided for or paid during the year set out below show the information that would have been disclosed had the new accounting policy always been applied.

	Consolidated	
	2003	**2002**
	$A'000	**$A'000**
	(Restated)	**(Restated)**
Restatement of retained profits		
Previously reported retained profits at the end of the previous financial year	794	254
Change in accounting policy for providing for dividends	249	-
Restated retained profits at the beginning of the financial year	1,043	254
Net profit attributable to members of CTI Logistics Limited	215	789
Total available for appropriation	1,258	1,043
Dividends provided for or paid	(249)	-
Restated retained profits at the end of the financial year	1,009	1,043
Restatement of current liabilities - provisions		
Previously reported carrying amount at the end of the financial year	1,923	1,962
Adjustment for change in accounting policy	-	(249)
Restated carrying amount at the end of the financial year	1,923	1,713

Changes in accounting policies since the last annual report (continued)

	Consolidated	
	2003	**2002**
	$A'000	**$A'000**
	(Restated)	**(Restated)**
Restatement of dividends provided for or paid		
Previously reported total dividends provided for or paid during the financial year	-	249
Adjustment for change in accounting policy	-	(249)
Restated total dividends provided for or paid during the financial year	-	-

Controlled entities acquired or disposed of

There were no acquisition or disposal of controlled entities during the current period.

Segment information

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

- Logistics and Transport services
- Manufacturing, Security and other services

	Logistics and Transport 2003 $A'000	Manufacturing, Security and Other 2003 $A'000	Intersegment eliminations 2003 $A'000	Consolidated 2003 $A'000
Sales to customers outside the consolidated entity	67,951	22,996		90,947
Intersegment sales	162	57	(219)	-
Total segment revenue	68,113	23,053	(219)	
Unallocated Sales				574
Consolidated revenue from ordinary activities				91,521
Segment result	1,747	3,178	(152)	4,773
Unallocated result				
Interest Expense				(1,405)
Write down for investments				(462)
Provision for Doubtful Debts				(381)
Other				(2,071)
Consolidated profit from ordinary activities before income tax				454
Income tax expense				239
Net profit				215

Segment information (continued)

	Logistics and Transport	Manufacturing, Security and Other	Intersegment eliminations	Consolidated
	2002 $A'000	2002 $A'000	2002 $A'000	2002 $A'000
Sales to customers outside the consolidated entity	73,765	27,034	-	100,799
Intersegment sales	197	53	(250)	-
Total segment revenue	73,962	27,087	(250)	
Unallocated Sales				356
Consolidated revenue from ordinary activities				101,155
Segment result	3,164	2,066	(165)	5,065
Unallocated result				
Interest Expense				(1,596)
Other				(2,209)
Consolidated profit from ordinary activities before income tax				1,260
Income tax expense				471
Net profit				789

Change in segment accounting policy

The segment accounting policy has been revised to align with the information that is prepared for reporting to management. Earnings before interest and tax for each segment have been adjusted to reallocate various costs to more fairly reflect the actual resources used by each segment. Internal service companies have been classified as unallocated and as such unallocated results includes interest expense and the cost of group administration. The comparative information has been restated to reflect this change.

The financial effect of this change was to reduce the Sales of the Manufacturing, Security and Other segment by $574,330 (2002: $356,899), while giving rise to corresponding adjustment to Unallocated sales. The result of the Transport and Logistics segment has increased by $2,507,244 (2002: $2,460,065) while the result of the Manufacturing, Security and Other segment has decreased by $1,179,666 (2002: $1,135,279). There has been a corresponding adjustment to Intersegment eliminations and Unallocated result.

Compliance statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2. This report, and the accounts upon which the report is based use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. This report is based on accounts which are in the process of being audited.

5. The entity has a formally constituted audit committee.

David Mellor
Company Secretary

12 September 2003

ABN 69 008 778 925
328 Aberdeen Street
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
Web www.ctilogistics.com

CTI Logistics Limited

12 September 2003

Dear Shareholder,

The Company today released its annual results to the Australian Stock Exchange in respect of the 2002-2003 financial year.

As stated in our letter to shareholders dated 14 March 2003, the profit from ordinary activities for this financial year has been adversely affected by two abnormal asset value adjustments. These adjustments, made in accordance with Australian Accounting Standards, impact directly on the bottom line but have no cash flow effect on the Company, nor do they in any way affect the Company's ongoing operations.

After the adjustments, the end result for the full year is a profit before tax of $454,000 and a profit after tax of $215,000, on revenue from ordinary activities of $91,521,000, down 9% on the previous year. Operating cash flows have improved by 16% to $6,306,000 and net interest bearing liabilities have been reduced by $7,925,000 in the year under review. Borrowing costs have been reduced by 17% to $1,405,000.

Consistent with the resumption of dividends a year ago, a fully franked dividend of one cent per share will be paid to shareholders on 21 November 2003.

The Company has entered into a contract to sell its complex at Rous Head, and will re-locate part of the activity to its Bibra Lake facility. This sale will further reduce Company debt, and follows on from the recent sale of the United Paper property and the exit from the Company's freight forwarding and customs broking activities.

Yours faithfully,

DAVID WATSON
EXECUTIVE CHAIRMAN