CTI Logistics Limited

ABN 69 008 778 925

Appendix 4D
Half year report

Half-year ended 31 December 2008

For announcement to the market
Extracts from this report for announcement to the market

				$A'000
Revenue	up	5.7%	to	26,278
Profit after tax from continuing operations attributable to members	up	5.6%	to	2,498
Profit from ordinary activities after tax attributable to members	down	65%	to	2,498
Net profit for the period attributable to members	down	65%	to	2,498

Dividends		Amount per security	Franked amount per security
Final dividend	Year ended 30 June 2008	3.0 cents	3.0 cents
	Previous corresponding period	3.0 cents	3.0 cents
Interim dividend	Current period	3.0 cents	3.0 cents
	Previous corresponding period	3.0 cents	3.0 cents

+Record date for determining entitlements to the dividend	8 May 2009

Consolidated net profit from ordinary activities after tax attributable to members for the half-year to 31 December 2008 was $2,498,363. The prior period comparative includes profit from a discontinued operation of $4,948,147.

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	65 cents	70 cents

Dividend

Details of dividends declared or paid during or subsequent to the period ended 31 December 2008 are as follows:

	Payment date	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
Final dividend – year ended 30 June 2008 (fully franked at 30%)	14 November 2008	3.0 cents	$1,009,318	3.0 cents	-
Interim dividend – Current period (fully franked at 30%)	22 May 2009	3.0 cents	$1,230,565	3.0 cents	-

The interim dividend has not been recognised as a liability at the half-year end.

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

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 2008

Lodged with the ASX under Listing Rule 4.2A

This 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 2008 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 AND THE ENTITIES IT CONTROLLED DURING THE HALF YEAR ENDED 31 DECEMBER 2008.

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

Principal activities of the Group
The principal activities of the Group during the half-year were the provision of logistics, transport and security services, manufacturing of plastic products and investment.

Dividends
The directors have declared a fully franked interim dividend of 3 cents per ordinary share subsequent to the end of the half-year. This dividend is not recognised as a liability at half-year end. During the financial period a 3 cents fully franked final dividend for the year ended 30 June 2008 was paid to members.

Review of operations and results
Profit after tax attributable to the members of the Company was $2,498,363 compared to $2,365,895 in the previous corresponding period. Revenue from continuing activities was $26,278,987 compared to $24,856,818. Net cash flows from operating activities were comparable with the prior period.

Changes in the state of affairs
No other significant changes in the state of affairs of the Group have occurred other than those matters referred to elsewhere in this half-year report.

Events subsequent to balance date
The directors are not aware of any other matters or circumstances not otherwise dealt with in this half-year report that has 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 aggressive 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.

Auditor's independence
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

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

DAVID MELLOR
Director

Perth
26 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of CTI Logistics Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CTI Logistics Limited and the entities it controlled during the period.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
26 February 2009

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Consolidated Income Statement
For the half-year ended 31 December 2008

	Notes	Half-year 2008 $	2007 $
Revenue from continuing operations		26,278,987	24,856,818
Other income		85,480	130,458
Changes in inventories of finished goods and work in progress		110,930	63,767
Raw materials and consumables used		(1,597,603)	(1,437,018)
Employee benefits expense		(6,867,422)	(6,595,203)
Subcontractor expense		(9,704,840)	(9,068,347)
Depreciation and amortisation expense		(1,093,950)	(1,015,546)
Motor vehicle and transportation costs		(1,661,712)	(1,554,379)
Property costs		(55,715)	(164,279)
Finance costs		(418,702)	(365,170)
Other expenses		(1,548,791)	(1,467,343)
Share of net profit of joint venture partnership		33,404	77,127
Profit before income tax		3,560,066	3,460,885
Income tax expense		(1,061,703)	(1,094,990)
Profit from continuing operations		2,498,363	2,365,895
Profit from discontinued operation	7	-	4,948,147
Profit for the half-year		2,498,363	7,314,042

	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	6.09	5.77
Diluted earnings per share	6.09	5.77

	Cents	Cents
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	6.09	17.83
Diluted earnings per share	6.09	17.83

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

Consolidated Balance Sheet
As at 31 December 2008

	31 December 2008 $	30 June 2008 $
ASSETS		
Current Assets		
Cash and cash equivalents	613,548	814,242
Trade and other receivables	8,391,833	9,006,939
Inventories	2,331,260	2,368,089
Total current assets	11,336,641	12,189,270
Non-current assets		
Investments accounted for using the equity method	204,390	170,987
Available-for-sale financial assets	65,296	74,273
Property, plant and equipment	21,339,729	17,513,340
Investment properties	10,264,739	10,315,388
Deferred tax assets	798,925	783,235
Intangible assets	437,775	503,223
Total non-current assets	33,110,854	29,360,446
Total assets	44,447,495	41,549,716
LIABILITIES		
Current liabilities		
Trade and other payables	5,969,269	7,317,671
Borrowings	2,075,352	1,446,533
Current tax liabilities	635,145	614,649
Total current liabilities	8,679,766	9,378,853
Non-current liabilities		
Borrowings	8,368,955	6,294,604
Provisions	110,288	70,533
Total non-current liabilities	8,479,243	6,365,137
Total liabilities	17,159,009	15,743,990
Net assets	27,288,486	25,805,726
EQUITY		
Contributed equity	7,292,807	7,292,807
Reserves	(49,906)	(43,621)
Retained profits	20,045,585	18,556,540
Total equity	27,288,486	25,805,726

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

Consolidated statement of changes in equity
For the half-year ended 31 December 2008

	Half-year 2008 $	2007 $
Total equity at the beginning of the half-year	25,805,726	17,651,738
Available-for-sale financial assets, net of tax	(6,285)	2,824
Profit for the half-year	2,498,363	7,314,042
Total recognised income and expense for the half-year	2,492,078	7,316,866
Transactions with equity holders in their capacity as equity holders:		
Share-based payments	-	507,000
Dividends provided for or paid	(1,009,318)	(930,973)
Total equity at the end of the half-year	27,288,486	24,544,631
Total recognised income and expense for the half-year attributable to:		
Members of CTI Logistics Limited	2,492,078	7,316,866

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

Consolidated cash flow statement
For the half-year ended 31 December 2008

	Notes	Half-year 2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		29,708,091	33,760,760
Payments to suppliers and employees (inclusive of goods and services tax)		(25,329,700)	(28,642,369)
		4,378,391	5,118,391
Interest received		24,830	26,100
Dividends received		1,932	1,932
Joint venture partnership distributions received		-	70,000
Interest paid		(332,709)	(406,648)
Income taxes paid		(1,147,263)	(1,845,726)
Net cash inflow from operating activities		2,925,181	2,964,049
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(4,516,781)	(2,302,064)
Payment for investment property		-	(2,857,021)
Proceeds from sale of property, plant & equipment		104,055	136,130
Proceeds from sale of business	7	-	11,434,706
Net cash (outflow)/inflow from investing activities		(4,412,726)	6,411,751
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,700,000	-
Repayment of borrowings		(403,831)	(7,767,667)
Proceeds from share-based payments		-	507,000
Dividends paid to company's shareholders		(1,009,318)	(930,973)
Net cash inflow/(outflow) from financing activities		1,286,851	(8,191,640)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(200,694)	1,184,160
Cash and cash equivalents at the beginning of the half-year		814,242	(541,172)
CASH AT THE END OF THE HALF-YEAR		613,548	642,988

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

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This 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 2008 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.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. 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 provision of security services.

Primary reporting format – business segments

Half-year 2008	Logistics and Transport	Manufacturing, Security and Other	Total continuing operations	Discontinued operation Printing (note 7)	Consolidated
	$	$	$	$	$
Total sales revenue	20,093,497	5,723,817	25,817,314	-	25,817,314
Intersegment elimination			(96,350)	-	(96,350)
Share of net profit of joint venture partnership			33,404	-	33,404
Other revenue/income			643,503	-	643,503
Total segment revenue/income			26,397,871	-	26,397,871
Segment result	3,814,131	628,513	4,442,644	-	4,442,644
Intersegment elimination			3,696	-	3,696
Unallocated revenue less expenses			(886,274)	-	(886,274)
Profit before income tax			3,560,066	-	3,560,066

Half-year 2007	Logistics and Transport	Manufacturing, Security and Other	Total continuing operations	Discontinued operation Printing (note 7)	Consolidated
Total sales revenue	18,330,156	6,087,899	24,418,055	3,459,405	27,877,460
Intersegment elimination			(116,462)	-	(116,462)
Share of net profit of joint venture partnership			77,127	-	77,127
Other revenue/income			685,683	4,798,045	5,483,728
Total segment revenue/income			25,064,403	8,257,450	33,321,853
Segment result	3,171,906	1,043,460	4,215,366	5,028,832	9,244,198
Intersegment elimination			1,608	-	1,608
Unallocated revenue less expenses			(756,089)	-	(756,089)
Profit before income tax			3,460,885	5,028,832	8,489,717

3. DIVIDENDS

	2008 $	2007 $
Ordinary shares		
Dividends provided for or paid during the half-year	1,009,318	930,973

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3 cents per fully paid ordinary share, (2007 – 3 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 22 May 2009 out of retained profits at 31 December 2008, but not recognised as a liability at year end, is $1,230,565 (2007 - $1,025,473).

4. EQUITY SECURITIES

	2008 Shares	2007 Shares	2008 $	2007 $
Balance at the beginning of the half-year	34,182,421	34,182,421	7,292,807	6,785,807
Bonus issue – 1 for 5	6,836,409	-	-	-
Share-based payments	-	-	-	507,000
Balance at the end of the half-year	41,018,830	34,182,421	7,292,807	7,292,807

5. CONTINGENT LIABILITIES

There are no known contingent liabilities for the Group at the end of the half-year.

6. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

7. DISCONTINUED OPERATION

(a) Description

On 20 September 2007 the Company accepted an offer to purchase its printing business. The business was sold on 30 September 2007 and is reported in this half-year financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 2 – segment information.

(b) Financial performance and cash flow information

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

	Half-year 2008 $	Half-year 2007 $
Revenue	-	3,459,405
Expenses	-	(3,228,618)
Profit before income tax	-	230,787
Income tax expense	-	(71,986)
Profit after income tax of discontinued operation	-	158,801
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	-	4,948,147

	Half-year 2008 $	Half-year 2007 $
Net cash inflow from ordinary activities	-	455,970
Net cash inflow from investing activities (2007 includes an inflow of $11,434,706 from the sale of the business)	-	11,432,899
Net cash outflow from financing activities	-	(4,526,581)
Net increase in cash generated by the business	-	7,362,288

7. DISCONTINUED OPERATION (continued)

(c) The carrying amounts of assets sold

	Half-year 2008 $	Half-year 2007 $
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

	Half-year 2008 $	Half-year 2007 $
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

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that CTI Logistics Limited 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 MELLOR
Director

Perth
26 February 2009

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Independent auditor's review report to the members of CTI Logistics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CTI Logistics Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the CTI Logistics Group (the consolidated entity). The consolidated entity comprises both CTI Logistics Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CTI Logistics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

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Independent auditor's review report to the members of CTI Logistics Limited (cont'd)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
26 February 2009

CTI Logistics Limited

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26 February 2009

Dear Shareholder

The Company has today released its results for the six months to 31 December 2008.

Profit after tax for the period was $2,498,363, on revenue of $26,278,987. Both numbers were up, 5.6% and 5.7% respectively, on the continuing business operations compared with the previous corresponding period. Net cash flows from operating activities were comparable with the previous period. Earnings per share was 6.09 cents, and the Company will retain the 3 cent fully-franked interim dividend on the capital which was increased in December 2008 by the one for five bonus share issue.

In the changing economic circumstances, the results for the six months were pleasing. However trading conditions so far in 2009 have been tough. Courier activity, as measured by job numbers per day, has always been a good indicator of overall economic conditions, and so far this calendar year job numbers are off by 25% compared to the previous year. In our thirty-five years in this business, through several downturns and recessions, there has never been a drop-off of this magnitude.

We're doing everything we can to see us through this challenging period. There has been a continuous program of cost cutting in all our businesses; we have reduced the overall average debtor days outstanding by nine days; with the drops in interest rates our interest expense is off by 20% and our gearing of net debt to equity is at 36%; and we are planning to expand organically via two recent start-ups and by the acquisition of synergistic transport businesses.

In February last year I wrote to you saying that with the then continuing resources boom our greatest inhibitor to growth was the lack of people available to work. How things have changed in such a short period of time. I also said that our challenge is to innovate and change some of the methods and ways that we service our clients so that we can grow successfully in this new environment. For very different reasons, that statement still holds true today. We hope you stay with us for the long haul and enjoy the ride.

Yours faithfully

David Watson
EXECUTIVE CHAIRMAN