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CTI Logistics Limited

19 February 2014

Dear Shareholder

The Company has released its results for the six months to 31 December 2013.

Profit after tax for the period was $6,694,207, up 8.9% on the previous corresponding period. Revenue from operations was up 17.3%, to $73,833,068. On the surface that looks like a reasonable result in what has become a tough Western Australian market, but there are some issues to note regarding the end profit figure.

In the six month period the Company expensed $1.25m in establishing its new regional network, through CTI Freightlines, Broome Freightlines and Bunbury Freight Services. Counteracting this reduction of profit, the Company rationalised three property assets, selling a mature investment property for $3,500,000 and a book profit of $2,916,760 while taking impairments totalling $1,600,000 on two other properties. Profit after tax was also enhanced by the use of carried forward capital losses to offset against the profit on the sale of the property.

We are operating in a market which has suffered from the end of the resources boom, and at this time it's not yet easy to see light at the end of the tunnel, with all of our businesses affected to some degree. However, with the near completion of the second stage of our Hazelmere warehousing and distribution complex, and with the on-going development of our regional network, we are positioning the Company for significant growth in revenue and profit for the future, as conditions improve.

Given the above, the directors have declared an increased interim dividend of 4.0 cents per share fully franked, payable on 15 April 2014.

Yours faithfully

David Watson
EXECUTIVE CHAIRMAN