CTI Logistics Limited

ACN 008 778 925

Annual Report 2008

Contents

Directory

DIRECTORS

David Robert Watson
(Executive Chairman)

David Anderson Mellor
(Executive)

Bruce Edmond Saxild
(Executive)

Peter James Leonhardt
(Non-Executive)

SECRETARY

David Anderson Mellor

AUDITORS

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SHARE REGISTRY

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Telephone (08) 9323 2000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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The financial report covers both CTI Logistics Limited as an individual entity and the group consisting of CTI Logistics Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008.

The financial report is presented in the Australian currency.

The financial report was authorised for issue by the directors on 26 September 2008. The Company has the power to amend and reissue the financial report.

CTI Logistics Limited is a company limited by shares incorporated and domiciled in Australia.

Chairman's Statement

We announced a profit after tax of $9,564,087 for the 2007-08 financial year, up 108% on the previous year. Profit on the sale of Advance Press contributed $4,789,346 after tax to the overall result, but it is pleasing to note that the profit from continuing activities was also up on the previous year.

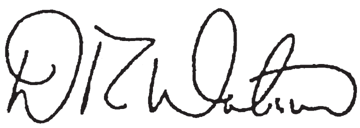
Earnings per share for the year was 27.98 cents, of which 13.58 cents was from continuing operations [compared with 9.37 cents the previous year for those same business operations]. For the year, directors resolved to pay dividends of 3 cents interim and 3 cents final, fully franked, and to reward shareholders with a one-for-five bonus share issue. All shareholders registered on 1 December 2008 will receive an extra one share for every five shares held at that date, and directors expect to maintain the current dividends on the expanded share capital.

The improvement in results for the continuing business operations was mainly due to better contributions from warehousing and from certain transport operations. Going forward, we plan to grow the Company both organically and by acquisition. We have just completed the final development phase of our Bibra Lake logistics complex, adding a further 6,000msq of warehouse space, and in 2009 we plan to expand logistics operations to our Malaga property, giving us a new base from which to better service the northern industrial and commercial areas.

Aside from logistics, we also plan to expand our security and plastics divisions. There are many new products being regularly released in the security industry, providing scope for both new installations and upgrades of existing installations. Our challenge in plastics is to expand our product range and market share in order to grow the business in the face of a continuing tight domestic building industry.

At this time there has been no end to the 2008 global financial turmoil and the immediate future may present financial and business challenges that we have not faced before. Although we have seen a decline in some 2008 key indicators, including courier job numbers, in overall terms the Company is in good shape to face the future. We have a strong and experienced management team. We have a solid capital base backed by undervalued property assets. Our debt levels are low and our cashflows are good.

Finally, and as always, I would like to extend the board's thanks to all members of staff and sub-contractors for their efforts and commitment over the past year.



DAVID WATSON
Executive Chairman

Directors' Report

YOUR DIRECTORS PRESENT THEIR REPORT ON THE GROUP CONSISTING OF CTI LOGISTICS LIMITED AND THE ENTITIES IT CONTROLLED AT THE END OF, OR DURING, THE YEAR ENDED 30 JUNE 2008.

Directors
Directors of the Company in office during the whole of the financial year and up to the date of this report are (except as indicated below):

David Robert Watson
Mr Watson is the founder and executive chairman of the group. Mr Watson is a member of the remuneration committee. Mr Watson has not held any other directorships in listed companies over the past 4 years.

Peter James Leonhardt
Mr Leonhardt is a non-executive director of CTI Logistics Limited and has been with the group since 1999. During the past 4 years Mr Leonhardt has also served as a director of Centrepoint Alliance Limited (May 2002 and continuing), Carnarvon Petroleum Limited (March 2005 and continuing), Titan Resources Limited (June 2005 to June 2006) and Voyager Energy Limited (2001 to September 2005). Mr Leonhardt is a former managing partner of Coopers & Lybrand (now PricewaterhouseCoopers). Mr Leonhardt is the chairman of the audit committee and the remuneration committee.

David Anderson Mellor
Mr Mellor is a Chartered Accountant who has been with the group since 1978. He is responsible for the group's finances and accounts. Mr Mellor has not held any other directorships in listed companies over the past 4 years.

Bruce Edmond Saxild
Mr Saxild has been with the group since 1977. He is responsible for the group's logistics and transport operations. He is a member of the audit committee. Mr Saxild has not held any other directorships in listed companies over the past 4 years.

Jonathan David Elbery (resigned 27 November 2007)
Mr Elbery was a non-executive director from 1 July 2007 to 27 November 2007. He has not held any other directorships in listed companies over the past 4 years. Mr Elbery resigned from the board on 27 November 2007.

Principal activities of the group
The principal activities of the group during the year were the provision of logistics, transport and security services, printing (disposed of during the period), manufacturing of plastic products and investment.

Dividends
The directors have declared a fully franked final dividend of 3 cents (2007 – 3 cents) per ordinary share, ($1,025,472, 2007 –$1,025,472) subsequent to the end of the financial year. This dividend is not recognised as a liability at year end. During the financial year a 3 cents (year ended 30 June 2006 – 3 cents) fully franked dividend, ($930,973, 2007 – $310,873) for the year ended 30 June 2007 and a 3 cents (2007 – 3 cents) fully franked interim dividend ($984,972, 2007 – $930,973) for the year ended 30 June 2008 were paid to members.

Review of operations and results
Profit after tax attributable to the members of the Company was $9,564,087 compared to $4,599,079 in the previous corresponding period. Gain on the sale of the Group's printing business during the period contributed $4,789,346 after tax to this increase. Revenue from continuing activities was $49,713,029, compared to $45,159,881. Net cash inflows from operating activities were $7,791,732, up from $5,695,971 in the prior period which is due in part to the release of working capital following the sale of the printing business.

The improvement in reported results for the continuing business operations was due to a combination of better contributions from warehousing and certain transport operations, plus the economy holding up throughout the 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 report.

Events subsequent to balance date
The directors are not aware of any other matters or circumstances not otherwise dealt with in this annual report or the financial statements 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.

Directors' Report

Company secretary

The company secretary is Mr D A Mellor, who was appointed to the position in 1987. He is a Chartered Accountant.

Directors' meetings

The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director were:

Board of Directors

	Number Held	Number Attended
J D Elbery (resigned 27.11.07)	2	2
P J Leonhardt	4	4
D A Mellor	4	4
B E Saxild	4	4
D R Watson	4	4

Audit committee

	Number Held	Number Attended
P J Leonhardt	2	2
B E Saxild	2	2

Remuneration committee

	Number Held	Number Attended
P J Leonhardt	2	2
D R Watson	2	2

Particulars of directors' interests in shares of CTI Logistics Limited at the date of this report

	DIRECT HOLDING	INDIRECT HOLDING
P J Leonhardt	-	259,258
D A Mellor	244,389	3,175,080
B E Saxild	200,880	2,519,929
D R Watson	10,452,945	6,595,549

Directors' and officers' indemnity insurance

The Company's directors' and officers' indemnity insurance policy indemnifies the directors named in this report in respect of their potential liability to third parties for wrongful acts committed by them in their capacity as directors (as defined in the policy). The disclosure of the premium paid in respect of the insurance policy is prohibited under the terms of the policy.

Environmental regulation

The operations of CTI Logistics Limited and its controlled entities are not subject to any particular or significant environmental regulation. However, the board believes that CTI Logistics Limited and its controlled entities have adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to CTI Logistics Limited and its controlled entities.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor, PricewaterhouseCoopers, for audit services provided during the year are set out in Note 28 of the financial statements. There were no non-audit services provided during the year. The directors are satisfied the auditor did not therefore compromise the auditor independence requirements of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Directors' Report

Remuneration report

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

The remuneration committee makes specific recommendations on remuneration packages and other terms of employment for executive directors. Remuneration is set to competitively reflect market conditions for comparable roles. There are no guaranteed base pay increases each year, no element of the remuneration is based upon the Company's performance and no bonus schemes operated during the financial year other than some managers of certain business units received bonuses at the discretion of the board depending on performance. Remuneration of non-executive directors is determined by the board within the maximum amount of $100,000, approved by shareholders at the annual general meeting on 28 November 2000.

B. Details of remuneration

Details of the nature and amount of each element of the emoluments of each director of the Company and the group is set out in the following table.

2008	SHORT TERM			POST-EMPLOYMENT		SHARE BASED PAYMENT	
	CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	OPTIONS $	TOTAL $
J D Elbery (resigned - 27.11.07)	-	-	5,113	50,000	-	-	55,113
P J Leonhardt	41,800	-	-	-	-	-	41,800
D A Mellor	233,448	-	10,809	76,000	-	-	320,257
B E Saxild	293,002	-	20,731	50,000	-	-	363,733
D R Watson	397,693	-	13,167	65,720	-	-	476,580
Total	965,943	-	49,820	241,720	-	-	1,257,483

2007	SHORT TERM			POST-EMPLOYMENT		SHARE BASED PAYMENT	
	CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	OPTIONS $	TOTAL $
J D Elbery (became non-executive – 1.5.07)	205,999	-	11,316	150,000	87,960	-	455,275
P J Leonhardt	38,000	-	-	-	-	-	38,000
D A Mellor	241,329	-	11,615	45,200	-	-	298,144
B E Saxild	252,769	-	16,608	58,065	-	-	327,442
D R Watson	330,365	-	13,333	90,920	-	-	434,618
Total	1,068,462	-	52,872	344,185	87,960	-	1,553,479

Directors' Report

Remuneration report (continued)

C. Service agreements

There are no service agreements in existence and entitlements on termination would be subject to assessment by the remuneration committee within legislative framework at the time.

Having regard to the size and structure of the group, the nature of its operations, and the close involvement of the three executive directors, it is the opinion of the directors that there are no other key management personnel apart from the three executive directors.

Employee Share Plans

Information on Employee Share Plan is set out in Note 27 of the financial statements.

This report is made in accordance with a resolution of the directors on 26 September 2008.

DAVID MELLOR
Director

Perth
26 September 2008

Auditor's Independence Declaration

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the audit of CTI Logistics Limited for the year ended 30 June 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 audit; and

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

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

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
26 September 2008

Income Statements for the Year Ended 30 June 2008

		CONSOLIDATED		PARENT ENTITY	
	Notes	2008 $	2007 $	2008 $	2007 $
Revenue from continuing operations	5	59,673,866	55,337,492	7,118,577	3,863,755
Other income	6	317,869	256,976	20,836	10,216
Changes in inventories of finished goods and work in progress		688,522	(99,758)	-	-
Raw materials and consumables used		(3,222,344)	(3,501,402)	-	-
Employee benefits expense		(13,292,867)	(12,419,128)	(4,652,072)	(4,703,721)
Subcontractor expense		(18,402,722)	(15,706,898)	-	-
Depreciation, write-down and amortisation expense	7	(2,014,172)	(2,082,928)	(298,212)	(330,822)
Motor vehicle and transport costs		(3,264,854)	(2,799,202)	(129,830)	(94,011)
Property costs		(391,898)	(211,965)	(172,454)	(152,464)
Finance costs	7	(646,302)	(670,030)	(161,878)	(193,393)
Other expenses		(2,971,199)	(3,151,663)	(422,899)	(467,229)
Shares of net profit of joint venture partnership		94,733	161,666	-	-
Profit before income tax		6,607,795	4,935,549	2,380,844	1,187,153
Income tax (expense) benefit	8	(1,966,777)	(1,728,314)	497,555	343,328
Profit from continuing operations		4,641,018	3,207,235	2,878,399	1,530,481
Profit from discontinued operation	37	4,923,069	1,391,844	-	-
Profit for the year	25	9,564,087	4,599,079	2,878,399	1,530,481
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (2007 - adjusted for the 3 for 1 share split on 18 December 2006)		Cents	Cents		
Basic earnings per share	36	13.58	9.37		
Diluted earnings per share	36	13.58	9.37		
Earnings per share for profit attributable to the ordinary equity holders of the Company (2007 - adjusted for the 3 for 1 share split on 18 December 2006)		Cents	Cents		
Basic earnings per share	36	27.98	13.44		
Diluted earnings per share	36	27.98	13.44		

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

Balance Sheets as at 30 June 2008

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
ASSETS					
Current assets					
Cash and cash equivalents	9	814,242	2,884	814,242	2,884
Trade and other receivables	10	9,006,939	11,691,621	4,488,073	4,057,400
Inventories	11	2,368,089	2,302,237	-	-
TOTAL CURRENT ASSETS		12,189,270	13,996,742	5,302,315	4,060,284
Non-current assets					
Investments accounted for using the equity method	12	170,987	191,254	-	-
Available-for-sale financial assets	13	74,273	78,966	58,932	63,606
Other financial assets	14	-	-	8,334,141	8,334,141
Property, plant and equipment	15	17,513,340	20,251,402	2,706,455	2,757,645
Investment properties	16	10,315,388	4,201,972	-	-
Deferred tax assets	17	783,235	977,684	395,921	341,136
Intangible assets	18	503,223	712,089	-	-
TOTAL NON-CURRENT ASSETS		29,360,446	26,413,367	11,495,449	11,496,528
TOTAL ASSETS		41,549,716	40,410,109	16,797,764	15,556,812
LIABILITIES					
Current liabilities					
Trade and other payables	19	7,317,671	7,726,647	1,855,707	2,069,234
Borrowings	20	1,446,533	3,965,238	884,042	1,883,580
Current tax liabilities		614,649	1,304,672	614,649	1,304,672
TOTAL CURRENT LIABILITIES		9,378,853	12,996,557	3,354,398	5,257,486
Non-current liabilities					
Borrowings	21	6,294,604	9,516,992	3,078,449	1,408,393
Provisions	23	70,533	244,822	101,176	93,374
TOTAL NON-CURRENT LIABILITIES		6,365,137	9,761,814	3,179,625	1,501,767
TOTAL LIABILITIES		15,743,990	22,758,371	6,534,023	6,759,253
NET ASSETS		25,805,726	17,651,738	10,263,741	8,797,559
EQUITY					
Contributed equity	24	7,292,807	6,785,807	7,292,807	6,785,807
Reserves	25a	(43,621)	(42,467)	(32,836)	(29,564)
Retained profits	25b	18,556,540	10,908,398	3,003,770	2,041,316
TOTAL EQUITY		25,805,726	17,651,738	10,263,741	8,797,559

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

Statements of Changes in Equity for the Year Ended 30 June 2008

	Notes	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Total equity at the beginning of the financial year		17,651,738	14,332,171	8,797,559	8,548,647
Change in fair value of available-for-sale financial assets, net of tax	25	(1,154)	8,617	(3,272)	6,560
Recognised directly in equity		(1,154)	8,617	(3,272)	6,560
Profit for the year	25	9,564,087	4,599,079	2,878,399	1,530,481
Total recognised income and expense for the year		9,562,933	4,607,696	2,875,127	1,537,041
Transactions with equity holders in their capacity as equity holders:					
Increase in equity as a result of payments received for shares previously vested		507,000	-	507,000	-
Shares bought back	24	-	(52,283)	-	(52,283)
Dividends provided for or paid	26	(1,915,945)	(1,235,846)	(1,915,945)	(1,235,846)
Total equity at the end of the financial year		25,805,726	17,651,738	10,263,741	8,797,559

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

Cash Flow Statements for the Year Ended 30 June 2008

		CONSOLIDATED		PARENT ENTITY	
	Notes	2008	2007	2008	2007
		$	$	$	$
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		61,781,481	63,885,174	4,570,473	4,529,233
Payments to suppliers and employees (inclusive of goods and services tax)		(51,026,794)	(55,256,517)	(5,895,548)	(5,528,745)
Dividends received		3,864	3,864	4,003,864	3,864
Interest received		73,139	24,066	68,554	23,163
Joint venture partnership distribution received		115,000	200,000	-	-
Interest paid		(599,513)	(831,901)	(81,730)	(98,625)
Income tax refund received		144,136	33,371	144,136	33,371
Income taxes paid		(2,699,581)	(2,362,086)	(2,699,581)	(2,362,086)
Reimbursements received from tax consolidated entities		-	-	2,567,673	2,226,172
Net cash inflow (outflow) from operating activities	34	7,791,732	5,695,971	2,677,841	(1,173,653)
Cash flows from investing activities					
Loans advanced		-	-	(839,620)	-
Loan repayments received		-	-	-	2,239,342
Payments for property, plant and equipment		(5,544,066)	(1,075,796)	(310,353)	(273,864)
Payment for investment properties		(5,646,725)	(2,210,245)	-	-
Payments for intangibles		(5,750)	(2,912)	-	-
Payments for available-for-sale financial assets		-	(14,485)	-	(12,000)
Proceeds from sale of property, plant and equipment		351,408	745,091	161,818	42,273
Proceeds from sale of available-for-sale financial assets		6	12,900	-	12,900
Proceeds from sale of business	37	11,434,706	-	-	-
Net cash inflow (outflow) from investing activities		589,579	(2,545,447)	(988,155)	2,008,651
Cash flows from financing activities					
Proceeds from borrowings		1,275,000	-	1,275,000	-
Repayment of borrowings		(6,891,952)	(2,923,985)	(200,327)	(608,459)
Payments for shares bought back		-	(52,283)	-	(52,283)
Proceeds from equity holders		507,000	-	507,000	-
Dividend paid to Company's shareholders		(1,915,945)	(1,235,846)	(1,915,945)	(1,235,846)
Net cash outflow from financing activities		(7,025,897)	(4,212,114)	(334,272)	(1,896,588)
Net increase (decrease) in cash and cash equivalents		1,355,414	(1,061,590)	1,355,414	(1,061,590)
Cash and cash equivalents at the beginning of the financial year		(541,172)	520,418	(541,172)	520,418
Cash and cash equivalents at the end of the financial year	9	814,242	(541,172)	814,242	(541,172)

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

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for CTI Logistics Limited as an individual entity and the consolidated entity consisting of CTI Logistics Limited and its subsidiaries.

(a) BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of CTI Logistics Limited complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(b) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The financial statements incorporate the assets and liabilities of all entities controlled by CTI Logistics Limited ("Company") as at 30 June 2007 and the results of all subsidiaries for the year then ended. CTI Logistics Limited and its subsidiaries together are referred to in these financial statements as the group.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost in the Company's financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Joint ventures

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) SEGMENT REPORTING

Segment reporting details are set out in Note 4. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. There is no geographical segmentation as all operations are within Australia.

(d) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

All group entities are based in Australia. The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(e) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Logistics and transport

A sale is recorded when the goods or services have been delivered to or collected by a customer in accordance with the arrangements made with the group.

(ii) Security, manufacturing and other

A sale is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks of ownership have transferred to the customer. A sale is recorded for services when the service has been performed.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(v) Other revenue

Revenue from outside the operating activities includes rent. This revenue is recognised on a straight-line basis in accordance with note 1(g).

(f) INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

CTI Logistics Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, CTI Logistics Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, CTI Logistics Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) LEASES

Leases of property, plant and equipment where the group has substantially all the risk and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(h) BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(q)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, are reviewed for possible reversal of the impairment at each reporting period.

(j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement not more than 30 days from month end.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rates. The amount of the provision is recognised in the income statement.

(l) INVENTORIES

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriated proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) INVESTMENTS AND OTHER FINANCIAL ASSETS

Classification

The group classifies its investments in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest rate method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and the option pricing models refined to reflect the issuer's specific circumstances.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) DISCONTINUED OPERATION

A discontinued operation is a component of the entity that has been disposed of and that represents a separate major line of business or is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operation is presented separately on the face of the income statement.

(o) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment other than freehold land is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost net of their residual values, over their estimated useful lives, as follows:

Buildings	25	-	40 years
Plant & equipment	5	-	15 years
Motor vehicles	5	-	10 years
Furniture and fittings	3	-	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement under other income and other expenses.

(p) INVESTMENT PROPERTY

Investment property, principally comprising freehold land and buildings, is held for long-term rental yields and is not occupied by the group. Investment property other than freehold land is held at historical cost less depreciation. Investment buildings are depreciated using the straight line method over their estimated useful lives of 25 to 40 years.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets acquired. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Purchased Security Lines

Security lines have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of security lines over their estimated useful lives, which vary from 5 to 7 years.

(r) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are paid based on the terms of trade which are usually 30 to 60 days from the date of recognition.

(s) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings and finance lease charges.

(u) PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(v) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

Liabilities for wages, salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus
The group recognises a liability and an expense for bonuses where contractually obliged or when past events have created a constructive obligation.

(w) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

If the Company re-acquires its own ordinary shares, for example as a result of a share buy-back, those shares are deducted from equity and cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(x) 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 year but not distributed at balance date.

(y) EARNINGS PER SHARE

(i) Basic earnings per share
Basic earnings per share is determined by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amounts of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(aa) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The group has not yet assessed the impact of this revised Standard.

(iii) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
AASB-I 14 will be effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. None of the group's defined benefit plans are subject to minimum funding requirements and none of them is in a surplus position. The group will apply AASB-I 14 from 1 July 2008, but it is not expected to have any impact on the group's financial statements.

(iv) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The group intends to apply the revised standard from 1 July 2009.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions and judgements may be used to assess the measurement of certain items of income and expense, and assets and liabilities. Such estimates, assumptions and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where estimates and assumptions are made concerning the future, the resulting accounting estimates may not equal the related actual outcome. The estimates and assumptions which give rise to a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks; market risk (fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

The group uses different methods to measure different types of risks to which it is exposed. The methods include sensitivity analysis for interest rates and other price risk and ageing analysis for credit risk.

Risk management is carried out by the director responsible for finance under the guidance of the board of directors. The board considers principles for overall risk management, as well as determining policies covering specific areas, such as mitigating interest rate and credit risks and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group and the parent entity operate wholly in Australia and are not exposed to foreign exchange risk arising from currency exposure.

(ii) Price risk

The group and parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale.

The group manages price risk through a diversified portfolio.

The price risk for listed and unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in a sensitivity analysis.

Neither the group or the parent entity are exposed to commodity price risk.

The group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. At the year end, 12% (2007 – 45%) of borrowings were at fixed rates.

(iii) Cash flow and fair value interest rate risk

At the reporting date the group had the following borrowings and cash and cash equivalents.

	CONSOLIDATED				PARENT ENTITY			
	Weighted average interest rate %	2008 $	Weighted average interest rate %	2007 $	Weighted average interest rate %	2008 $	Weighted average interest rate %	2007 $
Bank overdrafts, bank loans and other loans	8.47	6,796,000	7.55	7,325,056	8.17	3,800,000	7.26	3,069,056
Cash and cash equivalents	6.82	814,242	6.14	2,884	6.82	814,242	6.14	2,884
Hire purchase liabilities	7.75	945,137	7.21	6,157,174	7.83	162,491	7.26	222,917

An analysis by maturities is provided in (c) below.

The group manages interest rate risk by assessing the appropriateness of fixed or floating rate debt when funding is required.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (continued)

Group sensitivity

The group's main interest rate risk arises from loans and cash and cash equivalents. At 30 June 2008, if the interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, pre-tax profit for the year would have been higher/lower by $67,690 (2007 – change of 100 basis points: $73,251 higher/lower) for loans and lower/higher by $8,142 (2007 – change of 100 basis points: $29 lower/higher) for cash and cash equivalents, mainly as a result of lower/higher interest expense from borrowings and lower/higher interest income from cash and cash equivalents.

Hire purchase liabilities are on fixed rates and are exposed to fair value interest rate risk. At 30 June 2008, if the interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, pre-tax profit for the year would have been higher/lower by $9,451 (2007 – change of 100 basis points: $61,572 higher/lower).

Parent entity sensitivity

The parent entity's main interest rate risk arises from loans and cash and cash equivalents. At 30 June 2008, if the interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, pre-tax profit for the year would have been higher/lower by $38,000 (2007 – change of 100 basis points: $30,691 higher/lower) for loans and lower/higher by $8,142 (2007 – change of 100 basis points: $29 lower/higher) for cash and cash equivalents, mainly as a result of lower/higher interest expense from borrowings and lower/higher interest income from cash and cash equivalents.

Hire purchase liabilities are on fixed rates and are exposed to fair value interest rate risk. At 30 June 2008, if the interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, pre-tax profit for the year would have been higher/lower by $1,625 (2007 – change of 100 basis points: $2,229 higher/lower).

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

There is no independent rating. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.
Receivables balances are monitored on an ongoing basis.
The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as follows:

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Cash and cash equivalents	814,242	2,884	814,242	2,884
Trade receivables	8,095,589	10,381,007	140	8,963
Other receivables – controlled entities	-	-	4,218,225	3,642,294
Other receivables – other entities	169,884	553,336	14,713	15,992
	9,079,715	10,937,227	5,047,320	3,670,133

Trade receivables are non-interest bearing and terms of trade are 30 days from month end. At 30 June 2008, 91.5% of trade receivables of the group are required to be settled within 30 days and 8.5% of trade receivables of the group exceed 30 days but are not considered impaired.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (continued)

Other receivables are non-interest bearing and have repayment terms exceeding 30 days but are not considered impaired.

The ageing of receivables that are past due but not impaired at the reporting date was as follows:

	PAST DUE BUT NOT IMPAIRED			
	< 30 days	30-60 days	> 60 days	Total
	$	$	$	$
2008				
Consolidated				
Trade receivables	237,262	449,220	-	686,482
Other receivables	-	-	169,884	169,884
Total	237,262	449,220	169,884	856,366
Parent Entity				
Trade receivables	140	-	-	140
Other receivables	-	-	14,713	14,713
Total	140	-	14,713	14,853
2007				
Consolidated				
Trade receivables	635,955	860,752	-	1,496,687
Other receivables	-	-	533,336	533,336
Total	635,955	860,752	533,336	2,030,023
Parent Entity				
Trade receivables	265	-	8,698	8,963
Other receivables	-	-	15,992	15,992
Total	265	-	24,690	24,955

At the reporting date the group has impaired trade receivables of $127,876 (2007 - $322,893) (refer note 10). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations and they were fully provided for at reporting date.

The ageing of these receivables was as follows:

	CONSOLIDATED	
	2008	2007
	$	$
1 to 30 days	6,266	16,114
30 to 60 days	2,389	30,125
Over 60 days	119,221	276,654
Total	127,876	322,893

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of current financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the board of directors aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing arrangements

The group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Floating rate				
- Expiring within one year (bank overdrafts and bill facility)	2,300,000	1,555,944	2,300,000	1,555,944
- Expiring beyond one year (bill facility)	2,300,000	-	2,300,000	-
	4,600,000	1,555,944	4,600,000	1,555,944

The bank overdraft facilities may be drawn at any time and are subject to annual review. The bill acceptance facilities have defined maturity dates. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Maturities of financial liabilities

The table below sets out the group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	MATURITY					
Consolidated	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Total Contractual cash flows	Carrying Amount
	$	$	$	$	$	$
2008						
Non-interest bearing	7,317,671	-	-	-	7,317,671	7,317,671
Variable rate	1,314,950	514,446	3,369,021	3,172,764	8,371,181	6,796,000
Fixed rate	696,026	281,010	30,596	-	1,007,632	945,137
Total	9,328,647	795,456	3,399,617	3,172,764	16,696,484	15,058,808
2007						
Non-interest bearing	7,726,647	-	-	-	7,726,647	7,726,647
Variable rate	2,193,897	629,955	615,015	5,349,410	8,788,277	7,325,056
Fixed rate	2,571,164	2,154,216	1,050,169	1,118,588	6,894,137	6,157,174
Total	12,491,708	2,784,171	1,665,184	6,467,998	23,409,061	21,208,877

3. FINANCIAL RISK MANAGEMENT (continued)

Parent Entity	MATURITY 1 year or less $	Over 1 to 2 years $	Over 2 to 3 years $	Over 3 to 4 years $	Total Contractual cash flows $	Carrying Amount $
2008						
Non-interest bearing	1,855,707	-	-	-	1,855,707	1,855,707
Variable rate	1,049,804	249,300	3,103,875	-	4,402,979	3,800,000
Fixed rate	93,482	69,672	13,059	-	176,213	162,491
Total	2,998,993	318,972	3,116,934	-	6,434,899	5,818,198
2007						
Non-interest bearing	2,069,234	-	-	-	2,069,234	2,069,234
Variable rate	1,864,057	300,115	285,175	873,517	3,322,864	3,069,056
Fixed rate	127,003	84,555	17,413	13,059	242,030	222,917
Total	4,060,294	384,670	302,588	886,576	5,634,128	5,361,207

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Notes to the Financial Statements

4. SEGMENT INFORMATION

(a) Description of segments

The group operates solely 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 provision of printing (sold during the period), manufacturing of plastic products and security services.

(b) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

Notes to the Financial Statements

4. SEGMENT INFORMATION (continued)

Primary reporting format – business segments

2008	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation – Printing (note 37) $	Consolidated $
Sales to external customers	37,127,573	11,637,753	48,765,326	3,454,342	52,219,668
Intersegment sales	108,897	-	108,897	7,565	116,462
Total sales revenue	37,236,470	11,637,753	48,874,223	3,461,907	52,336,130
Intersegment elimination			(108,897)	(7,565)	(116,462)
Share of net profit of joint venture partnership	94,733	-	94,733	-	94,733
Other revenue/income			1,265,572	4,798,045	6,063,617
Total segment revenue/income			50,125,631	8,252,387	58,378,018
Segment result	6,557,741	2,249,557	8,807,298	84,610	8,891,908
Intersegment elimination			(156,991)	139,590	(17,401)
Unallocated revenue less expenses			(2,042,512)	4,798,045	2,755,533
Profit before income tax expense			6,607,795	5,022,245	11,630,040
Income tax expense			(1,966,777)	(99,176)	(2,065,953)
Profit for the year			4,641,018	4,923,069	9,564,087
Segment assets	16,811,894	20,024,342	36,836,236	-	36,836,236
Intersegment elimination			(1,032,693)	-	(1,032,693)
Unallocated assets			5,746,173	-	5,746,173
Total assets			41,549,716	-	41,549,716
Segment liabilities	2,379,583	3,111,664	5,491,247	-	5,491,247
Intersegment elimination			(69,194)	-	(69,194)
Unallocated liabilities			10,321,937	-	10,321,937
Total liabilities			15,743,990	-	15,743,990
Investment in joint venture partnership	170,987	-	170,987	-	170,987

Notes to the Financial Statements

4. SEGMENT INFORMATION (continued)

2008	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation – Printing (note 37) $	Consolidated $
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	1,082,527	10,081,867	11,164,394	1,807	11,166,201
Unallocated acquisitions			450,253	-	450,253
Total acquisitions			11,614,647	1,807	11,616,454
Depreciation and amortisation expense	866,983	848,976	1,715,959	298,700	2,014,659
Unallocated			298,213	-	298,213
Total depreciation and amortisation expense			2,014,172	298,700	2,312,872
Other non-cash activities	-	280,013	280,013	-	280,013
Unallocated			139,900	-	139,900
Total non-cash activities			419,913	-	419,913
2007					
Sales to external customers	31,979,543	12,057,594	44,037,137	14,784,434	58,821,571
Intersegment sales	356,827	-	356,827	39,766	396,593
Total sales revenue	32,336,370	12,057,594	44,393,964	14,824,200	59,218,164
Intersegment elimination			(356,827)	(39,766)	(396,593)
Share of net profit of joint venture partnership	161,666	-	161,666	-	161,666
Other revenue/income			1,379,720	-	1,379,720
Total segment revenue/income			45,578,523	14,784,434	60,362,957
Segment result	5,282,016	2,235,981	7,517,997	1,323,836	8,841,833
Intersegment elimination			(515,403)	465,158	(50,245)
Unallocated revenue less expenses			(2,067,045)	-	(2,067,045)
Profit before income tax expense			4,935,549	1,788,994	6,724,543
Income tax expense			(1,728,314)	(397,150)	(2,125,464)
Profit for the year			3,207,235	1,391,844	4,599,079

Notes to the Financial Statements

4. SEGMENT INFORMATION (continued)

2007	Logistics and Transport $	Manufacturing, Security and Other $	Total continuing operations $	Discontinued operation - Printing (note 37) $	Consolidated $
Segment assets	12,617,442	16,154,156	28,771,598	7,420,325	36,191,923
Intersegment elimination			(4,088,372)	(215,965)	(4,304,337)
Unallocated assets			8,522,523	-	8,522,523
Total assets			33,205,749	7,204,360	40,410,109
Segment liabilities	2,025,646	2,312,264	4,337,910	1,575,740	5,913,650
Intersegment elimination			(122,592)	-	(122,592)
Unallocated liabilities			16,967,313	-	16,967,313
Total liabilities			21,182,631	1,575,740	22,758,371
Investment in joint venture partnership	191,254	-	191,254	-	191,254
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	628,238	2,866,117	3,494,355	3,288,340	6,782,695
Unallocated acquisitions			273,864	-	273,864
Total acquisitions			3,768,219	3,288,340	7,056,559
Depreciation, write-down and amortisation expense	989,999	762,107	1,752,106	1,139,580	2,891,686
Unallocated			330,822	-	330,822
Total depreciation, write-down and amortisation expense			2,082,928	1,139,580	3,222,508
Other non-cash activities	144,284	344,000	488,284	3,279,322	3,767,606

Notes to the Financial Statements

5. REVENUE

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Revenue from continuing operations				
Sales revenue				
Sale of goods	10,858,015	8,247,139	-	-
Services	38,293,263	36,547,529	644,080	599,100
Services to related companies	-	-	3,141,795	3,167,680
Other revenue				
Interest	73,139	24,066	68,554	23,163
Dividends	3,864	3,864	3,864	3,864
Dividends from related companies	-	-	4,000,000	3,000,000
Rent	484,748	337,283	-	-
Rent charged to related companies	-	-	339,060	324,770
	49,713,029	45,159,881	8,197,353	7,118,577
Revenue from discontinued operation (note 37)				
Sales revenue				
Sale of goods	3,354,219	14,513,985	-	-

6. OTHER INCOME

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
From continuing operations				
Net gain on disposal of:				
-Plant and equipment	32,908	33,464	-	-
-Equity securities	-	900	-	900
Other	284,961	222,612	20,836	9,316
	317,869	256,976	20,836	10,216
From discontinued operation (note 37)				
Net gain on disposal of:				
-Plant and equipment	28,995	45,489	-	-
Other	71,128	224,960	-	-
	100,123	270,449	-	-

Notes to the Financial Statements

7. EXPENSES

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Profit before income tax includes the following specific expenses:				
Defined contribution superannuation expense	1,356,563	1,231,338	396,596	494,073
Write-down investment property	-	141,600	-	-
Depreciation				
Buildings	333,219	329,607	59,752	59,752
Plant & equipment	1,514,792	1,439,582	238,460	271,070
Total depreciation	1,848,011	1,769,189	298,212	330,822
Amortisation				
Purchased lines	166,161	172,139	-	-
Finance costs				
Interest and finance charges paid/payable	646,302	670,030	161,878	193,393
Net loss on disposal of:				
- Plant and equipment	-	-	41,413	24,580
- Equity Securities	3,038	-	-	-
Rental expense relating to operating leases				
Minimum lease payments	113,321	24,291	-	-

8. INCOME TAX EXPENSE

(a) Income tax expense (benefit)

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Current tax	1,872,740	2,169,294	(431,060)	(485,125)
Deferred tax	194,943	(116,831)	(53,383)	(33,005)
Under (over) provided in prior years	(1,730)	73,001	(13,112)	174,802
Income tax expense (benefit)	2,065,953	2,125,464	(497,555)	(343,328)
Income tax expense is attributable to:				
Profit from continuing operations	1,966,777	1,728,314	(497,555)	(343,328)
Profit from discontinued operation (note 37)	99,176	397,150	-	-
Aggregate income tax expense	2,065,953	2,125,464	(497,555)	(343,328)
Deferred income tax (benefit) expense included in income tax expense comprises:				
(Increase) decrease in deferred tax assets (note 17)	226,297	(85,682)	(53,383)	(33,005)
Decrease in deferred tax liabilities (note 22)	(31,354)	(31,149)	-	-
	194,943	(116,831)	(53,383)	(33,005)

Notes to the Financial Statements

8. INCOME TAX EXPENSE (continued)

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	6,607,795	4,935,549	2,380,844	1,187,153
Profit from discontinued operation before income tax expense (note 37)	5,022,245	1,788,994	-	-
Profit before income tax expense	11,630,040	6,724,543	2,380,844	1,187,153
Tax at the Australian rate of 30% (2007 - 30%)	3,489,012	2,017,363	714,253	356,146
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	14,747	11,248	6,665	9,241
Sundry items	(4,202)	25,011	(4,202)	17,642
Non-taxable gain on sale of business	(1,430,715)	-	-	-
Rebatable dividends	(1,159)	(1,159)	(1,201,159)	(901,159)
	2,067,683	2,052,463	(484,443)	(518,130)
(Over) under provision in prior years	(1,730)	73,001	(13,112)	174,802
Income tax expense (benefit)	2,065,953	2,125,464	(497,555)	(343,328)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – (credited) debited directly to equity (note 17)	(494)	3,693	(1,402)	2,812

Tax consolidation legislation

CTI Logistics Limited and the controlled entities implemented the tax consolidation legislation as of 1 July 2003. The accounting policy relating to this legislation is set out in Note 1(f).

The entities have also entered into tax sharing and funding agreements. Under the terms of these agreements, the controlled entities will reimburse the Company for any current tax payable by the Company arising in respect of their activities and the Company will reimburse the controlled entities for any tax refund due to the Company arising in respect of their activities. The reimbursements are payable by the Company and will limit the joint and several liability of the controlled entities in the case of default by the Company.

Notes to the Financial Statements

9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Cash at bank and in hand	814,242	2,884	814,242	2,884

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above	814,242	2,884	814,242	2,884
Bank overdraft (note 20)	-	(544,056)	-	(544,056)
Balances per statement of cash flows	814,242	(541,172)	814,242	(541,172)

(b) Cash at bank and on hand

Cash at bank earns interest at varying rates between nil and 7.10% per annum (2007 – nil and 6.25% per annum).

10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	8,223,465	10,703,900	140	8,963
Provision for impairment of receivables (note (a))	(127,876)	(322,893)	-	-
	8,095,589	10,381,007	140	8,963
Loans to controlled entities	-	-	4,218,225	3,642,294
Other receivables	169,884	553,336	14,713	15,992
Prepayments	741,466	757,278	254,995	390,151
	911,350	1,310,614	4,487,933	4,048,437
	9,006,939	11,691,621	4,488,073	4,057,400

(a) Provision for impairment of trade receivables

The movement in the provision for impairment of receivables are as follows:				
Balance 1 July	322,893	422,910	-	-
Provision for impairment recognised during the year	48,485	14,671	-	-
Receivables written off during the year as uncollectable	(64,833)	(72,405)	-	-
Unused amount reversed	(178,669)	(42,283)	-	-
Balance 30 June	127,876	322,893	-	-

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering cash.

Information concerning impaired trade receivables is set out in note 3.

Notes to the Financial Statements

10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (continued)

(b) Past due but not impaired

Information concerning trade receivables that were past due but not impaired is set out in note 3.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest is not normally charged and collateral is not normally obtained.

(d) Fair value and credit risk

Due to the short term-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Information concerning the credit risk of receivables is set out in note 3.

(e) Interest rate risk

Loans to controlled entities or trade receivables are interest free, unsecured and have no fixed terms of repayment (refer note 3).

11. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Raw materials – at cost	482,353	878,865	-	-
Work in progress – at cost	93,466	246,314	-	-
Finished goods – at cost	1,792,270	1,177,058	-	-
	2,368,089	2,302,237	-	-

12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interest in joint venture partnership (note 33)	170,987	191,254	-	-

13. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

Other listed securities				
Equity securities	74,273	78,966	58,932	63,606

14. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Shares in subsidiaries (note 31)	-	-	8,334,141	8,334,141

These financial assets are carried at cost.

Notes to the Financial Statements

15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Freehold land $	Freehold buildings $	Plant and equipment $	Motor Vehicles $	Total $
1 July 2006					
Cost	2,488,982	7,535,967	25,338,265	6,534,981	41,898,195
Accumulated depreciation	-	(2,085,871)	(18,112,964)	(2,864,879)	(23,063,714)
Net book amount	2,488,982	5,450,096	7,225,301	3,670,102	18,834,481
Year ended 30 June 2007					
Opening net book amount	2,488,982	5,450,096	7,225,301	3,670,102	18,834,481
Additions	-	82,714	4,417,341	343,347	4,843,402
Disposals	-	-	(511,294)	(154,844)	(666,138)
Depreciation charge	-	(181,179)	(1,857,345)	(721,819)	(2,760,343)
Closing net book amount	2,488,982	5,351,631	9,274,003	3,136,786	20,251,402
At 30 June 2007					
Cost	2,488,982	7,618,681	26,245,037	6,386,068	42,738,768
Accumulated depreciation	-	(2,267,050)	(16,971,034)	(3,249,282)	(22,487,366)
Net book amount	2,488,982	5,351,631	9,274,003	3,136,786	20,251,402
Year ended 30 June 2008					
Opening net book amount	2,488,982	5,351,631	9,274,003	3,136,786	20,251,402
Additions	-	3,888,404	1,119,971	955,604	5,963,979
Disposals	-	-	(5,593,855)	(494,784)	(6,088,639)
Transfer from Investment properties (note 16)	-	204,803	-	-	204,803
Transfer to Investment properties (note 16)	(250,000)	(517,426)	-	-	(767,426)
Depreciation charge	-	(256,315)	(1,111,977)	(682,487)	(2,050,779)
Closing net book amount	2,238,982	8,671,097	3,688,142	2,915,119	17,513,340
At 30 June 2008					
Cost	2,238,982	12,007,904	13,953,832	6,247,945	34,448,663
Accumulated depreciation	-	(3,336,807)	(10,265,690)	(3,332,826)	(16,935,323)
Net book amount	2,238,982	8,671,097	3,688,142	2,915,119	17,513,340

Freehold building additions of $3,888,404 relates to warehouses which are still under construction at 30 June 2008.

Notes to the Financial Statements

15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Parent Entity	Freehold land $	Freehold buildings $	Plant and equipment $	Motor Vehicles $	Total $
1 July 2006					
Cost	560,973	1,945,838	2,454,231	781,491	5,742,533
Accumulated depreciation	-	(615,109)	(2,006,095)	(239,873)	(2,861,077)
Net book amount	560,973	1,330,729	448,136	541,618	2,881,456
Year ended 30 June 2007					
Opening net book amount	560,973	1,330,729	448,136	541,618	2,881,456
Additions	-	-	167,617	106,247	273,864
Disposals	-	-	-	(66,853)	(66,853)
Depreciation charge	-	(59,752)	(164,187)	(106,883)	(330,822)
Closing net book amount	560,973	1,270,977	451,566	474,129	2,757,645
At 30 June 2007					
Cost	560,973	1,945,838	2,621,848	712,174	5,840,833
Accumulated depreciation	-	(674,861)	(2,170,282)	(238,045)	(3,083,188)
Net book amount	560,973	1,270,977	451,566	474,129	2,757,645
Year ended 30 June 2008					
Opening net book amount	560,973	1,270,977	451,566	474,129	2,757,645
Additions	-	-	157,736	292,517	450,253
Disposals	-	-	-	(203,231)	(203,231)
Depreciation charge	-	(59,752)	(149,876)	(88,584)	(298,212)
Closing net book amount	560,973	1,211,225	459,426	474,831	2,706,455
At 30 June 2008					
Cost	560,973	1,945,838	2,779,584	638,266	5,924,661
Accumulated depreciation	-	(734,613)	(2,320,158)	(163,435)	(3,218,206)
Net book amount	560,973	1,211,225	459,426	474,831	2,706,455

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
(a) Valuations				
Valuations of freehold land and buildings based on: Directors' valuation	39,067,000	32,155,200	4,900,000	4,080,000

The valuation basis of land and buildings is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2008 valuations were made by the directors as at 30 June 2008.

(b) Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity and its controlled entities.

Notes to the Financial Statements

16. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

Consolidated	Freehold land $	Freehold buildings $	Total $
1 July 2006			
Cost	511,414	2,989,663	3,501,077
Accumulated depreciation	-	(1,219,322)	(1,219,322)
Net book amount	511,414	1,770,341	2,281,755
Year ended 30 June 2007			
Opening net book amount	511,414	1,770,341	2,281,755
Additions	1,930,245	280,000	2,210,245
Depreciation charge	-	(148,428)	(148,428)
Write-down	-	(141,600)	(141,600)
Closing net book amount	2,441,659	1,760,313	4,201,972
At 30 June 2007			
Cost	2,441,659	3,269,663	5,711,322
Accumulated depreciation	-	(1,509,350)	(1,509,350)
Net book amount	2,441,659	1,760,313	4,201,972
Year ended 30 June 2008			
Opening net book amount	2,441,659	1,760,313	4,201,972
Additions	5,446,725	200,000	5,646,725
Transfer from owner-occupied property (note 15)	250,000	517,426	767,426
Transfer to owner-occupied property (note 15)	-	(204,803)	(204,803)
Depreciation charge	-	(95,932)	(95,932)
Closing net book amount	8,138,384	2,177,004	10,315,388
At 30 June 2008			
Cost	8,138,384	2,968,844	11,107,228
Accumulated depreciation	-	(791,840)	(791,840)
Net book amount	8,138,384	2,177,004	10,315,388

Parent Entity

The parent entity does not hold any investment property.

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
(a) Amounts recognised in profit and loss for investment properties				
Rental income	422,582	301,925	-	-
Direct operating expenses from property that generated rental income	(110,664)	(201,260)	-	-
	311,918	100,665	-	-

16. NON-CURRENT ASSETS – INVESTMENT PROPERTIES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
(b) Valuations				
Valuations of freehold land and buildings based on:				
Directors' valuation	17,365,000	6,350,000	-	-

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2008 valuations were made by the directors as at 30 June 2008.

(c) Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

(d) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(e) Leasing arrangements

The group has investment properties that are leased to tenants on monthly operating leases or fixed terms not exceeding four years.

Commitments in relation to these leases that are contracted for at reporting date but not recognised as assets are: receivable within one year - $408,372 (2007 – $252,200), receivable later than one year but not later than four years - $393,333 (2007 - $122,500).

The parent entity does not carry any investment property.

17. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	38,362	110,146	-	-
Employee benefits	459,682	561,412	273,120	254,520
Depreciation	634,902	679,287	60,510	20,996
Other	51,151	59,549	48,219	52,950
	1,184,097	1,410,394	381,849	328,466
Amounts recognised directly in equity				
Available-for-sale financial assets	18,694	18,200	14,072	12,670
	1,202,791	1,428,594	395,921	341,136
Set-off of deferred tax liabilities (note 22)	(419,556)	(450,910)	-	-
Net deferred tax assets	783,235	977,684	395,921	341,136

Notes to the Financial Statements

17. NON-CURRENT ASSETS – DEFERRED TAX ASSETS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Deferred tax assets to be recovered within 12 months	528,035	657,661	290,987	279,458
Deferred tax assets to be recovered after more than 12 months	674,756	770,933	104,934	61,678
	1,202,791	1,428,594	395,921	341,136
Movements:				
Opening balance at 1 July	1,428,594	1,346,605	341,136	310,943
Credited (debited) to the income statement (note 8)	(226,297)	85,682	53,383	33,005
(Debited) credited to equity	494	(3,693)	1,402	(2,812)
Closing balance at 30 June	1,202,791	1,428,594	395,921	341,136

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Goodwill	Security lines	Total
	$	$	$
At 1 July 2006			
Cost	324,348	1,382,503	1,706,851
Accumulated amortisation and impairment	-	(825,537)	(825,537)
Net book amount	324,348	556,966	881,314
Year ended 30 June 2007			
Opening net book amount	324,348	556,966	881,314
Additions	-	2,914	2,914
Amortisation charge	-	(172,139)	(172,139)
Closing net book amount	324,348	387,741	712,089
At 30 June 2007			
Cost	324,348	1,385,417	1,709,765
Accumulated amortisation and impairment	-	(997,676)	(997,676)
Net book amount	324,348	387,741	712,089
Year ended 30 June 2008			
Opening net book amount	324,348	387,741	712,089
Additions	-	5,750	5,750
Disposals (note 37)	(48,455)	-	(48,455)
Amortisation charge	-	(166,161)	(166,161)
Closing net book amount	275,893	227,330	503,223
At 30 June 2008			
Cost	275,893	1,391,167	1,667,060
Accumulated amortisation and impairment	-	(1,163,837)	(1,163,837)
Net book amount	275,893	227,330	503,223

Notes to the Financial Statements

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS (continued)

Security lines are amortised in accordance with Note 1(q). Amortisation of $166,161 (2007 - $172,139) is included in depreciation and amortisation expense in the income statement.

Parent Entity

The parent entity does not carry any intangible assets.

(a) Impairment tests for goodwill

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to business segment.
The segment-level summary of goodwill allocation is presented below.

	Logistics and Transport $	Manufacturing, Security and Other $	Total $
2008	144,082	131,811	275,893
2007	144,082	180,266	324,348

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current sustainable earnings and financial budgets approved by management. Cash flows indicate that the carrying amounts are substantially recoverable and that there is no impairment.

19. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Trade payables	5,855,935	6,065,609	1,046,484	1,314,207
Other payables	1,461,736	1,661,038	809,223	755,027
	7,317,671	7,726,647	1,855,707	2,069,234

20. CURRENT LIABILITIES – BORROWINGS

Secured				
Bills payable	800,000	1,225,000	800,000	1,225,000
Hire purchase liabilities (note 29)	646,533	2,196,182	84,042	114,524
Bank overdraft	-	544,056	-	544,056
Total current interest-bearing liabilities	1,446,533	3,965,238	884,042	1,883,580

(a) Interest rate risk exposures

Details of the group's exposure to interest rate changes on interest-bearing liabilities are set out in note 3.

(b) Fair value disclosures

Details of the fair value of interest-bearing liabilities for the group are set out in note 21.

Notes to the Financial Statements

20. CURRENT LIABILITIES – BORROWINGS (continued)

(c) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 21.

21. NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Secured				
Bills payable	3,000,000	1,300,000	3,000,000	1,300,000
Hire purchase liabilities (note 29)	298,604	3,960,992	78,449	108,393
Other loans	2,996,000	4,256,000	-	-
Total secured non-current interest-bearing borrowings	6,294,604	9,516,992	3,078,449	1,408,393

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Secured				
Bank overdraft and bank loans	3,800,000	3,069,056	3,800,000	3,069,056
Hire purchase liabilities	945,137	6,157,174	162,491	222,917
Other loans	2,996,000	4,256,000	-	-
Total secured liabilities	7,741,137	13,482,230	3,962,491	3,291,973

(b) Assets pledged as security

Bank overdrafts and bank loans are secured by mortgages over the group's freehold land and buildings, and investment properties, and fixed and floating charges over the remaining group assets.

Hire purchase liabilities are effectively secured as the rights to the assets recognised in the financial statements revert to the financier in the event of default.

The other loans are secured mortgages over certain group freehold land and buildings. The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities are:

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Current				
Floating charge				
Cash and cash equivalents	814,242	2,884	814,242	2,884
Receivables	9,006,939	11,691,621	4,488,073	4,057,400
Inventories	2,368,089	2,302,237	-	-
Total current assets pledged as security	12,189,270	13,996,742	5,302,315	4,060,284

21. NON-CURRENT LIABILITIES – BORROWINGS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Non-current				
First mortgage				
Freehold land and buildings	10,910,079	7,840,613	1,772,198	1,831,950
Investment properties	7,833,220	2,208,495	-	-
	18,743,299	10,049,108	1,772,198	1,831,950
Floating charge				
Available-for-sale financial assets	74,273	78,966	58,932	63,606
Other financial assets	-	-	8,334,141	8,334,141
Plant and equipment	6,603,261	12,410,789	934,257	925,695
Investment properties	2,482,168	1,993,477	-	-
	9,159,702	14,483,232	9,327,330	9,323,442
Total non-current assets pledged as security	27,903,001	24,532,340	11,099,528	11,155,392
Total assets pledged as security	40,092,271	38,529,082	16,401,843	15,215,676

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
Credit standby arrangements				
Total facilities				
Bank overdrafts	500,000	1,600,000	500,000	1,600,000
Secured bill acceptance facility	7,900,000	3,025,000	7,900,000	3,025,000
	8,400,000	4,625,000	8,400,000	4,625,000
Used at balance date				
Bank overdrafts	-	544,056	-	544,056
Secured bill acceptance facility	3,800,000	2,525,000	3,800,000	2,525,000
	3,800,000	3,069,056	3,800,000	3,069,056
Bank loan facility				
Total facility	8,400,000	4,625,000	8,400,000	4,625,000
Used at balance date	(3,800,000)	(3,069,056)	(3,800,000)	(3,069,056)
Unused at balance date	4,600,000	1,555,944	4,600,000	1,555,944

The bank overdraft facilities may be drawn at any time and are subject to annual review. The bill acceptance facilities have defined maturity dates. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

The current interest rates are 7.66% - 8.31% on the bill facilities, 11.75% on overdraft and 8.85% on the other loans (2007 – bill facilities (6.64% - 6.67%), overdraft - 10.1% and 7.75% on other loans).

Notes to the Financial Statements

21. NON-CURRENT LIABILITIES – BORROWINGS (continued)

(d) Interest rate risk exposure

Information concerning interest rate risk is set out in note 3.

(e) Fair value

The carrying amounts and fair values of interest-bearing liabilities at balance date are:

	2008		2007	
Consolidated	Carrying amount $	Fair value $	Carrying amount $	Fair value $
On-balance sheet				
Non-traded financial liabilities				
Bank overdraft	-	-	544,056	544,056
Bank loans	3,800,000	3,800,000	2,525,000	2,525,000
Other loans	2,996,000	2,996,000	4,256,000	4,256,000
Hire purchase liabilities	945,137	945,137	6,157,174	6,157,174
Total secured liabilities	7,741,137	7,741,137	13,482,230	13,482,230
Parent Entity				
On-balance sheet				
Non-traded financial liabilities				
Bank overdraft	-	-	544,056	544,056
Bank loans	3,800,000	3,800,000	2,525,000	2,525,000
Hire purchase liabilities	162,491	162,491	222,917	222,917
Total secured liabilities	3,962,491	3,962,491	3,291,973	3,291,973

The fair value of interest-bearing liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Notes to the Financial Statements

22. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Depreciation	419,556	450,910	-	-
Set-off of deferred tax assets (note 17)	(419,556)	(450,910)	-	-
Net deferred tax liabilities	-	-	-	-
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	419,556	450,910	-	-
	419,556	450,910	-	-
Movements:				
Opening balance at 1 July	450,910	482,059	-	-
Charged to the income statement (note 8)	(31,354)	(31,149)	-	-
Closing balance at 30 June	419,556	450,910	-	-

23. NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits	70,533	244,822	101,176	93,374

24. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	Number	Number	$	$
(a) Share capital				
Ordinary shares (fully paid)	34,182,421	34,182,421	7,292,807	6,785,807
Total contributed equity	34,182,421	34,182,421	7,292,807	6,785,807

(b) Movements in ordinary share capital:

DATE	DETAILS	NUMBER OF SHARES	$
1 July 2006	Opening balance	11,412,460	6,838,090
	Ordinary shares split – 3 for 1	22,824,920	-
	Shares bought back on-market and cancelled	(54,959)	(52,283)
30 June 2007		34,182,421	6,785,807
	Increase in equity as a result of payments received for shares previously vested	-	507,000
30 June 2008	Balance	34,182,421	7,292,807

(c) Ordinary shares

All ordinary shares are fully paid and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

24. CONTRIBUTED EQUITY (continued)

(d) Share split

A shareholder meeting on 18 December 2006 approved that ordinary shares be split on a 3 for 1 basis. This split was effective from the date of the meeting.

(e) Share buy-backs

The shareholder meeting on 18 December 2006 also approved that a further buy-back of up to 12.38% of the issued fully paid ordinary shares be made during the four months ending 18 April 2007. In total the Company bought back 54,959 shares for a cumulative outlay of $52,283. There is no current on-market buy-back.

(f) Capital risk management

The group's and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2008, the group's strategy was to reduce gearing ratio until better opportunities become available. The gearing ratios at 30 June 2008 and 30 June 2007 were as follows:

		CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
	Notes	$	$	$	$
Total borrowings	19,20,21	15,058,808	21,208,877	5,818,198	5,361,207
Less: cash and cash equivalents	9	(814,242)	(2,884)	(814,242)	(2,884)
Net debt		14,244,566	21,205,993	5,003,956	5,358,323
Total equity		25,805,726	17,651,738	10,263,741	8,797,559
Total capital		40,050,292	38,857,731	15,267,697	14,155,882
Gearing ratio		36%	55%	33%	38%

The decrease in gearing ratio during 2008 resulted primarily from reduction in borrowings during the year, which in part was due to the sale of the printing business.

25. RESERVES AND RETAINED PROFITS

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
(a) Reserves				
Available-for-sale investments revaluation reserve	(43,621)	(42,467)	(32,836)	(29,564)
Movements in Available-for-sale investments revaluation reserve were as follows:				
Balance 1 July	(42,467)	(51,084)	(29,564)	(36,124)
Revaluation, net of tax	(1,154)	8,617	(3,272)	6,560
Balance 30 June	(43,621)	(42,467)	(32,836)	(29,564)
(b) Retained profits				
Movement in retained profits were as follows:				
Balance 1 July	10,908,398	7,545,165	2,041,316	1,746,681
Profit for the year	9,564,087	4,599,079	2,878,399	1,530,481
Dividends	(1,915,945)	(1,235,846)	(1,915,945)	(1,235,846)
Balance 30 June	18,556,540	10,908,398	3,003,770	2,041,316

(c) Nature and purpose of reserves

Available-for-sale investments revaluation reserve

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(m). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

26. DIVIDENDS

	PARENT ENTITY	
	2008	2007
	$	$
(a) Ordinary shares		
Final dividend for the year ended 30 June 2007 of 3 cents (2006 – 3 cents) per fully paid share, paid on 15 November 2007 (2006 – 1 December 2006)		
30% franked dividend (2006 – 30% franked) based on tax paid @ 30%	930,973	310,873
Interim dividend for the year ended 30 June 2008 of 3 cents (2007 – 3 cents) per fully paid share, paid on 2 May 2008 (2007 – 4 May 2007)		
30% franked dividend (2007 – 30% franked) based on tax paid @ 30%	984,972	930,973

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents per fully paid ordinary share, (2007 – 3 cents) fully franked based on tax paid at 30% (2007 – 30%). The aggregate amount of the proposed dividend expected to be paid on 14 November 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end, is $1,025,472 (2007 - $1,025,472).

Notes to the Financial Statements

26. DIVIDENDS (continued)

(c) Franked dividends

The franked portion of the final dividend recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	5,381,119	4,393,019	5,381,119	4,393,019

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(i) franking credits that will arise from the payment of the amount of the provision for income tax

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $439,488 (2007 – $439,488).

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following directors were considered to be the key management personnel of CTI Logistics Limited during the financial year ended 30 June 2008:
D R Watson (Chairman - executive)
D A Mellor (Executive director)
B E Saxild (Executive director)

Having regard to the size and structure of the group, the nature of its operations, and the close involvement of the three executive directors, it is the opinion of the directors that there are no other key management personnel apart from the three executive directors.

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 6 to 7.

(b) Key management personnel compensation

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Short-term	1,015,763	1,121,334	1,015,763	1,121,334
Post-employment	241,720	432,145	241,720	432,145
	1,257,483	1,553,479	1,257,483	1,553,479

Notes to the Financial Statements

27. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity instrument disclosures relating to key management personnel

The number of ordinary shares in the Company held during the financial year by each director of CTI Logistics Limited, including their personally-related entities, are set out below. There were no shares granted during the reporting period as remuneration.

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2008				
J D Elbery (resigned 27.11.07)	1,480,959	-	(1,480,959)	-
P J Leonhardt	159,258	-	100,000	259,258
D A Mellor	3,213,519	-	205,950	3,419,469
B E Saxild	2,619,759	-	101,050	2,720,809
D R Watson	16,371,528	-	676,966	17,048,494
2007				
J D Elbery	1,470,207	-	10,752	1,480,959
P J Leonhardt	159,258	-	-	159,258
D A Mellor	3,025,902	-	187,617	3,213,519
B E Saxild	2,455,467	-	164,292	2,619,759
D R Watson	16,371,528	-	-	16,371,528

(d) Employee Share Plan

The financing for the original shares issued under the Employee Share Plan was for a period of 10 years and has been repaid in full.The second tranche has a remaining term of 4 years and is repayable from dividends.

	Balance at the start of the year $	Interest paid or payable for the year $	Payments received $	Balance at the end of the year $	Number in the group at the end of the year
2008	658,155	-	642,000	16,155	3
2007	784,155	-	126,000	658,155	4

28. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
(a) Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	108,875	93,520	106,625	73,280
Other assurance services	-	-	-	-

Notes to the Financial Statements

29. COMMITMENTS

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
(a) Capital commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities:				
Property, plant and equipment:				
Payable within one year	1,584,725	176,620	-	-
(b) Lease commitments: group company as lessee				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	156,136	401,482	9,439	12,479
Later than one year but not later than five years	324,044	465,773	4,283	6,634
	480,180	867,255	13,722	19,113
Representing:				
Non-cancellable operating leases	417,685	130,292	-	-
Future finance charges on hire purchases	62,495	736,963	13,722	19,113
Commitments not recognised in the financial statements	480,180	867,255	13,722	19,113

(i) Operating leases

The group leases an office and warehouse under a non-cancellable operating lease expiring within four years. The lease has varying terms, escalation clauses and renewal rights.

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	106,643	26,500	-	-
Later than one year but not later than five years	311,042	103,792	-	-
	417,685	130,292	-	-
(ii) Hire purchase commitments				
Commitments in relation to hire purchase are payable as follows:				
Within one year	696,026	2,571,164	93,481	127,003
Later than one year but not later than five years	311,606	4,322,973	82,732	115,027
Minimum payments	1,007,632	6,894,137	176,213	242,030
Future finance charges	(62,495)	(736,963)	(13,722)	(19,113)
Recognised as a liability	945,137	6,157,174	162,491	222,917
Representing:				
Current	646,533	2,196,182	84,042	114,524
Non-current	298,604	3,960,992	78,449	108,393
Total hire purchase liabilities	945,137	6,157,174	162,491	222,917

Notes to the Financial Statements

30. RELATED PARTY TRANSACTIONS

(a) Parent entity

CTI Logistics Limited is the ultimate Australian parent entity of the group and head entity of the tax consolidated group.

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 27.

(d) Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Sales of goods and services	-	-	3,141,795	3,167,680
Loans to related parties	-	-	839,620	-
Loans from related parties	-	-	-	2,239,342
Dividend revenue	-	-	4,000,000	3,000,000
Rent charged	-	-	339,060	324,770

Sales and rent between related parties are on normal commercial terms and conditions.

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables (loans)	-	-	4,218,225	3,642,294

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties. These loans are interest free, unsecured and have no fixed terms of repayment.

Notes to the Financial Statements

31. SUBSIDIARIES

All subsidiaries are incorporated in Australia.
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	EQUITY HOLDING (ORDINARY SHARES) 2008 %	2007 %
CTI Logistics Limited		
Directly controlled by CTI Logistics Limited		
Controlled entities		
Bring Transport Industries Pty Ltd	100	100
Mercury Messengers Pty Ltd	100	100
CTI Security Services Pty Ltd	100	100
CTI Transport Systems Pty Ltd	100	100
CTI Taxi Trucks Pty Ltd	100	100
CTI Security Systems Pty Ltd	100	100
CTI Fleet Management Pty	100	100
CTI Freight Management Pty Ltd	100	100
CTI Business Investment Company Pty Ltd	100	100
CTI Freight Systems Pty Ltd	100	100
CTI Couriers Pty Ltd	100	100
CTI Swinglift Services Pty Ltd	100	100
CTI Xpress Systems Pty Ltd	100	100
CTI Investments Pty Ltd	100	100
Consolidated Transport Industries Pty Ltd	100	100
Other controlled entities		
Directly controlled by CTI Investments Pty Ltd		
Lafe (WA) Pty Ltd (formerly Advance Press Pty Ltd)	100	100
LCL Cargo Services Pty Ltd	100	100
Blackwood Industries Pty Ltd	100	100
CTI Fulfilment Services Pty Ltd	100	100
Directly controlled by Blackwood Industries Pty Ltd		
Efal Pty Ltd	100	100
Ausplastics Pty Ltd	100	100
CTI Records Management Pty Ltd	100	100
CTI Waste Management Pty Ltd	100	100
Directly controlled by Consolidated Transport Industries Pty Ltd		
CTI Distribution Group Pty Ltd	100	100

Notes to the Financial Statements

31. SUBSIDIARIES (continued)

These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 32.

32. DEED OF CROSS GUARANTEE

CTI Logistics Limited and its wholly-owned entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee, they also represent the Extended Closed Group.

33. INTERESTS IN JOINT VENTURES

A controlled entity has a 50% (2007– 50%) interest in the CTI Foxline Joint Venture, which is resident in Australia and the principal activity of which is the provision of parcel delivery services. The interest in the CTI Foxline Joint Venture is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the controlled entity. Information relating to the joint venture partnership is set out below:

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Carrying amount of investment in joint venture partnership	170,987	191,254	-	-
Share of partnership's assets and liabilities				
Current assets	392,104	416,368	-	-
Non-current assets	13,758	16,607	-	-
Total assets	405,862	432,975	-	-
Current liabilities	225,680	228,991	-	-
Non-current liabilities	9,195	12,730	-	-
Total liabilities	234,875	241,721	-	-
Net assets	170,987	191,254	-	-
Share of partnership's revenue, expenses and results				
Revenues	2,762,550	2,682,295	-	-
Expenses	2,667,817	(2,520,629)	-	-
Profit before income tax	94,733	161,666	-	-

Share of partnership's commitments

The CTI Foxline Joint Venture does not have any capital or lease commitments at balance date.

Notes to the Financial Statements

34. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Profit for the year	9,564,087	4,599,079	2,878,399	1,530,481
Depreciation and amortisation	2,312,872	3,080,908	298,212	330,822
Provision for doubtful debts	(195,017)	(120,017)	-	-
Gain on sale of business	(4,798,045)	-	-	-
Net (gain) loss on sale of non-current assets	(32,908)	(78,953)	41,413	24,580
Loss (gain) on disposal of available-for-sale financial assets	3,038	(900)	-	(900)
Write-down of equity securities	-	1,000	-	-
Write-down of investment property	-	141,600	-	-
Share of profits of joint venture partnership not received as dividends or distributions	(94,733)	(161,666)	-	-
Change in operating assets and liabilities				
Decrease (increase) in trade and other debtors	2,994,699	(1,689,528)	408,925	(3,320,691)
Increase in inventories	(883,919)	(453,689)	-	-
Decrease in provision for income taxes payable	(690,023)	(86,418)	(690,023)	(86,418)
Decrease (increase) in provision for deferred tax assets	194,449	(116,831)	(53,383)	(33,004)
Decrease (increase) in trade creditors, employee benefits and other provisions	(582,768)	581,386	(205,702)	381,477
Net cash inflow (outflow) from operating activities	7,791,732	5,695,971	2,677,841	(1,173,653)

35. NON-CASH INVESTING AND FINANCING ACTIVITIES

Acquisition of plant and equipment by means of hire purchase	419,913	3,767,606	139,900	-

36. EARNINGS PER SHARE

	CONSOLIDATED	
	2008	2007
	CENTS PER SHARE	
(a) Basic earnings per share		
Profit from continuing operations	13.58	9.37
Profit from discontinued operation	14.40	4.07
Profit attributable to the ordinary equity holders of the Company	27.98	13.44
(b) Diluted earnings per share		
Profit from continuing operations	13.58	9.37
Profit from discontinued operation	14.40	4.07
Profit attributable to the ordinary equity holders of the Company	27.98	13.44

Notes to the Financial Statements

36. EARNINGS PER SHARE (continued)

	CONSOLIDATED 2008 $	2007 $
(c) Reconciliations of earnings used:		
In calculating basic earnings per share		
Profit from continuing operations used in calculating basic earnings per share	4,641,018	3,207,235
Profit from discontinued operation (note 37)	4,923,069	1,391,844
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	9,564,087	4,599,079
In calculating diluted earnings per share		
Profit from continuing operations used in calculating diluted earnings per share	4,641,018	3,207,235
Profit from discontinued operation (note 37)	4,923,069	1,391,844
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	9,564,087	4,599,079

	2008 Number	2007 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (2007 – adjusted for the 3 for 1 share split on 18 December 2006)	34,182,421	34,212,649

37. 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 yearly financial report as a discontinued operation.

(b) Financial performance and cash flow information

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

	2008 $	2007 $
Revenue		
Sales of goods (note 5)	3,354,219	14,513,985
Other (note 6)	100,123	270,449
Total revenue	3,454,342	14,784,434
Expenses	(3,230,142)	(12,995,440)
Profit before income tax	224,200	1,788,994
Income tax expense	(90,477)	(397,150)
Profit after income tax of discontinued operation	133,723	1,391,844
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	4,923,069	1,391,844

Notes to the Financial Statements

37. DISCONTINUED OPERATION (continued)

	2008 $	2007 $
Net cash (outflow) inflow from ordinary activities	(126,695)	1,834,193
Net cash inflow from investing activities (includes an inflow of $11,434,706 from the sale of the business)	11,432,899	560,526
Net cash outflow from financing activities	(8,526,581)	(1,659,952)
Net increase in cash generated by the business	2,779,623	734,767

(c) The carrying amounts of assets sold

The carrying amounts of assets as at the date of sale (30 September 2007) and 30 June 2007 are:

	2008 $	2007 $
Plant and equipment	5,770,137	6,218,281
Inventories	818,069	2,090,211
Intangible asset	48,455	48,455
Total assets	6,636,661	8,356,947

(d) Details of the sale of business

	2008 $	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	-

38. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the end of the financial year a subsidiary has purchased a property for $2,120,000 plus costs from existing facilities. The financial effect of this transaction has not been brought to account at 30 June 2008.

On 28 August 2008, the directors announced that all shareholders registered on 1 December 2008 will receive an extra one share for every five shares held on that date. The financial effect of this transaction has not been brought to account at 30 June 2008.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 56 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 Company's and group's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; 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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 32.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

DAVID MELLOR
Director

Perth
26 September 2008

Independent Audit Report

PRICEWATERHOUSECOOPERS

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

Report on the financial report

We have audited the accompanying financial report of CTI Logistics Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both CTI Logistics Limited and the CTI Logistics Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Independent Audit Report

PRICEWATERHOUSECOOPERS

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of CTI Logistics Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

PRICEWATERHOUSECOOPERS

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of CTI Logistics Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of the company for the year ended 30 June 2008 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
26 September 2008

Corporate Governance Statement

The Australian Securities Exchange Corporate Governance Council has published 10 principles and best practice recommendations relating to the direction and management of companies. These guidelines form a corporate governance framework intended to provide a practical guide for listed companies and their investors.

Adoption of the principles and associated best practice recommendations is not mandatory and the Australian Securities Exchange recognises that they may not be applicable to all companies. Under the Australian Securities Exchange Listing Rules companies are required to provide a statement disclosing the extent to which they have followed all the recommendations and identify the recommendations that have not been followed and give reasons for not following them.

Role of the Board

As mentioned in the Directors' Report, due to the size and structure of the group and the nature of its operations, the three executive directors have a close involvement with the management of the businesses. Consequently, a Board Charter has not been formally adopted. The formal adoption of a Board Charter will be considered again in the current year.

The board's primary objective is to oversee the group's business activities and management for the benefit of all stakeholders by:

- setting objectives, goals and strategic direction with management with a view to maximising shareholder value;
- overseeing the financial position and monitoring the business and financial affairs of the Company;
- establishing corporate governance, ethical, environmental and health and safety standards;
- ensuring significant business risks are identified and appropriately managed;
- monitoring management's performance and implementation of strategy;
- ensuring appropriate resources are available; and
- ensuring the composition of the board is appropriate, selecting directors for appointment to the board and reviewing the performance of the board and the contribution of individual directors.

The board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day businesses. Matters which are not within these delegations, such as expenditure and activity approvals which exceed certain parameters, require separate board approval.

For the reasons set out below, the board is mainly composed of management personnel who have been employed by the Company for many years. Formal director's letters of appointment were not issued on commencement and are not considered necessary at this stage.

Board Composition

The board comprises four directors including three executive directors. Due to the small size of the Company and its operations, and to avoid additional layers of management, the directors are necessarily involved in the day to day operations of the group businesses. The Company's ability to appoint appropriate non-executive directors who can add value is limited and the costs involved are considered prohibitive in relation to the potential benefits obtainable. The board has, and will continue to consider the appointment of additional non-executive directors. A nomination committee is not considered necessary due to the small number of directors on the board and the relative infrequency of board changes.

The non-executive director is an independent director.

Due to the executive directors' individual separate operational functions, the board is able to effectively review the performance of management and exercise independent judgement.

The directors have a broad range of qualifications, experience and expertise and details of individual directors is set out in the Directors' Report. The role of chairman and chief executive officer is filled by the founder of the business who is also a substantial shareholder. His knowledge, experience and understanding of the small businesses comprising the group are considered essential to perform these roles. The board considers that no value could be added by separating the roles.

Due to the difficulty in finding appropriate independent directors the provision of a specific term for independent directors is not considered appropriate.

Corporate Governance Statement

The board has adopted a formal policy on access to independent professional advice which provides that directors are entitled to seek such advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and is made available to all directors.

Ethical and Responsible Decision Making

The Company has clarified the ethical behaviour expected of directors and staff, as well as its attitude towards trading in the company's securities.

The Company's business conduct and ethics policy along with the policy on trading in company securities are published on the Company's web site, www.ctilogistics.com.

Integrity in Financial Reporting

The Company has formed an audit committee consisting of independent director Peter Leonhardt (chair) and executive director Bruce Saxild. Meetings are also attended by David Mellor (finance director) and the chief group accountant. The audit committee has a formal charter which has been approved by the board of directors. The charter is published on the Company's website, www.ctilogistics.com. The size and composition of the audit committee is considered to be appropriate for the size and complexity of the Company.

The committee reports directly to the board of directors and has unlimited access to the Company's external auditors and company employees. The committee meets regularly with the external auditors and reviews all comments and findings therefrom.

The external auditors meet with the board of directors at least twice a year to review their audit procedures and findings. It is the policy of the external auditors to rotate the audit partner and staff at regular intervals. The board is satisfied with the external auditor's competence and independence.

In accordance with the Australian Securities Exchange Corporate Governance Council best practices guidelines, the chief executive officer and the chief financial officer have written to the board giving assurances as the accuracy and integrity of the Company's financial statements.

Timely and Balanced Disclosure

The board is committed to ensuring that all matters which should be disclosed to the market are disclosed in a timely and balanced manner. All matters for disclosure are vetted and authorised by the board prior to disclosure.

The Company does not have written policies for compliance with Australian Securities Exchange Listing Rules disclosure requirements, but as the three executive directors are necessarily involved in the day-to-day operations of the group businesses, all matters arising at board meetings, audit committee meetings and the executive directors' meetings (a sub-committee of the board of directors) are considered and any matters that may require disclosure are vetted and authorized by the board prior to disclosure.

Rights of Shareholders

The Board of Directors encourages direct communication with shareholders.

Shareholders are encouraged to attend general meetings where formal and informal discussions can take place with board members, senior employees and the external auditors.

The Company's external auditors are always invited to attend the Company's Annual General Meeting and are available to answer shareholders' queries at that time.

Shareholders may also communicate freely with Board members at any time.

The Company's website will continue to be developed as a medium to facilitate communication with shareholders.

Corporate Governance Statement

Risk Recognition and Management

The board has established policies and procedures to recognise, minimise and manage all aspects of risk affecting the Company. Although in many cases these policies are not formally documented, they are appropriate for a small company.

Industry risk is assessed at local management as well as board level.

The audit committee also has the ability to review internal financial control procedures.

A risk and disaster management plan covering the Company's electronic data facilities is in place and is reviewed periodically.

Whilst there is no formal internal audit function, the Company's finance director performs and delegates certain internal audit procedures on a rotational basis throughout the year.

The chairman and chief executive as well as the finance director sign a letter of representation to the external auditors in relation to the matters contained in the annual accounts.

The Australian Securities Exchange Corporate Governance Council best practices guidelines recommend that the chief executive officer and the chief financial officer write to the board giving assurances regarding risk recognition and management, so that the board is assured of considering all relevant factors. This was not considered necessary as the chief executive officer is also the chairman of the Company's board of directors and the chief financial officer is also a member of the Company's board of directors.

Enhanced Performance

The Board evaluates the performance of key executives against a range of performance criteria.

The current composition of the board obviates a measurable review of the board's performance and the size of the Company does not warrant an independent assessment.

Board members have access to continuing education within their spheres of operation and the board encourages directors and staff to embark on continuing professional development.

Directors have access to all information required to efficiently discharge responsibility and may request additional information from management at any time. Board meetings are rotated around the company's various locations and operational management are invited to attend board meetings on a regular basis to facilitate directors' understanding of operational matters.

Remuneration

The Company has established a remuneration committee comprising Peter Leonhardt (chair) and David Watson. This committee reviews and makes recommendations on remuneration policies for the Company including, in particular, those governing the directors. Directors' emoluments are set out in Note 23 of the financial statements.

Although the Company has an Employee Share and Option Plan the Company does not reward employees via equity based remuneration.

Interests of Stakeholders

The board acknowledges the legitimate interests of all stakeholders and its legal and other obligations to employees, clients and the community as a whole.

Being a small company, there is not a published code of conduct but the board has recognised these obligations through its policies on such matters as ethical standards, and occupational health and safety.

The board encourages all employees to conduct business in a fair and ethical manner and to report any instances where standards may be at risk.

Shareholder Information

THE TWENTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2008

	NUMBER OF SHARES	PERCENTAGE
David R Watson	10,452,945	30.58
David Watson Nominees Pty Ltd	1,603,309	4.69
Parmelia Pty Ltd	1,599,762	4.68
ANZ Nominees Limited	1,381,761	4.04
DAM Nominees Pty Ltd	1,332,012	3.90
Bruce Saxild and Michelle Saxild	1,297,514	3.80
Aberdeen Management Pty Ltd	1,185,804	3.47
W W Nominees Pty Ltd	1,091,622	3.19
Catherine Rachel Watson	1,055,259	3.09
Dixson Trust Pty Ltd	976,062	2.86
Fortunegreen Pty Ltd	895,000	2.62
David J and Elizabeth L Clarke	850,000	2.49
Peachtree Pty Ltd	629,505	1.84
William Grove	450,500	1.32
Jonathan D Elbery	440,178	1.29
Australian Marketing Services Pty Ltd	414,150	1.21
National Nominees Limited	403,866	1.18
Walter J and Hilary M Hall	335,951	0.98
Brian G and Myrna R Vernon	268,000	0.78
David A Mellor	244,389	0.71
	26,907,589	78.72

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2008

The Company's register of substantial shareholders recorded the following information as at 30 September 2008.

	NUMBER OF SHARES	PERCENTAGE
David R Watson	16,823,310	49.22
David A Mellor	3,419,469	10.00
Bruce E Saxild	2,445,465	7.15

DISTRIBUTION OF EQUITY SECURITIES AS AT 30 SEPTEMBER 2008

(i) Distribution schedule of holdings

			NUMBER OF SHAREHOLDERS ORDINARY SHARES
1	-	1,000	70
1,001	-	5000	123
5,001	-	10,000	71
10,001	-	100,000	158
100,000 and over			36
			458

(ii) There were 31 shareholders holding less than a marketable parcel of ordinary shares.

(iii) There were a total of 34,182,421 ordinary shares on issue.

VOTING RIGHTS

Ordinary shares carry voting rights of one vote per share.