CTI Logistics Limited

ABN 69 008 778 925

Appendix 4D
Half-year Report

Half-year ended 31 December 2020

For announcement to the market

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

Revenue	Up	8%	to	$118,618
Profit from ordinary activities after tax attributable to members	Up	362%	to	$5,202
Net profit for the period attributable to members	Up	362%	to	$5,202

Dividends		Amount per security	Franked amount per security
Final dividend	Year ended 30 June 2020	Nil cents	Nil cents
	Previous corresponding period	Nil cents	Nil cents
Interim dividend	Current period	2.0 cents	2.0 cents
	Previous corresponding period	Nil cents	Nil cents

+Record date for determining entitlements to the dividend	13 April 2021

NTA backing

	31 December 2020	30 June 2020
Net tangible asset backing per ordinary security	73.11 cents	65.07 cents

Dividend

Details of dividends declared or paid during or subsequent to the period ended 31 December 2020 are as follows:

	Payment date	Amount per security	Total dividend	Franked amount per security
Final dividend – year ended 30 June 2020 (fully franked at 30%)	N/A	Nil cents	$Nil	Nil cents
Interim dividend – Current period (fully franked at 30%)	28 April 2021	2.0 cents	$1,500,548	2.0 cents

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

Controlled entities acquired or disposed of

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

CTI Logistics Limited

ABN 69 008 778 925

Half-year Report - 31 December 2020

Lodged with the ASX under Listing Rule 4.2A

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors present their report on the group consisting of CTI Logistics Limited and the entities it controlled during the half-year ended 31 December 2020 and the independent auditor's review report thereon.

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

David Robert Watson (Chairman)
Peter James Leonhardt
David Anderson Mellor
Bruce Edmond Saxild

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

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

	Cents per share	Total amount	Franked	Date of payment
Declared and paid during the half-year				
Final 2020 - ordinary	Nil	Nil	-	N/A
Declared after end of half-year				
Interim 2021 - ordinary	2.0	$1,500,548	Franked	28 April 2021

After the half-year end the directors have declared a fully franked interim dividend of 2.0 cents per ordinary share.

The financial effect of this post half-year dividend has not been brought to account in the financial statements for the half-year ended 31 December 2020 and will be recognised in subsequent financial reports.

Review of operations and results
The Group is a Western Australian based transport and logistics provider. Transport operations cover couriers and taxi trucks, B2B and B2C parcel distribution, container handling, fleet management, WA regional road freight and interstate freight. Logistics includes 3PL, 4PL, supply chain and DC warehousing, E-commerce fulfilment, temperature-controlled warehousing, minerals and energy supply base services, quarantine and preservation wrapping and fumigation, document storage, media destruction and recycling. The Group also has a security business providing installation, maintenance and monitoring of alarms, CCTV visual verification and lone worker protection.

For the period ending 31 December 2020, revenue from operations was up 8% to $118,618,178 on the prior corresponding period. The Company continued to invest in growing our national footprint, including relocation of an Interstate transport depot in Sydney and a warehousing facility in Adelaide to support immediate operational efficiencies and planned future growth.

The following key financial data is provided to show comparability to the prior period and the impacts of AASB 16.

	31 December 2020			31 December 2019			Movement
Statement of profit or loss and other comprehensive income	Excluding AASB 16 $000	Impact of AASB 16 $000	As reported $000	Excluding AASB 16 $000	Impact of AASB 16 $000	As reported $000	Excluding AASB 16 %
Revenue from operations	118,618	-	118,618	109,815	-	109,815	8.0%
Other income	1,564	322	1,886	234	319	553	
Motor vehicle and transport costs	(14,201)	522	(13,679)	(14,017)	380	(13,637)	
Property costs	(8,239)	6,758	(1,481)	(8,158)	6,540	(1,618)	
Other costs*	(85,594)	-	(85,594)	(80,930)	-	(80,930)	
Results from operating activities excluding interest, depreciation and amortisation ("EBITDA")	12,148	7,602	19,750	6,944	7,239	14,183	75.0%
Depreciation and amortisation	(4,716)	(6,108)	(10,824)	(4,555)	(5,905)	(10,460)	
Net finance costs	(615)	(1,466)	(2,081)	(883)	(1,603)	(2,486)	
Profit (loss) before tax	6,817	28	6,845	1,506	(269)	1,237	353%
Income tax expense	(1,552)	(91)	(1,643)	(178)	67	(111)	
Profit (loss) for the period	5,265	(63)	5,202	1,328	(202)	1,126	297%

**represents all other expenses in the consolidated statement of profit or loss which have not been impacted by the adjustments noted above.*

After excluding the impact of AASB 16, EBITDA and profit before tax were up 75% and 353% respectively on the prior corresponding period.

The results for the period were impacted by several factors including:

- stronger than expected revenue growth in both transport and logistics across Australia,
- a continued focus on winning quality revenue, east coast expansion and increased customer related COVID activity,
- customers adapting their supply chains in response to changing border restrictions between states and territories, by increasing product holdings in certain states resulting in improved warehouse utilisation,
- improvement in flooring industry profit margins as a result of increased transport and warehouse volumes,
- Brisbane warehousing benefited from increased activity from current and new clients,
- significant volume increases in interstate freight into WA, however this business was negatively impacted by inefficiencies resulting from natural disasters and ongoing rail issues,
- WA courier and parcel businesses negatively impacted by ongoing driver shortages,
- receipts in the period of $1,312,500 in respect of certain qualifying businesses within the Group who qualified for JobKeeper early in the period, and
- continued focus on receivables, cost reduction and productivity initiatives resulting in improved margins.

The Company generated strong cash flows during the period and while maintaining significant cash liquidity has directed cash flows to targeted business investment and long term debt reduction of $7,770,000. The Company's net assets increased by 6.4% compared with the prior corresponding period, from $81,614,185 to $86,814,818, which is largely attributable to the current period's profit after tax.

As a consequence of the strong operating results, in particular towards the end of the period, the directors have decided to declare an interim dividend of 2 cents per share fully franked, payable on 28 April 2021.

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

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

Likely developments
The major objectives encompassed in the Business Plan of the group are:
(i) expansion of existing operations by 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.

Lead Auditor's independence declaration
The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2020.

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

DAVID WATSON
Director

Perth, WA
26 February 2021

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

To the Directors of CTI Logistics Limited

I declare that, to the best of my knowledge and belief, in relation to the review of CTI Logistics Limited for the half-year ended 31 December 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
26 February 2021

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Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	2020 $	2019 $
Revenue	118,618,178	109,814,663
Other income	1,885,947	553,357
Raw materials and consumables used	(396,746)	(590,205)
Employee benefits expense	(37,424,133)	(36,605,119)
Subcontractor expense	(39,958,419)	(36,497,607)
Depreciation and amortisation expense	(10,824,123)	(10,459,768)
Motor vehicle and transportation costs	(13,678,870)	(13,637,294)
Property costs	(1,481,242)	(1,617,551)
Other expenses	(7,815,196)	(7,237,590)
Results from operating activities	8,925,396	3,722,886
Finance income	3,323	10,507
Finance expense	(2,084,154)	(2,496,394)
Net finance costs	(2,080,831)	(2,485,887)
Profit before income tax	6,844,565	1,236,999
Income tax expense	(1,642,507)	(110,805)
Profit for the half-year	**5,202,058**	**1,126,194**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	(1,425)	(3,620)
Total comprehensive income for the half-year	**5,200,633**	**1,122,574**
	Cents	**Cents**
Earnings per share for profit attributable to the ordinary equity holders of the Company		
Basic earnings per share	6.93	1.50
Diluted earnings per share	6.93	1.50

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

Condensed consolidated statement of financial position as at 31 December 2020

	31 December 2020 $	30 June 2020 $
ASSETS		
Current assets		
Cash and cash equivalents	6,325,752	7,611,064
Trade and other receivables	30,827,269	29,936,811
Inventories	230,386	165,359
Total current assets	37,383,407	37,713,234
Non-current assets		
Available-for-sale financial assets	42,109	44,144
Property, plant and equipment	88,455,682	90,001,535
Investment properties	2,207,021	2,207,021
Deferred tax assets	3,677,900	4,003,829
Right-of-use assets	46,173,449	43,233,588
Intangible assets	31,958,994	32,797,412
Total non-current assets	172,515,155	172,287,529
Total assets	209,898,562	210,000,763
LIABILITIES		
Current liabilities		
Trade and other payables	16,601,955	17,532,246
Borrowings	2,000,000	-
Lease liabilities	15,730,244	14,915,331
Current tax liabilities	1,153,453	137,864
Provisions	6,613,009	6,713,668
Total current liabilities	42,098,661	39,299,109
Non-current liabilities		
Borrowings	33,000,000	42,770,000
Lease liabilities	45,392,032	44,157,058
Provisions	2,593,051	2,160,411
Total non-current liabilities	80,985,083	89,087,469
Total liabilities	123,083,744	128,386,578
Net assets	**86,814,818**	**81,614,185**
EQUITY		
Contributed equity	27,248,025	27,248,025
Reserves	1,925,053	1,926,478
Retained profits	57,641,740	52,439,682
Total equity	**86,814,818**	**81,614,185**

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

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

Consolidated	Contributed equity $	Reserves $	Retained profits $	Total equity $
Balance at 30 June 2019	27,248,025	1,893,175	61,156,276	90,297,476
Adoption of AASB 16, net of tax	-	-	(6,516,729)	(6,516,729)
Restated at 1 July 2019	27,248,025	1,893,175	54,639,547	83,780,747
Total comprehensive income for the half-year	-	(3,620)	1,126,194	1,122,574
Transactions with equity holders in their capacity as equity holders:				
Share-based payment	-	30,997	-	30,997
Balance at 31 December 2019	27,248,025	1,920,552	55,765,741	84,934,318
Balance at 1 July 2020	27,248,025	1,926,478	52,439,682	81,614,185
Total comprehensive income for the half-year	-	(1,425)	5,202,058	5,200,633
Balance at 31 December 2020	27,248,025	1,925,053	57,641,740	86,814,818

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

Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

	2020 $	2019 $
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	129,849,361	119,349,352
Payments to suppliers and employees (inclusive of goods and services tax)	(111,944,598)	(107,288,510)
	17,904,763	12,060,842
Interest received	3,323	10,507
Dividends received	1,108	1,218
Interest paid	(1,958,410)	(2,349,457)
Income taxes paid (net of income tax refunded)	(311,165)	(168,270)
Net cash inflow from operating activities	15,639,619	9,554,840
Cash flows from investing activities		
Payments for property, plant and equipment	(2,078,613)	(1,409,338)
Proceeds from sale of property, plant and equipment	660,538	364,032
Net cash outflow from investing activities	(1,418,075)	(1,045,306)
Cash flows from financing activities		
Proceeds from borrowings	4,000,000	7,500,000
Repayment of borrowings	(11,770,000)	(9,500,000)
Repayment of lease liabilities	(7,736,856)	(7,125,656)
Net cash outflow from financing activities	(15,506,856)	(9,125,656)
Net decrease in cash and cash equivalents	(1,285,312)	(616,122)
Cash and cash equivalents at the beginning of the half-year	7,611,064	2,186,341
Cash and cash equivalents at the end of the half-year	6,325,752	1,570,219

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

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. CTI Logistics Limited and its subsidiaries (together referred to as the "Group") is a for-profit entity.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by CTI Logistics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

As the COVID-19 pandemic continues to impact Australia and the world, the Group's focus remains on keeping its people well, and maintaining safe and reliable operations. The Group has considered the impact of COVID-19 on each of its significant accounting judgements and estimates, particularly with respect to assumptions used in determining expected credit losses on receivables, impairment of non-current assets and going concern. At this stage no further significant estimates have been identified as a result of COVID-19, however management is monitoring the increased level of uncertainty in all future cash flow forecasts used in asset valuation and financial viability.

2. SEGMENT INFORMATION

(a) Description of segments

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

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

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

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

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

2. SEGMENT INFORMATION (continued)

(b) Information about reportable segments

The segment information provided to the Group's Executive Chairman for the reportable segments for the half-year ended 31 December 2020 is as follows:

	Transport	Logistics	Property	Other	Reconciling/ unallocated	Total
Half-year 2020	**$**	**$**	**$**	**$**	**$**	**$**
External revenues	69,918,854	45,555,296	88,441	3,029,464	26,123	118,618,178
Intra and inter-segment revenue	11,452,941	30,101	1,879,995	312,945	(13,675,982)	-
Interest expense	281,701	1,319,709	178,275	-	203,721	1,983,406
Depreciation and amortisation	3,367,001	6,644,913	410,648	229,415	172,146	10,824,123
Total segment profit before income tax	3,292,930	3,076,939	710,492	268,433	(504,229)	6,844,565
31 December 2020						
Total segment assets	53,673,990	80,312,357	67,045,352	1,949,153	6,917,710	209,898,562
Total segment liabilities	30,475,076	56,791,660	33,024,806	1,664,307	1,127,895	123,083,744
Half-year 2019						
External revenues	64,127,179	42,418,948	80,131	3,096,604	91,801	109,814,663
Intra and inter-segment revenue	8,671,933	26,549	1,913,713	343,759	(10,955,954)	-
Interest expense	302,499	1,449,460	285,399	-	323,470	2,360,828
Depreciation and amortisation	2,944,943	6,485,505	410,906	252,741	365,673	10,459,768
Total segment profit before income tax	1,917,452	376,595	704,900	117,955	(1,879,903)	1,236,999
30 June 2020						
Total segment assets	51,746,493	79,123,244	66,873,078	1,989,378	10,268,570	210,000,763
Total segment liabilities	32,421,176	53,270,771	38,592,450	1,623,229	2,478,952	128,386,578

3. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Freehold land $	Freehold buildings $	Plant and equipment $	Motor vehicles $	Total $
At 1 July 2020					
Cost	38,127,691	33,903,003	31,044,069	38,563,485	141,638,248
Accumulated depreciation	-	(6,679,345)	(22,664,040)	(22,293,328)	(51,636,713)
Net book amount	38,127,691	27,223,658	8,380,029	16,270,157	90,001,535
Half-year ended 31 December 2020					
Opening net book value	38,127,691	27,223,658	8,380,029	16,270,157	90,001,535
Additions	-	97,263	1,030,979	1,616,252	2,744,494
Disposals	-	(12,000)	(78,404)	(413,451)	(503,855)
Depreciation charge	-	(627,265)	(1,222,127)	(1,937,100)	(3,786,492)
Closing net book amount	38,127,691	26,681,656	8,110,477	15,535,858	88,455,682
At 31 December 2020					
Cost	38,127,691	33,988,266	31,625,016	38,277,674	142,018,647
Accumulated depreciation	-	(7,306,610)	(23,514,539)	(22,741,816)	(53,562,965)
Net book amount	38,127,691	26,681,656	8,110,477	15,535,858	88,455,682

4. INTANGIBLE ASSETS

Consolidated	Goodwill $	Trade names $	Customer relationships $	Security lines $	Software $	Total $
At 1 July 2020						
Cost	26,461,029	3,726,914	9,178,756	1,597,667	2,812,041	43,776,407
Accumulated amortisation	-	(2,143,672)	(5,701,703)	(1,513,592)	(1,620,028)	(10,978,995)
Net book amount	26,461,029	1,583,242	3,477,053	84,075	1,192,013	32,797,412
Half-year ended 31 December 2020						
Opening net book amount	26,461,029	1,583,242	3,477,053	84,075	1,192,013	32,797,412
Additions	-	-	-	18,345	73,030	91,375
Amortisation charge	-	(231,391)	(402,665)	(11,590)	(284,147)	(929,793)
Closing net book amount	26,461,029	1,351,851	3,074,388	90,830	980,896	31,958,994
At 31 December 2020						
Cost	26,461,029	3,726,914	9,178,756	1,616,012	2,885,071	43,867,782
Accumulated amortisation	-	(2,375,063)	(6,104,368)	(1,525,182)	(1,904,175)	(11,908,788)
Net book amount	26,461,029	1,351,851	3,074,388	90,830	980,896	31,958,994

5. RIGHT-OF-USE ASSETS

	Land and buildings $	Plant and equipment $	Total $
2020			
Balance at 1 July 2020	41,550,648	1,682,940	43,233,588
Depreciation for the period	(5,603,402)	(504,436)	(6,107,838)
Additions to right-of-use assets	8,722,403	394,054	9,116,457
Disposal of right-of-use assets	-	(68,758)	(68,758)
Balance at 31 December 2020	44,669,649	1,503,800	46,173,449
2019			
Balance at 1 July 2019	52,213,271	1,317,362	53,530,633
Depreciation for the period	(11,114,012)	(872,265)	(11,986,277)
Additions to right-of-use assets	451,389	1,310,273	1,761,662
Disposal of right-of-use assets	-	(72,430)	(72,430)
Balance at 30 June 2020	41,550,648	1,682,940	43,233,588

6. BORROWINGS

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

	31 December 2020 $	30 June 2020 $
Current Borrowings	2,000,000	-
Non-current Borrowings	33,000,000	42,770,000
Total Borrowings	35,000,000	42,770,000
Undrawn facilities	13,270,000	6,000,000

The bank loan facilities may be drawn at any time subject to the continuance of satisfactory credit ratings and are also subject to annual review. At 31 December 2020 one of the Group's bank facilities with an outstanding loan of $2,000,000 was classified as current due to the facility having a contractual maturity of July 2021. The Group expects these borrowings to be renewed, or replaced by a new facility on similar terms, prior to maturity. The Group's non-current borrowings and $6,000,000 undrawn facilities have a termination date of 30 October 2023.

7. CAPITAL AND RESERVES

(a) EQUITY SECURITIES

Contributed equity of $27,248,025 represents shares on issue of 75,027,420 (30 June 2020: 75,027,420).

At 31 December 2020 there were 2,685,000 (30 June 2020 – 2,685,000) contingently issuable shares relating to shares issued under the Company's Employee Share Plan.

(b) DIVIDENDS

Dividends not recognised at the end of the reporting period
After the half-year end the directors have declared an interim dividend of 2.0 cents per fully paid ordinary share, (2019 – Nil) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend to be paid on 28 April 2021 out of retained profits at 31 December 2020, but not recognised as a liability at period end, is $1,500,548 (2019 - $nil).

7. CAPITAL AND RESERVES (continued)

(c) EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2020 are as follows:

	2020	2019
(i) Basic earnings per share	6.93 cents	1.50 cents
Profit attributable to ordinary shareholders	$5,202,058	$1,126,194
Weighted average number of shares	75,027,420	75,027,420
(ii) Diluted earnings per share	6.93 cents	1.50 cents
Profit attributable to ordinary shareholders (diluted)	$5,202,058	$1,126,194
Weighted average number of shares (diluted)		
Weighted average number of shares (basic)	75,027,420	75,027,420
The effect of the vesting of contingently issuable shares	-	-
Weighted average number of shares (diluted) at 31 December	75,027,420	75,027,420

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

8. OTHER INCOME

Included within other income are receipts from JobKeeper totalling $1,312,500 (31 December 2019: nil). The receipt of these has been included within "Receipts from customers" on the statement of cash flows.

9. SUBSEQUENT EVENTS

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

Directors' Declaration

In the opinion of the directors of CTI Logistics Limited ("the Company"):

(a) the consolidated financial statements and notes that are set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the group's financial position as at 31 December 2020 and of its performance, for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

DAVID WATSON
Director

Perth, WA
26 February 2021

Independent Auditor's Review Report

To the shareholders of CTI Logistics Limited

Report on the Half-year Financial Report

Conclusion

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

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

- Giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed consolidated statement of financial position as at 31 December 2020.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

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

Basis for Conclusion

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

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

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Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
26 February 2021