

Appendix 4B (rule 4.13(b))

Half Year Report

Introduced 1/7/2000. Amended 30/9/2001, 11/3/2002.

Name of entity

CTI Communications Ltd

ABN

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended ('current period')

45 071 781 363

✓

31 December 2001

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

SA

Revenues from ordinary activities (item 1.1)		N/A to	N/A
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (item 1.20)	Up	N/A to	355,522
Profit (loss) from ordinary activities after tax attributable to members (item 1.23)	Up	N/A to	355,522
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))			-
Net profit (loss) for the period attributable to members (item 1.11)	Up	N/A to	355,522
Dividends (distributions)	Amount per security	franked amount per security	
Interim dividend (Half yearly report only - item 15.6)	- ¢	- ¢	
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)	- ¢	- ¢	

+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (see item 15.2)

N/A

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Percentage changes in profit have not been shown due to the change being from a loss to a profit.

Consolidated profit and loss account

	Current period – \$A	Previous corresponding period – \$A
1.1 Revenues from ordinary activities	N/A	6,018,657
1.2 Expenses from ordinary activities (<i>see items 1.24 + 12.5 + 12.6</i>)	N/A	12,179,183
1.3 Borrowing costs	N/A	1,339
1.4 Share of net profit (loss) of associates and joint venture entities (<i>see item 16.7</i>)	N/A	-
1.5 Profit (loss) from ordinary activities before tax	355,342	(6,160,526)
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	355,342	(6,160,526)
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	355,342	(6,160,526)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	355,342	(6,160,526)

Consolidated retained profits

1.12 Retained profits (accumulated losses) at the beginning of the financial period	(16,253,427)	606,058
1.13 Net profit (loss) attributable to members (<i>item 1.11</i>)	355,342	(6,160,526)
1.14 Net transfers to and from reserves	-	-
1.15 Net effect of changes in accounting policies	-	-
1.16 Dividends and other equity distributions paid or payable	-	-
1.17 Retained profits (accumulated losses) at end of financial period	(15,897,905)	(5,554,468)

Profit restated to exclude amortisation of goodwill

	Current period \$A	Previous corresponding period \$A
1.18 Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	355,342	(1,398,717)
1.19 Less (plus) outside ⁺ equity interests	-	-
1.20 Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	355,342	(1,398,717)

+ See chapter 19 for defined terms.

Profit (loss) from ordinary activities attributable to members

		Current period \$A	Previous corresponding period \$A
1.21	Profit (loss) from ordinary activities after tax (item 1.7)	355,342	(6,160,526)
1.22	Less (plus) outside ⁺ equity interests	-	-
1.23	Profit (loss) from ordinary activities after tax, attributable to members	355,342	(6,160,526)

Revenue and expenses from ordinary activities

		Current period \$A	Previous corresponding period \$A
1.24	Details of revenue and expenses		
	Licence sales	N/A	2,397,293
	Maintenance	N/A	1,499,769
	Other revenue	N/A	2,121,595
	Cost of sales	N/A	3,074,962
	Employment expenses	N/A	2,638,284
	Selling expenses	N/A	594,903
	Goodwill write down	N/A	4,385,247
	Goodwill amortisation	N/A	376,562
	Other expenses	N/A	1,109,225
	Net Profit	N/A	(6,160,526)

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A	Related tax \$A	Related outside ⁺ equity interests \$A	Amount (after tax) attributable to members \$A
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	-	-	-	-
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	-	-	-	-
2.4	Extraordinary items (details)	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half Yearly Report

Consolidated balance sheet		At end of current period \$A	As shown in last annual report \$A	As in last half yearly report \$A
Current assets				
4.1	Cash	253,393	160,706	486,097
4.2	Receivables	1,044,110	4,231,751	3,860,364
4.3	Inventories	20,000	25,196	175,200
4.4	Other property, plant and equipment (net)	-	316,691	
4.5	Intangibles (net)	-	1,049,929	
4.6	Other (provide details if material)	-	731,059	583,926
4.7	Total current assets	1,317,503	6,515,332	5,105,586
Non-current assets				
4.7	Receivables	-	-	-
4.8	Investments (equity accounted)	-	-	-
4.9	Other investments	-	-	-
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of <i>AASB 1022</i>)	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	-	-	722,564
4.14	Intangibles (net)	-	-	10,218,999
4.15	Other (provide details if material)	-	-	423,846
4.16	Total non-current assets	-	-	11,365,409
4.17	Total assets	1,317,503	6,515,332	16,470,995
Current liabilities				
4.18	Payables	1,092,779	4,748,227	3,952,592
4.19	Interest bearing liabilities	-	75,577	68,219
4.20	Provisions	464,066	554,561	638,564
4.21	Other (provide details if material)	-	1,732,831	1,479,244
4.22	Total current liabilities	1,556,845	7,110,195	6,138,619
Non-current liabilities				
4.23	Payables	-	-	70,996
4.24	Interest bearing liabilities	-	-	-
4.25	Provisions	-	-	157,285
4.26	Other (provide details if material)	-	-	-
4.27	Total non-current liabilities	-	-	228,281
4.28	Total liabilities	1,556,845	7,110,195	6,366,900
4.29	Net assets	(239,342)	(594,864)	10,104,095

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

	Equity			
4.30	Capital/contributed equity	15,658,563	15,658,563	15,658,563
4.31	Reserves	-	-	-
4.32	Retained profits (accumulated losses)	(15,897,905)	(16,253,427)	(5,554,468)
4.33	Equity attributable to members of the parent entity	(239,342)	(594,864)	10,104,095
4.34	Outside ⁺ equity interests in controlled entities	-	-	-
4.35	Total equity	(239,342)	(594,864)	10,104,095
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A	Previous corresponding period \$A
5.1 Opening balance	N/A	N/A
5.2 Expenditure incurred during current period	N/A	N/A
5.3 Expenditure written off during current period	N/A	N/A
5.4 Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5 Expenditure transferred to Development Properties	N/A	N/A
5.6 Closing balance as shown in the consolidated balance sheet (item 4.11)	N/A	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A	Previous corresponding period \$A
6.1 Opening balance	N/A	N/A
6.2 Expenditure incurred during current period	N/A	N/A
6.3 Expenditure transferred from exploration and evaluation	N/A	N/A
6.4 Expenditure written off during current period	N/A	N/A
6.5 Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6 Expenditure transferred to mine properties	N/A	N/A
6.7 Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	N/A

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

		Current period	Previous corresponding period
		\$A	\$A
	Cash flows related to operating activities		
7.1	Receipts from customers	N/A	6,308,307
7.2	Payments to suppliers and employees	N/A	(6,898,706)
7.3	Dividends received from associates	N/A	-
7.4	Other dividends received	N/A	-
7.5	Interest and other items of similar nature received	N/A	22,762
7.6	Interest and other costs of finance paid	N/A	(1,339)
7.7	Income taxes paid	N/A	(52,106)
7.8	Other (provide details if material)	N/A	51,522
7.9	Net operating cash flows	N/A	(569,560)
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	N/A	(213,287)
7.11	Proceeds from sale of property, plant and equipment	N/A	-
7.12	Payment for purchases of equity investments	N/A	(1,500,000)
7.13	Proceeds from sale of equity investments	N/A	-
7.14	Loans to other entities	N/A	-
7.15	Loans repaid by other entities	N/A	-
7.16	Other (provide details if material)	N/A	-
7.17	Net investing cash flows	N/A	(1,713)
	Cash flows related to financing activities		
7.18	Proceeds from issues of ⁺ securities (shares, options, etc.)	N/A	-
7.19	Proceeds from borrowings	N/A	(295,773)
7.20	Repayment of borrowings	N/A	-
7.21	Dividends paid	N/A	-
7.22	Other (provide details if material)	N/A	39,907
7.23	Net financing cash flows	N/A	(255,866)
7.24	Net increase (decrease) in cash held	92,687	(2,538,713)
7.25	Cash at beginning of period (see <i>Reconciliation of cash</i>)	160,706	3,024,809
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period (see <i>Reconciliation of cash</i>)	253,393	486,097

⁺ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period \$A	Previous Corresponding period \$A
8.1	Cash on hand and at bank	253,393	404,700
8.2	Deposits at call	-	81,397
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period (item 7.27)	253,393	486,097

Ratios

		Current period	Previous corresponding period
9.1	Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	N/A	-102%
9.2	Profit after tax / *equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	N/A	-61%

Earnings per security (EPS)

		Current period	Previous corresponding period
10.1	Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
	(a) Basic EPS	1.2¢	(20.6)¢
	(b) Diluted EPS (if materially different from		
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	29,969,580	29,969,580

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per *ordinary security	(0.8)¢	(1.8)¢

* See chapter 19 for defined terms.

Details of specific receipts/outlays, revenues/ expenses

		Current period \$A	Previous corresponding period \$A
12.1	Interest revenue included in determining item 1.5	N/A	22,372
12.2	Interest revenue included in item 12.1 but not yet received (if material)	N/A	-
12.3	Interest costs excluded from borrowing costs, capitalised in asset values	N/A	1,032
12.4	Outlays (except those arising from the *acquisition of an existing business) capitalised in intangibles (if material)	N/A	-
12.5	Depreciation and amortisation (excluding amortisation of intangibles)	N/A	-
12.6	Other specific relevant items not shown in item 1.24 (see note 15)	N/A	-

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was *acquired	N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Planwall Pty Limited
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by the SCH Business Rules if +securities are +CHESS approved)	N/A
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	Final dividend: Current year (Preliminary final report only)	- ¢	- ¢	- ¢
15.5	Previous year	- ¢	- ¢	- ¢
15.6	Interim dividend: Current year	- ¢	- ¢	- ¢
15.7	Previous year (Half yearly and preliminary final reports)	- ¢	- ¢	- ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8	+Ordinary securities	- ¢
15.9	Preference +securities	- ¢

Half yearly report - interim dividend (distribution) on all securities

	Current period \$A	Previous corresponding period - \$A
15.10	+Ordinary securities	-
15.11	Preference +securities	-
15.12	Other equity instruments	-
15.13	Total	-

The +dividend or distribution plans shown below are in operation.

The Company does not have a dividend plan.

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

		Current period \$A	Previous corresponding period \$A
16.1	Profit (loss) from ordinary activities before income tax	N/A	N/A
16.2	Income tax on ordinary activities	N/A	N/A
16.3	Profit (loss) from ordinary activities after income tax	N/A	N/A
16.4	Extraordinary items net of tax	N/A	N/A
16.5	Net profit (loss)	N/A	N/A
16.6	Outside +equity interests	N/A	N/A
16.7	Net profit (loss) attributable to members	N/A	N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity		Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
		Current Period	Previous corresponding period	Current period - \$A	Previous corresponding period - \$A
.1	Equity accounted associates and joint venture entities	N/A	N/A	N/A	N/A
17.2	Total	N/A	N/A	N/A	N/A
17.3	Other material interests	N/A	N/A	N/A	N/A
17.4	Total	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities (description)	-	-	N/A	N/A
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 ⁺Ordinary securities	29,969,580	29,969,580	N/A	N/A
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 ⁺Convertible debt securities (description and conversion factor)	-	-	N/A	N/A
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7 Options (description and conversion factor)	5,005,451	-	Exercise Price	Expiry date (if any)
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	940,000 429,000	- -	\$1.01 \$1.20	28/6/05 4/7/05
18.11 Debentures (totals only)	-	-		
18.12 Unsecured notes (totals only)	-	-		

⁺ See chapter 19 for defined terms.

Comments by directors

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

19.1 Material factors affecting the revenues and expenses of the economic entity for the current period:

The economic entity suspended trading and was placed into voluntary administration on 8 October 2001. Due to the administration, the assets and liabilities of the Company have been recorded at their realisable value in this half year report.

The result for the period included revenues resulting from reductions in outflows relating to liabilities being written back to the amount that they were settled for.

On 20 December 2001, CTI entered into a deed of company arrangement (**DOCA**) with the aim of being removed from administration and then being re-structured, re-capitalised and re-quoted on ASX (**Re-organisation**).

19.2 A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible):

The DOCA settled on 1 March 2002 resulting in the following events occurring after balance date but on or before settlement of the DOCA:

- CTI was provided with a \$450,000 debt facility to satisfy the claims of creditors and remove CTI from Administration; and
- the Company was released from Administration.

Subsequent to settlement of the DOCA, the following events have also occurred (as approved by shareholders on 22 February 2002):

- on 4 March 2002, the issued capital of the Company was consolidated on a 1 for 15 basis, reducing the total number of shares on issue (at that time) to 1,998,193 shares;
- on 15 March 2002, the Company issued the following securities in consideration for the co-ordination and refinancing of the Re-organisation:
 - i. 4,500,000 ordinary shares;
 - ii. 4,500,000 convertible notes;
 - iii. 5,500,000 options expiring on 30 June 2006 exercisable at 5 cents if exercised on or before 30 June 2004 or 10 cents if exercised after 30 June 2004; and
 - iv. 3,000,000 preference shares; and
- on 15 March 2002, the Company issued 100,000 options expiring on 30 June 2006 (exercisable at 5 cents if exercised on or before 30 June 2004 or 10 cents if exercised after 30 June 2004) to each of Mr Paul Hardie and Mr Mark Sumich.

On 22 May 2002 the Company issued 8,497,292 shares at 10c each and 4,248,646 options at 5c each (raising a gross total off \$1,062,162) pursuant to a prospectus.

As a supplementary prospectus was lodged with ASIC on 17 May 2002, investors have been given until 21 June 2002 to withdraw their applications.

+ See chapter 19 for defined terms.

- 19.3 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year:

N/A

- 19.4 Changes in accounting policies since the last annual report are disclosed as follows:

Due to the administration, the half yearly accounts have been prepared on a realisable value basis as opposed to a historical cost basis. Assets and liabilities have been recorded at values that are reasonably expected to be realised subsequent to balance date.

The Company is unable to disclose specific revenue, expense and cashflow items to the lack of accounting records maintained during the half year ended 31 December 2001.

Additional disclosure for trusts

- 20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

- 20.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

+ See chapter 19 for defined terms.

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 12).

Identify other standards used

N/A

- 2 This report, and the *accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report gives a true and fair view of the matters disclosed (see note 2).
- 4 This report is based on *accounts to which one of the following applies.
(Tick one)
- | | | | |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The *accounts have been audited. | <input checked="" type="checkbox"/> | The *accounts have been subject to review. |
| <input type="checkbox"/> | The *accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The *accounts have <i>not</i> yet been audited or reviewed. |
- 5 If the audit review report will follow immediately.
- 6 The entity does not have a formally constituted audit committee.

Sign here:

P. Hardie
(Director/Company Secretary)

Date:

7/6/02

Print name:

PAUL HARDIE

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
- | | |
|----------|---|
| Item 1.1 | The definition of "revenue" and an explanation of "ordinary activities" are set out in <i>AASB 1004: Revenue</i> , and <i>AASB 1018: Statement of financial performance</i> . |
| Item 1.6 | This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax). |
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie*

payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc.*

6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.

11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the ⁺ASIC under the Corporations Act must also be given to ASX. For example, a directors' report and declaration, if lodged with the ⁺ASIC, must be given to ASX.

⁺ See chapter 19 for defined terms.

12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Act financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value



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INDEPENDENT REVIEW REPORT

To the members of CTI Communications Limited

GPO Box M939
Perth WA 6843

Scope

We have reviewed the financial report of CTI Communications Limited in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules and the Directors' Declaration for the half-year ended 31 December 2001, but excluding the following sections:

- a) comments by directors (page 12 of Appendix 4B)
- b) compliance statement (page 14 of Appendix 4B)

The financial report includes the consolidated financial statements of the consolidated entity comprising CTI Communications Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements, in Australia, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the consolidated entity's personnel and review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Qualification

As described in section 19.1, the company went into administration on 8 October 2001, entered into a Deed of Company Arrangement on 20 December 2001 and the company was released from administration on 1 March 2002.

Neither the current board of directors nor the Administrator are in a position to provide information in relation to the consolidated statement of financial position, the consolidated statement of financial performance, the consolidated statement of cashflows and associated disclosures for the half-year ended 31 December 2001.

We were appointed auditors of CTI Communications Ltd on 7 June 2002 and Ernst & Young did not audit or review the financial report of CTI Communications Ltd in prior periods. It has not been practicable for us to carry out normal review procedures relating to the confirmation of certain assets and liabilities at 30 June 2001 or 31 December 2000 or to the statement of financial performance and statement of cash flows for the periods ended 30 June 2001 or 31 December 2000.

Qualified Review Statement

As a result of our review, except for our inability to express a statement on the statement of financial position, statement of financial performance, statement of cash flows and associated disclosures for the half-year ended 31 December 2001 and all comparative information for the year ended 30 June 2001 and half-year ended 31 December 2000, we have not become aware of any matter that makes us believe that the half-year financial report of CTI Communications Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements

in so far as it relates to the financial position of the consolidated entity as at 31 December 2001.

Ernst & Young

G E Angove
Partner
Perth

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)