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Half year results

The directors of CMI Limited announced today a loss of $5.2 million after tax for the half year. The result included a pre tax impairment loss of $14.8 million from the write down of the Engineering Division's fixed and intangible assets to the contracted value for the sale of this business announced on 18 February 2008.

The group produced a profit before tax of $7.3 million for the half year prior to the $14.8 million impairment write down, a decrease of 1% from the first half of 2006.

A summary of segmental results is presented below:

	Half year 31 December 2007 $'000	Half year 31 December 2006 $'000
Revenue		
Electrical	25,179	24,209
Finance	12,244	13,348
Engineering	99,256	97,352
Total	136,679	134,909
Profit before tax		
Electrical	7,674	8,101
Finance	(818)	90
Engineering	(14,263)	(764)
Total	(7,407)	7,427

The Board advises that due to the impairment write down associated with the sale of the Engineering Division the company's combined result is an overall loss of $5.2 million.

The trading conditions in the Engineering Division have continued to be difficult and the proposed sale will enable the company to remove a division that is underperforming and has limited growth potential going forward. The sale of the Engineering Division is subject to shareholder approval at the extraordinary general meeting on 31 March 2008.

The Electrical Division has continued to perform well and has increased sales for the half year by 4%. The profit for the half year has been affected by lower sales of high value mining product due to downstream infrastructure constraints, particularly in the coal sector.

The Finance Division has performed poorly and the results have been affected by the recent events in the credit markets, increased interest rates and the increase in new car sales. The company has implemented an action plan in an attempt to address the current performance of this division.

Dividends

The Directors' consider that it would not be prudent to declare a dividend in light of the company's result for the financial period, available profit and retained earnings. This is a result of the loss on the sale of the company's engineering division, and the poor performance of the finance division.

The Directors' have resolved not to pay a dividend to the ordinary shareholders and will not be declaring or paying a quarterly dividend to the holders of its class A shares for the quarter ending 21 February 2008.

Results For Announcement To The Market
For the Half Year Ended 31 December 2007

Half Yearly Report of CMI Limited for the Half Year Ended 31 December 2007

(ABN 98 050 542 553)

This Half Yearly Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	Half Year ending 31 December 2007
Previous Corresponding Period:	Half Year ending 31 December 2006

Results For Announcement To The Market
For the Half Year Ended 31 December 2007

Revenue and Net Profit/(Loss) from continuing and discontinued operations

		Percentage Change %	Amount $'000
Revenue	up	1	to 136,679
Net profit/(loss) after tax attributable to members of the parent entity	down	202	to (5,226)

Dividends (Distributions)

	Amount per security	Franked amount per security
Interim dividend – Ordinary	- ¢	- ¢
Interim dividend – Class A	- ¢	- ¢
Record date for determining entitlements to the dividend:		
• interim dividend - Ordinary		Not Applicable
• interim dividend – Class A		Not Applicable

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer attached media release.

Consolidated Income Statement
For the Half Year Ended 31 December 2007

	Note	31/12/07 $'000	31/12/06 $'000
Revenue		59,701	60,461
Other income		-	4
Changes in inventories		577	2,005
Raw materials expense		(25,890)	(24,829)
Sub-contractors expense		(1,469)	(3,079)
Employee benefits expense		(16,897)	(16,922)
Repairs, maintenance and consumables expense		(369)	(452)
ASX and share register expense		(97)	(140)
Occupancy expense		(1,891)	(1,710)
Travel and communication expense		(1,738)	(1,703)
Freight and cartage expense		(1,424)	(1,599)
Depreciation and amortisation expense		(1,085)	(1,214)
Finance costs		(1,602)	(1,687)
Other expenses		(1,465)	(1,300)
Profit/(Loss) before income tax expense	2	6,351	7,835
Income tax		(1,936)	(2,444)
Profit/(Loss) for the year from continuing operations		4,415	5,391
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	13	(9,641)	(294)
Profit/(Loss)for the year		(5,226)	5,097
Profit/(Loss)attributable to members of the parent entity		(5,226)	5,097
Earnings Per Share:			
From continuing and discontinued operations:			
Basic (cents per share)	7	(21.29)	9.08
Diluted (cents per share)	7	(21.29)	9.08
From continuing operations:			
Basic (cents per share)	7	7.27	9.90
Diluted (cents per share)	7	7.27	9.90

Notes to the financial statements are included on pages 7 to 30

CMI Limited

Consolidated Balance Sheet
As At 31 December 2007

	31/12/07 $'000	30/6/07 $'000	31/12/06 $'000
Current Assets			
Cash and cash equivalents	5,137	4,724	1,756
Trade and other receivables	50,682	56,868	50,692
Inventories	45,259	43,645	48,337
Current tax assets	947	1,189	602
	102,025	106,426	101,387
Non-current assets classified as held for sale (note 13)	20,803	1,032	-
Total Current Assets	122,828	107,458	101,387
Non-Current Assets			
Trade and other receivables	-	-	100
Property, plant and equipment	6,930	43,354	60,620
Goodwill	10,220	10,176	10,789
Other intangible assets	22,072	22,351	24,116
Deferred tax assets	2,787	212	705
Total Non-Current Assets	42,009	76,093	96,330
Total Assets	164,837	183,551	197,717
Current Liabilities			
Trade and other payables	13,193	31,798	31,057
Borrowings	39,962	52,295	6,911
Current tax payables	-	-	-
Provisions	1,634	7,289	7,067
	54,789	91,382	45,035
Liabilities directly associated with non-current asset classified as held for sale (note 13)	36,170	-	-
Total Current Liabilities	90,959	91,382	45,035
Non-Current Liabilities			
Borrowings	700	6,008	53,443
Deferred tax liabilities	-	1,231	6,603
Provisions	952	5,415	5,657
Total Non-Current Liabilities	1,652	12,654	65,703
Total Liabilities	92,611	104,036	110,738
Net Assets	72,226	79,515	86,979
Equity			
Issued Capital	70,103	70,103	65,601
Reserves	(12)	91	147
Retained earnings	2,135	9,321	21,231
Total Equity	72,226	79,515	86,979

Notes to the financial statements are included on pages 7 to 30

Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2007

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2006	67,999	(144)	20,130	87,985
Translation of foreign operations:				
Exchange differences taken to equity	-	291	-	291
Net Income Recognised Directly in Equity	-	291	-	291
Profit for the period	-	-	5,097	5,097
Total Recognised Income and Expense for the Period	-	291	5,097	5,388
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity – Class A shares	2,063	-	-	2,063
Ordinary share buy-back	(3,954)	-	-	(3,954)
Equity adjustment on share buy-back	(424)	-	-	(424)
Ordinary share buy-back costs	(83)	-	-	(83)
Employee equity-settled benefits	-	-	-	-
Dividends provided for or paid	-	-	(3,996)	(3,996)
At 31 December 2006	65,601	147	21,231	86,979
At 1 July 2007	70,103	91	9,321	79,515
Translation of foreign operations:				
Exchange differences taken to equity	-	(103)	-	(103)
Net Income Recognised Directly in Equity	-	(103)	-	(103)
Profit/(Loss) for the period	-	-	(5,226)	(5,226)
Total Recognised Income and Expense for the Period	-	(103)	(5,226)	(5,329)
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity	-	-	-	-
Share buy-back	-	-	-	-
Employee equity-settled benefits	-	-	-	-
Dividends provided for or paid	-	-	(1,960)	(1,960)
At 31 December 2007	70,103	(12)	2,135	72,226

Notes to the financial statements are included on pages 7 to 30

Consolidated Cash Flow Statement
For the Half Year Ended 31 December 2007

	Note	31/12/07 $'000	31/12/06 $'000
Cash Flows From Operating Activities			
Receipts from customers		156,967	156,022
Payments to suppliers and employees		(141,574)	(144,799)
Interest and other costs of finance paid		(1,783)	(2,096)
Income tax paid		(1,573)	(2,668)
Net cash provided by/(used in) operating activities	5(e)	12,037	6,459
Cash Flows From Investing Activities			
Interest received		172	117
Payment for property, plant and equipment		(940)	(928)
Proceeds from sale of property, plant and equipment		1,917	1,966
Payment for deferred expenditure		(545)	(859)
Payment for intangible assets		-	(1)
Payment for purchase of business	5(b)	(44)	(6,827)
Net cash provided by/(used in) investing activities		560	(6,532)
Cash Flows From Financing Activities			
Payment for share buy-back		-	(2,433)
Proceeds from borrowings		-	7,900
Repayment of borrowings		(10,283)	(3,186)
Dividends paid		(1,960)	(3,996)
Net cash provided by/(used in) financing activities		(12,243)	(1,715)
Net Increase/(Decrease) In Cash and Cash Equivalents		354	(1,788)
Cash and Cash Equivalents At The Beginning Of The Financial Period		4,662	3,433
Effects of exchange rate changes on the balance of cash held in foreign currencies		(12)	27
Cash and Cash Equivalents At The End Of The Financial Period	5(a)	5,004	1,672

Notes to the financial statements are included on pages 7 to 30

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

Note	Contents

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

1. Summary of Accounting Policies

Statement of Compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the 2007 annual financial report.

Basis of Preparation

The half year financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007. In the current year, CMI Limited ("Group") has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. The adoption of these Standards has not resulted in any restatement to the results of previous periods presented.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Significant Accounting Policies

a) **Borrowings**

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

b) **Borrowing Costs**

Borrowing costs directly attributable to qualifying assets are capitalised and amortised over the life of the asset.

c) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Notes to the Financial Statements For the Half Year Ended 31 December 2007

1. Summary of Accounting Policies (continued)

d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

e) Financial Assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

f) Financial Instruments Issued by the Company

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound Instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Notes to the Financial Statements For the Half Year Ended 31 December 2007

1. Summary of Accounting Policies (continued)

g) Foreign Currency

Foreign currency transactions

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in net profit or loss in the period in which they arise.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

i) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit and loss and is not subsequently reversed. Refer to note 1(j).

1. Summary of Accounting Policies (continued)

j) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

1. Summary of Accounting Policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability give rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. CMI Limited is the head entity in the tax-consolidated group.

Entities within the tax-consolidated group have entered into a tax funding agreement with the head entity. Under the terms of the tax funding agreement, CMI Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The current and deferred tax assets and liabilities of the parent entity are not reduced by the amounts owing from or to subsidiary entities in accordance with the tax funding agreement as these amounts are recognised as inter-company receivables and payables.

Entities within the tax-consolidated group have adopted the stand alone approach to measuring current and deferred tax amounts.

1. Summary of Accounting Policies (continued)

l) Intangible Assets

Brandnames

Brandnames are recorded at cost and amortised on a straight line basis over a period of 40 years. Other intangible assets are amortised over a period not exceeding 20 years.

Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over the period in which the corresponding benefits are expected to arise, commencing with the commercial production of the product.

The unamortised balance of development costs deferred in previous periods is reviewed regularly and at each reporting date, to ensure the criterion for deferral continues to be met. Where such costs are no longer considered recoverable, they are written-off as an expense in net profit or loss.

m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

1. Summary of Accounting Policies (continued)

n) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 1(b).

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

p) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

1. Summary of Accounting Policies (continued)

q) Property, Plant and Equipment

Land and buildings, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset during its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

• Buildings	25 – 50 years
• Plant and equipment	3 – 20 years
• Equipment under finance leases	3 – 20 years

r) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors on or before reporting date.

Rebates

A provision for rebates is recognised when future rebates are expected to be claimed by insurance and finance providers on previously paid commissions due to cancellation of contracts.

1. Summary of Accounting Policies (continued)

s) Revenue Recognition

Sale of goods and disposal of assets

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from services provided is recognised upon the delivery of the service to the customer.

t) Tooling

Material items of expenditure, relating to tooling, are capitalised into plant and equipment to the extent that there will be future economic benefits.

The capitalised costs are amortised over the expected period (not exceeding 15 years) in which the corresponding benefits are expected to arise. The amortised balance of costs capitalised is reviewed regularly and at each balance date, to ensure the criterion for capitalisation continues to be met. Where such costs are no longer considered recoverable, they are recognised in net profit or loss.

u) Accounting for financial guarantee contracts

Certain financial guarantee contracts are recognised and subsequently measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.

CMI Limited is party to a number of financial guarantee contracts whereby the company has provided financial guarantees to related parties external to the CMI Limited group.

v) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the Group's control and the Group remains committed to a sale.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

	31/12/07 $'000	31/12/06 $'000

2. Profit From Operations

Profit from ordinary activities before income tax includes the following items of revenue and expense:

(a) Revenue

	31/12/07 $'000	31/12/06 $'000
Continuing operations		
Sales of goods	59,074	59,911
Interest – other persons	172	117
Other items	455	433
	59,701	60,461
Discontinued operations		
Sales of goods	75,920	73,355
Other items	1,058	1,093
	76,978	74,448
	136,679	134,909

(b) Expenses

	31/12/07 $'000	31/12/06 $'000
Continuing operations		
Depreciation and amortisation of:		
Property, plant and equipment	187	375
Leased assets	92	69
Brandnames	284	284
Other intangibles	522	486
Discontinued operations		
Depreciation and amortisation of:		
Property, plant and equipment	1,105	1,685
Leased assets	544	694
Other intangibles	-	189

3. Subsequent Events

On 17 February 2008, CMI Limited reached agreement with CMI Industrial Pty Ltd to sell all the engineering division, other than TJM Products Pty Ltd, to an entity controlled by CMI Limited's former managing director, Mr Max Hofmeister. The sale is conditional on shareholder approval at an extraordinary general meeting to be held on 31 March 2008. If approved by shareholders, the effective completion date is 1 April 2008. The proposed purchase price is $51,000 thousand. For more details refer to note 13.

4. Retained Earnings

	31/12/07 $'000	31/12/06 $'000
Balance at beginning of financial period	9,321	20,130
Net profit/(loss)	(5,226)	5,097
Dividends provided for or paid	(1,960)	(3,996)

	31/12/07 $'000	31/12/06 $'000

5. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31/12/07 $'000	31/12/06 $'000
Cash	5,137	1,756
Bank Overdraft	(133)	(84)
	5,004	1,672

(b) Businesses Acquired

During the financial period, no businesses were acquired but final payments were made for businesses acquired during the prior financial year. During the prior financial period, a business was acquired. Details of the acquisitions are as follows:

	31/12/07 $'000	31/12/06 $'000
Consideration		
Cash and cash equivalents	44	6,827
Amount payable	-	-
	44	6,827
Fair Value of Net Assets Acquired		
Current assets:		
Cash and cash equivalents	-	-
Receivables	-	10
Inventories	-	2,272
Non-current assets:		
Intangibles	-	-
Property, plant and equipment	-	114
Deferred tax assets	-	12
Current liabilities:		
Payables	-	(25)
Borrowings	-	-
Current tax liabilities	-	-
Provisions	-	(35)
Non-current liabilities:		
Borrowings	-	-
Provisions	-	-
Net assets acquired	-	2,348
Brandname on acquisition	-	-
Goodwill on acquisition	44	4,479
	44	6,827
Net Cash Outflow on Acquisition		
Cash and cash equivalents consideration	44	6,827
Less cash and cash equivalents balances acquired	-	-
	44	6,827

5. Notes to the Statement of Cash Flows (continued)

(c) Non-Cash Financing and Investing Activities

During the financial period, the economic entity acquired plant and equipment with an aggregate fair value of $324 thousand (2006: $2,157 thousand) by means of finance leases. These acquisitions are not reflected in the statement of cash flows. During the prior financial period, the economic entity bought back 3,857,020 ordinary shares. Consideration paid was $0.60 cash plus 1 Class A share for every ordinary share bought back. The issue of 1,928,569 Class A shares is not reflected in the statement of cash flows. During the financial period, the economic entity issued shares to directors and executives with a total value of $nil (2006: $2,850 thousand) by way of a loan account. These share issues and loans are not reflected in the cash flow statement.

	31/12/07 $'000	31/12/06 $'000
(d) Financing Facilities		
A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:		
Amount used	39,500	47,400
Amount unused	11,200	7,300
	50,700	54,700

	31/12/07 $'000	31/12/06 $'000
(e) Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities		
Profit/(loss) for the period	(5,226)	5,097
(Gain)/loss on disposal of non-current assets	(552)	(127)
Depreciation and amortisation of non-current assets	2,734	3,781
Interest income received and receivable	(172)	(117)
Finance lease interest	386	482
Impairment of non-current assets	14,754	-
Unrealised foreign exchange (gain)/loss	64	(165)
Increase/(decrease) in current tax liability	163	(969)
Increase/(decrease) in deferred tax balances	(3,917)	631
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	6,118	4,563
Current inventories	(1,678)	(3,554)
Increase/(decrease) in liabilities:		
Current payables	(73)	(1,883)
Current borrowings	-	-
Current provisions	(518)	(4,732)
Non-current provisions	(46)	3,452
Net cash from operating activities	12,037	6,459

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

6. Details Relating to Dividends (Distributions)

		Amount per security ¢	Franked Amount per security ¢	Amount per security of foreign sourced dividend ¢
Interim dividend – Ordinary	2008	-	-	N/A
Final dividend – Ordinary	2007	-	-	N/A
Interim dividend – Class A	2008	-	-	N/A
Interim dividend – Class A (paid 3/12/07)	2008	3.5	3.5	N/A
Final dividend – Class A (paid 3/9/07)	2007	3.5	3.5	N/A
Interim dividend – Ordinary (paid 2/5/07)	2007	3	3	N/A
Final dividend – Ordinary (paid 2/11/06)	2006	6	6	N/A
Interim dividend – Class A (paid 4/6/07)	2007	3.5	3.5	N/A
Interim dividend – Class A (paid 2/3/07)	2007	3.5	3.5	N/A
Interim dividend – Class A (paid 4/12/06)	2007	3.5	3.5	N/A
Final dividend – Class A (paid 4/9/06)	2006	3.5	3.5	N/A

Interim dividend (distribution) on all securities

	31/12/07 $'000	31/12/06 $'000
Ordinary securities (each class separately)	-	2,171
Class A (each class separately)	1,960	1,825
Total	1,960	3,996

Any other disclosures in relation to dividends (distributions).

The Directors have proposed to not pay an interim dividend in respect of ordinary shares and Class A shares for the half year ended 31 December 2007.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

6. Details Relating to Dividends/(Distributions) (continued)

Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the dividend or distribution plans	Not applicable

7. Earnings Per Share

	31/12/07 ¢ per share	31/12/06 ¢ per share
Basic EPS		
From continuing operations	7.27	9.90
From discontinued operations	(28.56)	(0.82)
Total basic earnings per share	(21.29)	9.08
Diluted EPS		
From continuing operations	7.27	9.90
From discontinued operations	(28.56)	(0.82)
Total basic earnings per share	(21.29)	9.08

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31/12/07 $'000	31/12/06 $'000
Net profit/(loss)	(5,226)	5,097
Class A share dividends provided for or paid	(1,960)	(1,825)
Earnings used in the calculation of basic EPS from continuing and discontinued operations	(7,186)	3,272
Adjustments to exclude (profit)/loss for the period from discontinued operations	9,641	294
Earnings used in the calculation of basic EPS from continuing operations	2,455	3,566

	31/12/07 No. '000	31/12/06 No. '000
Weighted average number of ordinary shares (a)	33,753	36,017

(a) Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share.

7. Earnings Per Share (continued)

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	31/12/07 $'000	31/12/06 $'000
Net profit/(loss)	(5,226)	5,097
Class A share dividends provided for or paid	(1,960)	(1,825)
Earnings used in the calculation of diluted EPS from continuing and discontinued operations	(7,186)	3,272
Adjustments to exclude (profit)/loss for the period from discontinued operations	9,641	294
Earnings used in the calculation of diluted EPS from continuing operations	2,455	3,566

	31/12/07 No. '000	31/12/06 No. '000
Weighted average number of ordinary shares and potential ordinary shares (a), (b)	33,753	36,017

(a) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31/12/07 No. '000	31/12/06 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	33,753	36,017
Shares deemed to be issued for no consideration in respect of:		
Partly paid ordinary shares	-	-
Class A shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	33,753	36,017

(b) Class A shares are excluded on the basis that they are not convertible to ordinary shares. Share options are excluded on the basis that they are not dilutive. The company does not expect that the options will be exercised and hence the options are not considered to be dilutive.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

8. Net Tangible Assets Per Ordinary Security

	31/12/07	31/12/06
Net tangible assets per ordinary security	$1.18	$1.54

9. Details of Entities Over Which Control Has Been Gained or Lost

Control gained over entities

Name of entity (or group of entities)	31/12/07 – Not Applicable 31/12/06 – XLPE Cables
Date control gained	31/12/07 – Not Applicable 31/12/06 – 11 July 2006

31/12/06 – Total consideration paid for the acquisition was $6,838 thousand for net assets acquired of $2,348 thousand, consisting primarily of inventories ($2,272 thousand). XLPE Cables principal activity is the sale of electrical cable. This transaction has been accounted for using the acquisition method of accounting. The acquisition has been accounted for on a provisional basis.
The goodwill arising on the acquisition of XLPE Cables is attributable to the anticipated future operating synergies from the business combination to the consolidated entity's existing operations. Included in the net profit for the period is profit of $925 thousand attributable to the additional business generated by XLPE Cables.

	31/12/07 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	-

	31/12/06 $'000
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	-

Loss of control of entities

Name of entity (or group of entities)	Not Applicable
Date control lost	Not Applicable

	31/12/07 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, to the date of losing control.	-

	31/12/06 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

10. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	31/12/07 %	31/12/06 %	31/12/07 $'000	31/12/06 $000
Associates				
Joint Venture Entities				
Aggregate Share of Profits/ (Losses)	N/A	N/A	N/A	N/A

11. Contingent Liabilities and Contingent Assets

	31/12/07 $'000	31/12/06 $'000
Contingent liabilities		
Guarantees issued to bank in respect of overseas purchases, lease of premises and sand mining lease	302	301
Guarantees issued to bank in respect of security for payment of business	-	-
Contingent assets	-	-

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

12. SEGMENT REPORTING

Information on Business Segments (primary reporting format). The engineered components segment includes both continuing and discontinued operations.

BUSINESS	Engineered Components (ii)		Electrical Components		Financial Services Division		Eliminations		Consolidated	
	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000
REVENUE										
External Sales	99,256	97,352	25,179	24,209	12,244	13,348	-	-	136,679	134,909
Intersegment Sales (i)	1	3	11	(3)	-	-	(12)	-	-	-
Total Revenue	99,257	97,355	25,190	24,206	12,244	13,348	(12)	-	136,679	134,909
RESULTS										
Segment Result	(14,263)	(764)	7,674	8,101	(818)	90	-	-	(7,407)	7,427
ASSETS										
Segment Assets	126,825	157,418	28,808	30,962	9,204	9,337	-	-	164,837	197,717
LIABILITIES										
Segment Liabilities	84,999	103,294	5,298	5,177	2,314	2,267	-	-	92,611	110,738
Acquisition of property, plant and equipment and intangible assets	1,689	3,770	100	4,686	65	83	-	-	1,854	8,539
Depreciation	2,583	3,472	6	162	145	147	-	-	2,734	3,781
Impairment losses	14,754	-	-	-	-	-	-	-	14,754	-
Significant other non-cash expenses	374	477	12	5	-	-	-	-	386	482

(i) Intersegment transactions that occurred during the financial year in the wholly-owned group comprised the sale and purchase of goods at cost plus a margin to cover freight and other incidentals where applicable.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

12. SEGMENT REPORTING (continued)

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into three major operating divisions - engineered components, electrical components and financial services. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:
The above business segments derive revenue from the following products and services:

- Engineered Components – the manufacture of precision engineered components, particularly for the automotive industry and the manufacture and marketing of components and parts for 4WD, light commercial and heavy transport vehicles.
- Electrical Components – the manufacture and sale of specialist cabling and electrical products for a range of industry sectors.
- Financial Services – the provision of chattel finance to both consumer and commercial borrowers.

Information on Geographical Segments (secondary reporting format)

The consolidated entity's two divisions operate in three principal geographical areas – Australia, New Zealand and the United States. The composition of each geographical segment is as follows:

- Australia – CMI Limited manufactures and sells a broad range of its products and provides financial services in Australia.
- New Zealand – CMI Limited operates an engineered components facility in New Zealand.
- United States – CMI Limited operates an engineered and 4WD components facility in the United States.

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

12. SEGMENT REPORTING (continued)

GEOGRAPHICAL	Australia		New Zealand		USA		Eliminations		Consolidated	
	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000	31/12/07 S'000	31/12/06 S'000
REVENUE										
External Sales	130,056	128,243	4,410	4,222	2,213	2,444	-	-	136,679	134,909
Intersegment Sales (i)	2,442	2,465	2	12	-	-	(2,444)	(2,477)	-	-
Total Revenue	132,498	130,708	4,412	4,234	2,213	2,444	(2,444)	(2,477)	136,679	134,909
RESULTS										
Segment Result	(7,057)	7,328	81	394	(431)	(295)	-	-	(7,407)	7,427
ASSETS										
Segment Assets	155,279	186,593	6,430	6,833	3,128	4,291	-	-	164,837	197,717
LIABILITIES										
Segment Liabilities	89,688	107,705	2,868	2,949	55	84	-	-	92,611	110,738
Acquisition of property, plant and equipment and intangible assets	1,768	8,436	86	102	-	1	-	-	1,854	8,539
Depreciation	2,578	3,606	151	152	5	23	-	-	2,734	3,781
Impairment losses	14,754	-	-	-	-	-	-	-	14,754	-
Significant other non-cash expenses	386	482	-	-	-	-	-	-	386	482

Notes to the Financial Statements For the Half Year Ended 31 December 2007

13. Discontinuing Operations

Disposal of the engineering division

On 17 February 2008, CMI Limited reached agreement with CMI Industrial Pty Limited to sell all the engineering division, other than TJM Products Pty Ltd, to an entity controlled by CMI Limited's former managing director, Mr Max Hofmeister. The sale is conditional on shareholder approval at an extraordinary general meeting to be held on 31 March 2008. If approved by shareholders, the effective completion date is 1 April 2008. The proposed purchase price is $51,000 thousand. This will be paid through:

(a) approximately $26,600 thousand in cash which will be used to pay down CMI Limited's existing debt;
(b) the assumption of approximately $7,400 thousand of existing finance lease liabilities; and
(c) a $17,000 thousand loan to CMI Industrial Pty Limited by way of vendor finance to partly fund the purchase price.

On initial reclassification of these operations as held for sale, the Group has recognized an impairment loss of $14,754 thousand.

In addition, the land and buildings at Ballarat (which form part of the engineering division) will be sold to a third party not associated with Mr Hofmeister for $1,000 thousand. The land and buildings at Ballarat had a book value of $968 thousand at 31 December 2007.

The engineering division has been classified and accounted for at 31 December 2007 as a disposal group held for sale.

The results of the discontinued operations which have been included in the income statement are as follows. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period:

	31/12/07 $'000	31/12/06 $'000
Revenue	76,978	74,448
Other income	1,707	1,362
Changes in inventories	82	1,266
Raw materials expense	(37,456)	(36,815)
Sub-contractors expense	(1,579)	(1,487)
Employee benefits expense	(22,933)	(23,813)
Repairs, maintenance and consumables expense	(4,611)	(4,488)
Occupancy expense	(4,192)	(4,236)
Travel and communication expense	(482)	(621)
Freight and cartage expense	(1,210)	(1,356)
Depreciation and amortisation expense	(1,649)	(2,568)
Finance costs	(372)	(484)
Other expenses	(3,289)	(1,617)
Profit/(Loss) before income tax expense	994	(409)
Attributable Income tax	(307)	115
	687	(294)
Gain/(Loss) on remeasurement to fair value less costs to sell	(14,754)	-
Attributable income tax	4,426	-
	(10,328)	-
Profit/(Loss)for the year from discontinued operations	(9,641)	(294)

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

13. Discontinuing Operations (continued)

Cash flows from discontinued operations:		
Net cash flows from operating activities	4,601	5,962
Net cash flows from investing activities	1,147	750
Net cash flows from financing activities	(2,065)	(3,054)
Net cash flows	3,683	3,658

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date are as follows:

	31/12/07 $'000	31/12/06 $'000
Cash and cash equivalents	361	-
Trade and other receivables	35,522	-
Inventories	23,328	-
Property, plant and equipment	20,595	-
Intangibles	18	-
Deferred tax assets	190	-
Total assets classified as held for sale	80,014	-
Trade and other payables	18,480	-
Current Borrowings	3,448	-
Current Tax Liabilities	7	-
Current Provisions	5,129	-
Non-current Borrowings	4,689	-
Non-current Provisions	4,417	-
	36,170	-
Net assets held for sale	43,844	-

14. Other Significant Information

Not Applicable

Notes to the Financial Statements
For the Half Year Ended 31 December 2007

15. Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	✓	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not Applicable

Description of dispute or qualification if the accounts have been audited or subjected to review.

Not Applicable

CMI LIMITED
DIRECTORS' REPORT

The directors of CMI Limited submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Colin G. Ryan
Raymond D. Catelan
Danny Herecg
Maurice C. Maughan

The above named directors held office during and since the end of the half-year except for Mr Maurice Maughan who resigned on 2 July 2007.

REVIEW OF OPERATIONS

Revenue for the half-year from continuing and discontinued operations was $136,679 thousand (2006: $134,909 thousand). The company's loss after tax from continuing and discontinued operations was $5,226 thousand (2006 profit: $5,097 thousand).

INDEPENDENCE DECLARATION BY AUDITORS

The auditor's independence declaration is included on page 32.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

C.G. Ryan
Chairman

R.D. Catelan
Director

BRISBANE

Dated: 29 February 2008

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
CMI Limited
240 Margaret Street
BRISBANE QLD 4000

29 February 2008

Dear Board Members

CMI Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CMI Limited.

As lead audit partner for the review of the financial statements of CMI Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S Stavrou
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Review Report to the members of CMI Limited

We have reviewed the accompanying half-year financial report of CMI Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year as set out on pages 3 to 30 and 35.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the CMI Limited's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CMI Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.

Deloitte.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CMI Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Stavrou
Partner
Chartered Accountants
Brisbane, 29 February 2008

CMI LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

The directors declare that:

a) in the directors' opinion, 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

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

C.G. Ryan
Chairman

R.D. Catelan
Director

BRISBANE

Dated: 29 February 2008