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28 August 2008

Australian Stock Exchange Limited
Level 6, Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

Appendix 4E – Full Year Ending 30 June 2008

The directors of CMI Limited announced today a loss of $22.9 million after tax. The result included a pre tax impairment loss of $17.6 million from the write down of the Finance Division's non-current assets and $16.5m from the write down of the Engineering Division's non-current assets.

The group produced a profit before tax from continuing operations of $13.9 million (excluding the Finance Division). A summary of all segment results can be found on page 31 of the Appendix 4E under Note 12 Segment reporting.

Continuing operations comprise only the Electrical Division and TJM. Due to recent renewed interest in the Finance Division, CMI continues to hold the Finance Division for sale and the company is continuing with its restructure program.

The Electrical Division produced a pre-tax profit of $14.86m which is $102k less than 2007. Revenue increased to $51.9m, 5.3% (or $2.6m) up on last year. Certain branches and new product lines performed well and helped to make up for significant drop-offs in customer orders in the mining sector due to flooding and delays in port infrastructure construction.

The TJM Products Division produced a pre-tax profit of $1.45m which is $178k less than 2007. Revenue increased to $44.81m, 8.5% (or $3.5m) up on last year. The reduction in margin can in large part be attributed to increased costs in updating accessories designs, inventory management and raw materials. We are continuing to implement operational improvements which should show benefits over the next 12 months.

The Board advises that due to the impairment write down in the Finance Division and the sale of the Engineering Division the company's combined result for the year is an overall loss of $22.9 million after tax. The Directors have therefore resolved not to pay a final dividend to ordinary shareholders.

Yours Faithfully

Sharyn Williams
Company Secretary

Results For Announcement To The Market
For the Financial Year Ended 30 June 2008

Preliminary Final Report of CMI Limited for the Financial Year Ended 30 June 2008

(ABN 98 050 542 553)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year ended 30 June 2008
Previous Corresponding Period:	Financial Year ended 30 June 2007

Results For Announcement To The Market
For the Financial Year Ended 30 June 2008

Revenue and Net Profit/(Loss)

		Percentage Change %	Amount $'000
Revenue from continuing operations	Up	7	to 97,067
Net profit from continuing ordinary activities after tax attributable to member	Down	1	to 9,972
Net profit after tax attributable to members from continuing operations	Down	1	to 9,972

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend - Ordinary	-¢	-¢
Final dividend – Class A	-¢	-¢
Interim dividend - Ordinary	-¢	-¢
Interim dividend – Class A	3.5¢	3.5¢
Record date for determining entitlements to the dividend:		
• final dividend - Ordinary		Not Applicable
• final dividend – Class A		Not Applicable

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

The directors of CMI Limited announced today a loss of $22.9 million after tax. The result included a pre tax impairment loss of $17.6 million from the write down of the Finance Division's non-current assets and $16.5m from the write down of the Engineering Division's non-current assets.

The group produced a profit before tax from continuing operations of $13.9 million (excluding the Finance Division). A summary of all segment results can be found on page 31 of the Appendix 4E under Note 12 Segment reporting.

The Board advises that due to the impairment write down in the Finance Division and the sale of the Engineering Division the company's combined result for the year is an overall loss of $22.9 million after tax. The Directors have therefore resolved not to pay a final dividend to ordinary shareholders.

Consolidated Income Statement
For the Financial Year Ended 30 June 2008

Continuing Operations	Note	2008 $'000	2007 $'000
Revenue	2(a)	97,067	90,464
Other income		451	351
Changes in inventories		2,560	1,502
Raw materials expense		(55,594)	(47,972)
Sub-contractors expense		(3,254)	(4,691)
Employee benefits expense		(13,572)	(13,025)
Repairs, maintenance and consumables expense		(726)	(782)
ASX and share register expense		(150)	(215)
Occupancy expense		(2,565)	(2,191)
Travel and communication expense		(1,757)	(1,491)
Freight and cartage expense		(3,107)	(2,942)
Depreciation and amortisation expense		(1,882)	(1,728)
Borrowing costs		(984)	(1,170)
Other expenses from ordinary activities		(2,584)	(2,152)
Profit/(Loss) before income tax from continuing operations	2	13,903	13,958
Income tax	14	(3,931)	(3,849)
Profit/(Loss) from continuing operations after tax		9,972	10,109
Loss from discontinued operations	13	(32,869)	(13,949)
Loss for the period		(22,897)	(3,840)
Earnings Per Share from continuing operations:			
Basic (cents per share)	7	23.73	17.92
Diluted (cents per share)	7	23.71	17.92
Earnings Per Share from continuing and discontinuing operations:			
Basic (cents per share)		(73.65)	(21.61)
Diluted (cents per share)		(73.56)	(21.61)

CMI Limited

Consolidated Balance Sheet
As At 30 June 2008

	Note	2008 $'000	2007 $'000
Current Assets			
Cash and cash equivalents		2,920	4,724
Trade and other receivables		32,091	56,868
Inventories		22,284	43,645
Current tax assets		356	1,189
		57,651	106,426
Assets of a disposal group	13	2,515	1,032
Total Current Assets		60,166	107,458
Non-Current Assets			
Property, plant and equipment		6,063	43,354
Goodwill		8,323	10,176
Other intangible assets		6,936	22,351
Deferred tax assets		-	212
Total Non-Current Assets		21,322	76,093
Total Assets		81,488	183,551
Current Liabilities			
Trade and other payables		11,558	31,798
Borrowings		625	52,295
Current tax payables		-	-
Provisions		497	7,289
		12,680	91,382
Liabilities of a disposal group	13	2,515	-
Total Current Liabilities		15,195	91,382
Non-Current Liabilities			
Borrowings		9,634	6,008
Deferred tax liabilities		1,034	1,231
Provisions		896	5,415
Total Non-Current Liabilities		11,564	12,654
Total Liabilities		26,759	104,036
Net Assets		54,729	79,515
Equity			
Issued Capital		70,103	70,103
Reserves		162	91
Retained earnings/Accumulated losses	4	(15,536)	9,321
Total Equity		54,729	79,515

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2008

	Issued Capital $'000	Reserves $'000	Retained Earnings/ Accumulated Losses $'000	Total Equity $'000
At 1 July 2006	67,999	(144)	20,130	87,985
Translation of foreign operations:				
Exchange differences taken to equity	-	355	-	355
Net Income Recognised Directly in Equity	-	355	-	355
Profit/(Loss) for the period	-	-	(3,840)	(3,840)
Total Recognised Income and Expense for the Period	-	355	(3,840)	(3,485)
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity – ordinary shares	4,350	-	-	4,350
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	(98)	-	-	(98)
Employee equity-settled benefits	-	47	-	47
Employee equity-settled benefits reserve transferred to issued capital	167	(167)	-	-
Dividends provided for or paid	-	-	(6,969)	(6,969)
At 1 July 2007	70,103	91	9,321	79,515
Translation of foreign operations:				
Exchange differences taken to equity	-	-	-	-
Net Income Recognised Directly in Equity	-	-	-	-
Profit/(Loss) for the period	-	-	(22,897)	(22,897)
Total Recognised Income and Expense for the Period	-	-	(22,897)	(22,897)
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity – ordinary shares	-	-	-	-
Foreign exchange reserve realised	-	(91)	-	(91)
Ordinary share buy-back	-	-	-	-
Equity adjustment on share buy-back	-	-	-	-
Ordinary share buy-back costs	-	-	-	-
Employee equity-settled benefits	-	162	-	162
Employee equity-settled benefits reserve transferred to issued capital	-	-	-	-
Dividends provided for or paid	-	-	(1,960)	(1,960)
At 30 June 2008	70,103	162	(15,536)	54,729

Consolidated Cash Flow Statement
For the Financial Year Ended 30 June 2008

	Note	2008 $'000	2007 $'000
Cash Flows From Operating Activities			
Receipts from customers		258,798	292,496
Payments to suppliers and employees		(239,015)	(269,509)
Interest and other costs of finance paid		(2,912)	(3,862)
Dividend received		-	-
Income tax paid		(1,094)	(4,374)
Net cash provided by/(used in) operating activities	5(e)	15,777	14,751
Cash Flows From Investing Activities			
Interest received		822	254
Amounts paid from related parties		-	4,450
Payment for property, plant and equipment		(1,551)	(2,702)
Proceeds from sale of property, plant and equipment		1,765	1,999
Proceeds from sale of business	13(e)	26,082	-
Payment for intangible assets		-	-
Payment for deferred expenditure		(1,157)	(1,311)
Payment for businesses	5(b)	-	(8,808)
Net cash provided by/(used in) investing activities		25,961	(6,118)
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		-	-
Payment for share issue costs		-	(140)
Payment for share buy-back		-	(2,314)
Proceeds from borrowings		107	8,000
Repayment of borrowings		(41,865)	(6,010)
Dividends paid		(1,960)	(6,969)
Net cash provided by/(used in) financing activities		(43,718)	(7,433)
Net Increase/(Decrease) In Cash and Cash Equivalents		(1,980)	1,200
Cash and Cash Equivalents At The Beginning Of The Financial Year		4,662	3,433
Effects of exchange rate changes on the balance of cash held in foreign currencies		(15)	29
Cash and Cash Equivalents At The End Of The Financial Year	5(a)	2,667	4,662

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

1. Summary of Accounting Policies

Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The preliminary final 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. The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 30 June 2008.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

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

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.

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

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.

<u>Loans and receivables</u>

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

f) Financial Instruments Issued by the Company

<u>Debt and Equity Instruments</u>

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

<u>Compound Instruments</u>

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.

<u>Transaction Costs on the Issue of Equity Instruments</u>

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.

<u>Interest and Dividends</u>

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

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

<u>Current Tax</u>
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).

<u>Deferred Tax</u>
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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

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 amortised 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.

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.

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

1. Summary of Accounting Policies (continued)

u) Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. The table below discloses those items applicable to the Group and their expected impact.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report.	1 July 2008
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

1. Summary of Accounting Policies (continued)

v) Non-current assets and disposal group held for sale and discontinued operations - refer note 13

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement and the assets and liabilities are presented separately on the face of the balance sheet.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

2. Profit From Operations

(a) Revenue from continuing operations

	2008 $'000	2007 $'000
Revenue from the sales of goods	96,219	90,246
Revenue from the rendering of services	-	-
Interest - other persons	822	218
Other Items	26	-
	97,067	90,464

(b) Profit before income tax – continuing operations

Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:

	2008 $'000	2007 $'000
Government grants received for staff training	-	-
Automotive competitiveness and investment scheme	-	-
Gain/(loss) on disposal of property, plant and equipment	61	1
Gain/(loss) on disposal of investments	-	-
	61	1
Net foreign exchange gains/(losses)	102	31
	163	32

Profit before income tax from continuing operations has been arrived at after charging the following expenses:

	2008 $'000	2007 $'000
Cost of sales	62,329	61,563
Net bad and doubtful debts	4	82
Bad and doubtful debts recovered	38	-
Depreciation and amortisation of:		
Property, plant and equipment	613	600
Leased assets	192	153
Brandnames	142	142
Other intangibles	935	832

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

3. Commentary on Results

Continuing operations comprise only the Electrical Division and TJM. Due to recent renewed interest in the Finance Division, CMI continues to hold the Finance Division for sale and the company is continuing with its restructure program.

The Electrical Division produced a pre-tax profit of $14.86m which is $102k less than 2007. Revenue increased to $51.9m, 5.3% (or $2.6m) up on last year. Certain branches and new product lines performed well and helped to make up for significant drop-offs in customer orders in the mining sector due to flooding and delays in port infrastructure construction.

The TJM Products Division produced a pre-tax profit of $1.45m which is $178k less than 2007. Revenue increased to $44.81m, 8.5% (or $3.5m) up on last year. The reduction in margin can in large part be attributed to increased costs in updating accessories designs, inventory management and raw materials. We are continuing to implement operational improvements which should show benefits over the next 12 months.

4. Retained Earnings/Accumulated Losses

	2008 $'000	2007 $'000
Balance at beginning of financial year	9,321	20,130
Net profit/(loss)	(22,897)	(3,840)
Dividends provided for or paid	(1,960)	(6,969)
Balance at end of financial year	(15,536)	9,321

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

5. Notes to the Cash Flow Statement

(a) Reconciliation of Cash

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

	2008 $'000	2007 $'000
Cash in assets held for disposal	25	-
Cash and cash equivalents	2,920	4,724
	2,945	4,724
Bank overdraft	(278)	(62)
	2,667	4,662

(b) Businesses Acquired

During the financial period, no businesses were acquired. During the prior financial period, two businesses were acquired. Details of the acquisitions are as follows:

	2008 $'000	2007 $'000
Consideration		
Cash and cash equivalents	-	8,808
Amount payable	-	-
	-	8,808
Fair Value of Net Assets Acquired		
Current assets:		
Cash and cash equivalents	-	-
Receivables	-	13
Inventories	-	3,119
Non-current assets:		
Other financial assets	-	-
Intangibles	-	-
Property, plant and equipment	-	153
Deferred tax assets	-	19
Current liabilities:		
Payables	-	(36)
Borrowings	-	-
Current tax liabilities	-	-
Provisions	-	(58)
Non-current liabilities:		
Borrowings	-	-
Provisions	-	-
Net assets acquired	-	3,210
Brandname on acquisition	-	-
Goodwill on acquisition	-	5,598
	-	8,808
Net Cash Outflow on Acquisition		
Cash and cash equivalents consideration	-	8,808
Less cash and cash equivalents balances acquired	-	-
	-	8,808

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

5. Notes to the Cash Flow Statement (continued)

(c) Non-Cash Financing and Investing Activities

During the financial year, the consolidated entity acquired plant and equipment with an aggregate fair value of $324 thousand (2007: $2,404 thousand) by means of finance leases. These acquisitions are not reflected in the cash flow statement. During the financial year, the economic entity issued shares to directors and executives with a total value of $nil (2007: $2,850 thousand) by way of a loan account. These share issues are not reflected in the cash flow statement.

	2008 $'000	2007 $'000
(d) Financing Facilities		
A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:		
Amount used	9,000	47,500
Amount unused	14,700	7,325
	23,700	54,825

	2008 $'000	2007 $'000
(e) Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities		
Profit/(loss) for the period	(22,897)	(3,840)
(Gain)/loss on sale of non-current assets	762	(76)
Depreciation and amortisation of non-current assets	3,742	7,379
Interest income received and receivable	(822)	(254)
Finance lease interest	576	926
Impairment of non-current assets	34,116	18,601
Equity settled share-based payment	162	47
Unrealised foreign exchange (gain)/loss	102	(162)
Increase/(decrease) in current tax liability	2,774	(1,451)
Increase/(decrease) in deferred tax	(3,400)	(4,316)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	5,430	(1,614)
Current inventories	(3,013)	2,025
Increase/(decrease) in liabilities:		
Current payables	(48)	(1,186)
Current borrowings	(19)	-
Current provisions	(483)	(4,538)
Non-current provisions	319	3,210
Net cash from operating activities	15,777	14,751

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

6. Details Relating to Dividends (Distributions)

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

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

	2008 ¢	2007 ¢
Ordinary securities (each class separately)	-	9
Class A (each class separately)	3.5	14

Interim and final dividend (distribution) on all securities

	2008 $'000	2007 $'000
Ordinary securities (each class separately)	-	3,183
Class A (each class separately)	1,960	3,786
Total	1,960	6,969

Any other disclosures in relation to dividends (distributions).

None

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 – continuing operations

	2008 ¢ per share	2007 ¢ per share
Basic EPS	23.73	17.92
Diluted EPS	23.71	17.92

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:

	2008 $'000	2007 $'000
Earnings (a)	8,012	6,323

	2008 No. '000	2007 No. '000
Weighted average number of ordinary shares (b)	33,753	35,291

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit/(loss) in the income statement as follows:

	2008 $'000	2007 $'000
Net profit/(loss)	9,972	10,109
Class A share dividends provided for or paid	(1,960)	(3,786)
Earnings used in the calculation of basic EPS	8,012	6,323

(b) 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. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

7. Earnings Per Share – continuing operations (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:

	2008 $'000	2007 $'000
Earnings (a)	8,012	6,323

	2008 No. '000	2007 No. '000
Weighted average number of ordinary shares and potential ordinary shares (b), (c)	33,792	35,291

(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit/(loss) in the income statement as follows:

	2008 $'000	2007 $'000
Net profit/(loss)	9,972	10,109
Class A share dividends provided for or paid	(1,960)	(3,786)
Earnings used in the calculation of diluted EPS	8,012	6,323

(b) 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:

	2008 No. '000	2007 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	33,752	35,291
Shares deemed to be issued for no consideration in respect of:		
Director options	40	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	33,792	35,291

(c) 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.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

8. Net Tangible Assets Per Ordinary Security

	2008	2007
Net tangible assets per ordinary security	$1.19	$1.39

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

Control gained over entities

Name of entity (or group of entities)	30/6/08 – nil 30/6/07 – (a) XLPE Cables (b) 4WD Megastore Group
Date control gained	30/6/08 – nil 30/6/07 – (a) 11 July 2006 (b) 1 June 2007

30/6/07 – (a) Total consideration paid for the acquisition was $6,929 thousand for net assets acquired of $2,347 thousand, consisting primarily of inventories ($2,271 thousand). XLPE Cables principal activity is the sale of electrical cable. This transaction has been accounted for using the acquisition method of accounting. 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 $1,248 thousand attributable to the additional business generated by XLPE Cables.

(b) Total consideration paid for the acquisition was $1,879 thousand for net assets acquired of $863 thousand, consisting primarily of inventories ($848 thousand). 4WD Megastore Group's principal activity is the sale of 4WD accessories. 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 4WD Megastore Group 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 $31 thousand attributable to the additional business generated by 4WD Megastore Group.

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

Loss of control of entities

Name of entity (or group of entities)	Engineering Division (except TJM) CMI Limited NZ
Date control lost	01 April 2008

Refer Note 13 for details.

10. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest 2008 %	Ownership Interest 2007 %	Contribution to net profit 2008 $'000	Contribution to net profit 2007 $000
Associates				
Joint Venture Entities				
Aggregate Share of Profits/ (Losses)	N/A	N/A	N/A	N/A

11. Contingent Liabilities and Contingent Assets

		2008 $'000	2007 $'000
Contingent liabilities			
Guarantees issued to bank in respect of overseas purchases, lease of premises and sand mining lease		154	302
Contingent assets	(a)	-	-

(a) Associated with the sale of the Engineering business and a vendor loan provided by CMI Limited was an option granted to CMI Limited to purchase a portion of the entity that acquired the Engineering business should certain trigger events such as failure to repay the vendor loan, failure to transfer certain leases or failure to settle creditors occur. This option will remain in existence for a period of three years, expiring in 2011 or less should the vendor loan be repaid. Exercise of the option by CMI would require the surrender of the vendor loan. The directors have assessed the fair value of this option as $nil at 30 June 2008.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

12. SEGMENT REPORTING

Information on Business Segments (primary reporting format)

	CONTINUING OPERATIONS				DISCONTINUED OPERATIONS							
	TJM Products		Electrical Components		Engineered Components		Financial Services Division		Corporate		Consolidated	
BUSINESS	30/06/08 $'000	30/06/07 $'000	30/06/08 $'000	30/06/07 $'000	30/06/08 $'000	30/06/07 $'000	30/06/08 $'000	30/06/07 $'000	30/06/08 $'000	30/06/07 $'000	30/06/08 $'000	30/06/07 $'000
REVENUE												
External Sales	44,807	41,289	51,901	49,290	112,303	148,347	22,399	26,235	809	236	232,219	265,397
Intersegment Sales (i)	-	-	-	(3)	-	6	-	-	-	(3)	-	-
Total Revenue	44,807	41,289	51,901	49,287	112,303	148,353	22,399	26,235	809	233	232,219	265,397
RESULTS												
Segment Result	1,453	1,631	14,863	14,965	(16,368)	(19,283)	(20,010)	90	(2,412)	(2,639)	(22,474)	(5,236)
ASSETS												
Segment Assets	27,851	25,202	51,122	30,708	-	117,419	2,515	10,222	-	-	81,488	183,551
LIABILITIES												
Segment Liabilities	7,241	4,935	16,995	4,696	-	91,528	2,515	2,877	-	-	26,751	104,036
Acquisition of property, plant and equipment and intangible assets	1,593	860	66	5,151	983	6,064	67	91	-	-	2,709	12,166
Depreciation	1,505	1,393	377	334	2,479	4,929	714	723	-	-	5,075	7,379
Impairment losses	-	-	-	-	16,525	18,601	17,591	-	-	-	34,116	18,601
Significant other non-cash expenses	-	-	-	12	16,525	961	17,591	-	-	-	34,116	973

(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 Financial Year Ended 30 June 2008

12. SEGMENT REPORTING (continued)

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into four major operating divisions – TJM, engineered components, electrical components and financial services. These divisions are the basis on which the consolidated entity reported its primary segment information. The above business segments derive revenue from the following products and services:

- TJM - the manufacture and marketing of components and parts for 4WD, light commercial and heavy transport vehicles.
- Engineered Components – the manufacture of precision engineered components, particularly for the automotive industry.
- Electrical Components – the manufacture 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)

At 30 June 2008 the Group operated only in Australia.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

13. Discontinuing Operations

Engineering division (except TJM)

(a) Details of operations disposed and held for sale

On 18 February 2008, the Board of Directors entered into a sale agreement to dispose of the engineering division of CMI, excluding the TJM business to an entity controlled by CMI Limited's former Managing Director, Max Hofmeister. The disposal was completed on 16 April 2008, on which date control of the business passed to the acquirer.

The Board of Directors has committed to dispose of the Capitalcorp business. CMI publicly announced this decision on 12 May 2008.

As at 30 June 2008, Capitalcorp was classified as a disposal group held for sale.

(b) Financial performance of operations disposed and held for sale

The results of the discontinued operations for the year until disposal are presented below:

	Consolidated					
	2008			2007		
	Engineering $'000	Capital Corp $'000	Total $'000	Engineering $'000	Capital Corp $'000	Total $'000
Revenue	112,303	22,399	134,702	148,353	26,235	174,588
Expenses	(109,715)	(24,818)	(134,533)	(145,809)	(26,145)	(171,954)
Gross profit/(loss)	2,588	(2,419)	169	2,544	90	2,634
Gain on disposal	-	-	-	-	-	-
Finance costs	(2,431)	-	(2,431)	(3,227)	-	(3,227)
Impairment	(16,525)	(17,591)	(34,116)	(18,601)	-	(18,601)
Loss before tax from discontinued operations	(16,368)	(20,010)	(36,378)	(19,284)	90	(19,194)
Income Tax	2,009	1,500	3,509	5,355	(110)	5,245
Loss from discontinued operations	(14,359)	(18,510)	(32,869)	(13,929)	(20)	(13,949)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

(c) Assets and liabilities - held for sale operations

The major classes of assets and liabilities of Capitalcorp at 30 June 2008 are as follows:

	2008 $'000
Assets	
Cash and cash equivalents	25
Trade and other receivables	1,305
Current tax assets	-
Property plant and equipment	-
Goodwill	-
Other intangible assets	-
Deferred tax assets	1,185
Assets classified as held for sale	2,515
Liabilities	
Trade and other payables	1,287
Borrowings	
Current tax payable	-
Provisions	1,228
Deferred tax liabilities	-
Liabilities directly associated with assets classified as held for sale	2,515
Net assets attributable to discontinued operations	-

(d) Cash flow information – discontinued operations

The net cash flows of engineering (excluding TJM) and Capital Corp are as follows:

	2008 $'000	2007 $'000
Operating activities	185	6,040
Investing activities	2,390	(1,469)
Financing activities	(3,323)	(4,810)
Net cash flow	(748)	(239)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2008

(e) Assets and liabilities and cash flow information of disposed operations

Details of the disposal of Engineering (less TJM) are as follows. The major classes of assets and liabilities of Engineering (less TJM) are as follows:

	2008 $'000
Assets	
Cash and cash equivalents	344
Inventory	23,531
Trade and other receivables	31,364
Current tax assets	124
Property plant and equipment	14,481
Goodwill	701
Other intangible assets	3,998
Future income tax benefit	202
Other	218
Assets sold	74,963
Liabilities	
Trade and other payables	16,172
Borrowings	-
Current tax payable	12
Provisions	9,923
Deferred tax liabilities	-
Liabilities sold	26,107
Net assets sold	48,856

The net cash flows of Engineering (less TJM) from operations until disposal are as follows:

	2008 $'000
Operating activities	1,780
Investing activities	718
Financing activities	(3,323)
Net cash flow	(825)

Consideration received or receivable:

	2008 $'000
Cash	26,426
Vendor loan provided (a)	15,000
Leases transferred	7,430
Net disposal consideration	48,856
Less net assets disposed of	48,856
Profit on disposal before income tax	-
Income tax expense	(1,968)
Loss on disposal after income tax	(1,968)

(a) Associated with the sale of the engineering business was a loan provided by CMI Limited to the vendor to purchase the business. The loans made are in two instruments of $1 million and $17 million face value. The $17 million loan has been recorded by CMI at its fair value of $14 million. The loan instrument has embedded early repayment discount features, that allow for discounts of up to $3 million. This discount decreases in proportion to the amount of early repayments until the expiry of the three year term of the loan. The loan bears interest on normal terms.

On recognition the directors assessed the fair value of this loan to be $14 million, and not its face value of $17 million. Any premium received above $14 million will be recorded as interest income.

Net cash inflow on disposal:

	2008 $'000
Cash	26,426
Cash and cash equivalents disposed of	(344)
Reflected in the statement of cash flows	26,082

14. Reconciliation of Income Tax Expense

2008		Continuing Operations	Discontinued Operations	
	Consolidated		Capitalcorp	Engineering
	$'000	$'000	$'000	$'000
Profit/Loss Before Tax	(22,475)	13,903	(20,010)	(16,369)
At 30%	(6,743)	4,171	(6,003)	(4,911)
Research and development allowance	(300)	(240)	-	(60)
Non deductible expenditure	57	-	57	-
Foreign tax losses not recorded	232	-	-	232
Deferred tax asset disposed of	2,892	-	-	2,892
Deferred tax asset not recorded	4,608	-	4,608	-
Other	(325)	-	(163)	(163)
Tax Expense/(Benefit)	422	3,931	(1,500)	(2,009)

15. Subsequent Events

Not Applicable

16. Other Significant Information

Not Applicable

17. 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