



CMI Limited ABN 98 050 542 553
150 Robinson Road Geebung Qld 4034 Australia
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Email: corporate@cmilimited.com.au Web: www.cmilimited.com.au

27 February 2009

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

**Amended Appendix 4D
Amendment to Page 2 Commentary**

We hereby lodge Amended Appendix 4D Half Year Report to replace the 4D lodged on 26 February 2009. The amendment relates to a change to the "Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)" commentary on page 2.

This section of the Appendix 4D will now read:

The directors of CMI Limited announced today a profit of \$2.56 million after tax.

The group produced a profit after tax from continuing operations of \$3.651 million. A summary of all segment results can be found on page 27 of the Appendix 4D under Note 12 Segment reporting.

The Directors have resolved not to pay an interim dividend to ordinary shareholders.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Sharyn Williams'.

**Sharyn Williams
Company Secretary**

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26 February 2009

Australian Stock Exchange Limited
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BRISBANE QLD 4000

Appendix 4D – Half Year Ending 31 December 2008

The directors of CMI Limited announced today a profit of \$2.56 million after tax. This represented a 149% increase over the previous corresponding period.

The group produced a profit before tax from the continuing operations (Electrical, TJM and Corporate divisions) of \$5.74 million for the half year, a decrease of 20% from the first half of 2007.

The half year segmental results are summarised below:

Six Months ended	31 Dec 08 \$'000	31 Dec 07 \$'000	Change
Revenue			
Electrical	26,850	25,190	
TJM	20,461	22,111	
Corporate	1,776	154	
Discontinued operations	7,379	89,224	
Total	56,466	136,679	(58.7%)
Net Profit before tax			
Electrical	7,044	7,674	
TJM	(1,852)	1,071	
Corporate	545	(1,576)	
Discontinued operations	(2,133)	(14,576)	
Total	3,604	(7,407)	148.7%
Net Profit after tax	2,560	(5,226)	149.0%

The Directors' considered the current very difficult financial and trading market and the uncertain trading outlook in both TJM and the Electrical Division for the remainder of the financial year. As a result, the Directors' have resolved not to pay a dividend to the Ordinary shareholders or Class A shareholders.

Review of operations

The Electrical Division recorded a pre-tax profit of \$7.04m which is \$0.63m less than 2007. Revenue increased to \$26.85m, 6.6% up on last year. Orders for our Mining Products remained satisfactory through the first half although the retail and other products sales are experiencing a downturn.

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The TJM Products Division recorded a pre-tax loss of \$1.85m which is \$2.92m less than 2007 profit. Revenue decreased to \$20.46m, 7.5% down on last year. The decrease is due to the decline in new vehicle sales and lower retail consumer sales.

Due to the uncertain market conditions, the Directors are unable to provide guidance on the second half or full year results.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Sharyn Williams', written in a cursive style.

Sharyn Williams
Company Secretary

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CMI Limited

**Results For Announcement To The Market
For the Half Year Ended 31 December 2008**

**Half Yearly Report of CMI Limited for the Half
Year Ended 31 December 2008**

(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 2008

Previous Corresponding Period: Half Year ending 31 December 2007

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CMI Limited

Results For Announcement To The Market For the Half Year Ended 31 December 2008

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

		Percentage Change %	Amount \$'000
Revenue	down	59	to 56,466
Net profit/(loss) after tax attributable to members of the parent entity	up	149	to 2,560

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)

The directors of CMI Limited announced today a profit of \$2.56 million after tax.

The group produced a profit after tax from continuing operations of \$3.651 million. A summary of all segment results can be found on page 27 of the Appendix 4D under Note 12 Segment reporting.

The Directors have resolved not to pay an interim dividend to ordinary shareholders.

CMI Limited

**Consolidated Income Statement
For the Half Year Ended 31 December 2008**

	Note	31/12/08 \$'000	Restated 31/12/07 \$'000
Revenue		49,087	47,457
Other income		461	-
Changes in inventories		1,765	577
Raw materials expense		(29,236)	(25,890)
Sub-contractors expense		(1,633)	(1,469)
Employee benefits expense		(7,513)	(6,326)
Repairs, maintenance and consumables expense		(323)	(369)
ASX and share register expense		(65)	(97)
Occupancy expense		(1,364)	(1,224)
Travel and communication expense		(876)	(831)
Freight and cartage expense		(1,601)	(1,424)
Depreciation and amortisation expense		(1,003)	(728)
Finance costs		(335)	(1,602)
Other expenses		(1,626)	(905)
Profit before income tax expense	2	5,737	7,169
Income tax		(2,086)	(2,087)
Profit for the period from continuing operations		3,651	5,082
Discontinued operations			
(Loss) for the period from discontinued operations	13	(1,091)	(10,308)
Profit for the period		2,560	(5,226)
Profit attributable to members of the parent entity		2,560	(5,226)

Earnings Per Share:

From continuing and discontinued operations:

Basic (cents per share)	7	7.58	(21.29)
Diluted (cents per share)	7	7.58	(21.29)

From continuing operations:

Basic (cents per share)	7	10.82	9.25
Diluted (cents per share)	7	10.82	9.25

Notes to the financial statements are included on pages 7 to 32

CMI Limited

**Consolidated Balance Sheet
As At 31 December 2008**

	31/12/08 \$'000	30/6/08 \$'000	31/12/07 \$'000
Current Assets			
Cash and cash equivalents	977	2,920	5,137
Trade and other receivables	12,111	17,091	50,682
Other financial assets	15,000	15,000	-
Inventories	24,367	22,284	45,259
Current tax assets	356	356	947
	<u>52,811</u>	<u>57,651</u>	<u>102,025</u>
Non-current assets classified as held for sale (note 13)	-	1,330	20,803
	<u>-</u>	<u>1,330</u>	<u>20,803</u>
Total Current Assets	<u>52,811</u>	<u>58,981</u>	<u>122,828</u>
Non-Current Assets			
Property, plant and equipment	6,227	6,063	6,930
Goodwill	8,318	8,323	10,220
Other intangible assets	7,176	6,936	22,072
Deferred tax assets	-	-	2,787
	<u>21,721</u>	<u>21,322</u>	<u>42,009</u>
Total Non-Current Assets	<u>21,721</u>	<u>21,322</u>	<u>42,009</u>
Total Assets	<u>74,532</u>	<u>80,303</u>	<u>164,837</u>
Current Liabilities			
Trade and other payables	7,238	11,558	13,193
Borrowings	4,911	625	39,962
Current tax payables	878	-	-
Provisions	1,396	497	1,634
	<u>14,423</u>	<u>12,680</u>	<u>54,789</u>
Liabilities directly associated with non-current asset classified as held for sale (note 13)	-	1,330	36,170
	<u>-</u>	<u>1,330</u>	<u>36,170</u>
Total Current Liabilities	<u>14,423</u>	<u>14,010</u>	<u>90,959</u>
Non-Current Liabilities			
Borrowings	714	9,634	700
Deferred tax liabilities	1,360	1,034	-
Provisions	746	896	952
	<u>2,820</u>	<u>11,564</u>	<u>1,652</u>
Total Non-Current Liabilities	<u>2,820</u>	<u>11,564</u>	<u>1,652</u>
Total Liabilities	<u>17,243</u>	<u>25,574</u>	<u>92,611</u>
Net Assets	<u>57,289</u>	<u>54,729</u>	<u>72,226</u>
Equity			
Issued Capital	70,103	70,103	70,103
Reserves	162	162	(12)
Retained earnings	(12,976)	(15,536)	2,135
	<u>57,289</u>	<u>54,729</u>	<u>72,226</u>
Total Equity	<u>57,289</u>	<u>54,729</u>	<u>72,226</u>

Notes to the financial statements are included on pages 7 to 32

CMI Limited

Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2008

	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
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)
(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:				
Dividends provided for or paid	-	-	(1,960)	(1,960)
At 31 December 2007	70,103	(12)	2,135	72,226
At 1 July 2008	70,103	162	(15,536)	54,729
Translation of foreign operations:				
Exchange differences taken to equity	-	-	-	-
Net Income Recognised Directly in Equity	-	-	-	-
Profit for the period	-	-	2,560	2,560
Total Recognised Income and Expense for the Period	-	-	2,560	2,560
Transactions with equity holders in their capacity as equity holders	-	-	-	-
At 31 December 2008	70,103	162	(12,976)	57,289

Notes to the financial statements are included on pages 7 to 32

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CMI Limited

**Consolidated Cash Flow Statement
For the Half Year Ended 31 December 2008**

	<u>Note</u>	<u>31/12/08 \$'000</u>	<u>31/12/07 \$'000</u>
Cash Flows From Operating Activities			
Receipts from customers		65,004	156,967
Payments to suppliers and employees		(62,216)	(141,574)
Interest and other costs of finance paid		(286)	(1,783)
Income tax paid/(refunded)		160	(1,573)
Net cash provided by operating activities	5(e)	<u>2,662</u>	<u>12,037</u>
Cash Flows From Investing Activities			
Interest received		778	172
Payment for property, plant and equipment		(102)	(940)
Proceeds from sale of property, plant and equipment		97	1,917
Payment for deferred expenditure		(773)	(545)
Loan to Associate		(520)	-
Repayment of loan		1,000	-
Proceeds sale investments		82	-
Payment for investment		(481)	-
Payment for purchase of business	5(b)	-	(44)
Net cash provided by investing activities		<u>81</u>	<u>560</u>
Cash Flows From Financing Activities			
Proceeds from borrowings		344	-
Repayment of borrowings		(4,777)	(10,283)
Dividends paid		-	(1,960)
Net cash (used in) financing activities		<u>(4,433)</u>	<u>(12,243)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents		(1,690)	354
Cash and Cash Equivalents At The Beginning Of The Financial Period			
Effects of exchange rate changes on the balance of cash held in foreign currencies		2,667	4,662
		-	(12)
Cash and Cash Equivalents At The End Of The Financial Period	5(a)	<u>977</u>	<u>5,004</u>

Notes to the financial statements are included on pages 7 to 32

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

Note	Contents
1	Summary of Accounting Policies
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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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 2008 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 2008 annual financial report for the financial year ended 30 June 2008. 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 2008. 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. All other borrowing costs are expensed when incurred.

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 2008**

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, investments in subsidiaries 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.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative instrument that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis in Other Expenses.

Available-for-sale financial assets

Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period in Other Expenses.

Loans and receivables

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

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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

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

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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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).

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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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.

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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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) 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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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 weighted average 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.

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.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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.

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

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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.

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.

Interest received

Interest received is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Management fees received

Management fees are recognised as revenue over the period during which the services are provided.

Dividends received

Dividend income is recorded in the income statement on an accruals basis when the Group's right to receive the dividend is established.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

1. Summary of Accounting Policies (continued)

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 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 carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. 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. 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.

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, with comparatives restated, and the assets and liabilities are presented separately on the face of the balance sheet.

w) **Investments in associates – refer note 10**

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

Under the equity method, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

	31/12/08 \$'000	Restated 31/12/07 \$'000
2. Profit From Operations		
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
(a) Revenue		
Continuing operations		
Sales of goods	47,311	46,830
Interest – other persons	1,776	172
Other items	-	455
	49,087	47,457
Discontinued operations		
Sales of goods	104	75,920
Sales of services	7,275	12,244
Other items	-	1,058
	7,379	89,222
	56,466	136,679

(b) Expenses

Continuing operations

Depreciation and amortisation of:

Property, plant and equipment	290	43
Leased assets	95	92
Brandnames	71	71
Other intangibles	547	522

Discontinued operations

Depreciation and amortisation of:

Property, plant and equipment	73	1,250
Leased assets	-	544
Brandnames	-	213

3. Subsequent Events

On 17 February 2009 CMI Limited executed a Deed of Revocation to revoke the Deed of Cross Guarantee relating to ASIC Class Order CO 98/1418 between the Group and Capitalcorp Finance and Leasing Pty Ltd and its subsidiaries and a new Deed of Cross Guarantee was entered in to for the remaining group entities pursuant to ASIC Class Order 98/1418.

There has not been any other matter or circumstance, other than that referred to above, in the financial statements or notes thereto, that has arisen since the end of the period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

4. Retained Earnings

Balance at beginning of financial period	(15,536)	9,321
Net profit/(loss)	2,560	(5,226)
Dividends provided for or paid	-	(1,960)
	(12,976)	2,135
Balance at end of financial period	(12,976)	2,135

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

	31/12/08 \$'000	31/12/07 \$'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:

Cash	977	5,137
Bank Overdraft	-	(133)
	977	5,004

(b) Businesses Acquired

During the financial period, no businesses were acquired. During the prior financial period final payments were made for businesses acquired the year before the prior financial year.

Consideration

Cash and cash equivalents	-	44
Amount payable	-	-
	-	44

Fair Value of Net Assets Acquired

Current assets:		
Cash and cash equivalents	-	-
Receivables	-	-
Inventories	-	-
Non-current assets:		
Intangibles	-	-
Property, plant and equipment	-	-
Deferred tax assets	-	-
Current liabilities:		
Payables	-	-
Borrowings	-	-
Current tax liabilities	-	-
Provisions	-	-
Non-current liabilities:		
Borrowings	-	-
Provisions	-	-
Net assets acquired	-	-
Brandname on acquisition	-	-
Goodwill on acquisition	-	44
	-	44

Net Cash Outflow on Acquisition

Cash and cash equivalents consideration	-	44
Less cash and cash equivalents balances acquired	-	-
	-	44

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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 \$353 thousand (2007: \$324 thousand) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

	31/12/08 \$'000	31/12/07 \$'000
<i>(d) Financing Facilities</i>		
A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:		
Amount used	4,500	39,500
Amount unused	19,200	11,200
	23,700	50,700
	31/12/08 \$'000	31/12/07 \$'000
<i>(e) Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities</i>		
Profit/(loss) for the period	2,560	(5,226)
(Gain)/loss on disposal of non-current assets	(658)	(552)
Depreciation and amortisation of non-current assets	1,076	2,734
Interest income received and receivable	(1,778)	(172)
Finance lease interest	50	386
Payment for investment	481	-
Impairment of non-current assets	833	14,754
Unrealised foreign exchange (gain)/loss	-	64
Increase/(decrease) in current tax liability	878	163
Increase/(decrease) in deferred tax balances	326	(3,917)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	4,914	6,118
Current inventories	(2,083)	(1,678)
Increase/(decrease) in liabilities:		
Current payables	(4,563)	(73)
Current borrowings	32	-
Current provisions	504	(518)
Non-current provisions	90	(46)
Net cash from operating activities	2,662	12,037

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CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

6. Details Relating to Dividends (Distributions)

		Amount per security ¢	Franked Amount per security ¢	Amount per security of foreign sourced dividend ¢
Interim dividend – Ordinary	2009	-	-	N/A
Final dividend – Ordinary	2008	-	-	N/A
Interim dividend – Class A	2009	-	-	N/A
Final dividend – Class A	2008	-	-	N/A
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 (distribution) on all securities

	31/12/08 \$'000	31/12/07 \$'000
Ordinary securities (each class separately)	-	-
Class A (each class separately)	-	1,960
Total	-	1,960

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 2008.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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

	31/12/08	Restated
	¢ per share	31/12/07
	¢ per share	¢ per share
Basic EPS		
From continuing operations	10.82	9.25
From discontinued operations	(3.23)	(30.54)
Total basic earnings per share	7.58	(21.29)
 Diluted EPS		
From continuing operations	10.82	9.25
From discontinued operations	(3.23)	(30.54)
Total basic earnings per share	7.58	(21.29)

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:

	31/12/08	Restated
	\$'000	31/12/07
	\$'000	\$'000
Net profit/(loss)	2,560	(5,226)
Class A share dividends provided for or paid	-	(1,960)
Earnings used in the calculation of basic EPS from continuing and discontinued operations	2,560	(7,186)
Adjustments to exclude (profit)/loss for the period from discontinued operations	1,091	10,308
Earnings used in the calculation of basic EPS from continuing operations	3,651	3,122
	31/12/08	31/12/07
	No. '000	No. '000
Weighted average number of ordinary shares (a)	33,753	33,753

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

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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:

	31/12/08 \$'000	Restated 31/12/07 \$'000
Net profit/(loss)	2,560	(5,226)
Class A share dividends provided for or paid	-	(1,960)
Earnings used in the calculation of diluted EPS from continuing and discontinued operations	2,560	(7,186)
Adjustments to exclude (profit)/loss for the period from discontinued operations	1,091	10,208
Earnings used in the calculation of diluted EPS from continuing operations	3,651	3,122
	31/12/08 No. '000	31/12/07 No. '000
Weighted average number of ordinary shares and potential ordinary shares (a), (b)	33,753	33,753

(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:

	31/12/08 No. '000	31/12/07 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	33,753	33,753
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	33,753

(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.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

8. Net Tangible Assets Per Ordinary Security

	31/12/08	31/12/07
Net tangible assets per ordinary security	\$1.24	\$1.18

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

Control gained over entities

Name of entity (or group of entities)

31/12/08 – Not Applicable

31/12/07 – Not Applicable

Date control gained

31/12/08 – Not Applicable

31/12/07 – Not Applicable

**31/12/08
\$'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.

-

**31/12/07
\$'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)

31/12/08 – Capitalcorp Finance & Leasing Pty Ltd and subsidiaries

31/12/07 - Not Applicable

Date control lost

31/12/08 - 30/11/08

31/12/07 - Not Applicable

**31/12/08
\$'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.

(1,708)

**31/12/07
\$'000**

Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.

(667)

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

10. Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	31/12/08 %	31/12/07 %	31/12/08 \$'000	31/12/07 \$000
Associates				
Capitalcorp Finance & Leasing Pty Ltd	49	-	-	-
Joint Venture Entities				
Aggregate Share of Profits/ (Losses)	(58)	-	-	-

11. Contingent Liabilities and Contingent Assets

	31/12/08 \$'000	31/12/07 \$'000
Contingent liabilities		
Guarantees issued to bank in respect of overseas purchases, lease of premises, sand mining lease and restructure costs	2,154	302
Contingent assets	-	-

CMI has entered into shareholder arrangements in relation to Capitalcorp which would, in addition to its position as a shareholder supporting the business, require it to fund further restructuring initiatives in respect of the Capitalcorp business. At balance sheet date the estimated contingent liability for these restructure costs is \$2 million.

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 31 December 2008.

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CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

12. SEGMENT REPORTING

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

BUSINESS	CONTINUING OPERATIONS				DISCONTINUED OPERATIONS							
	TJM Products		Electrical Components		Engineered Components		Financial Services Division		Corporate/Eliminations		Consolidated	
	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000
REVENUE												
External Sales	20,461	22,111	26,850	25,179	104	76,979	7,275	12,244	1,776	166	56,466	136,679
Intersegment Sales (i)	-	-	-	11	-	1	-	-	-	(12)	-	-
Total Revenue	20,461	22,111	26,850	25,190	104	76,980	7,275	12,244	1,776	154	56,466	136,679
RESULTS												
Segment Result	(1,852)	1,071	7,044	7,674	39	(13,758)	(2,172)	(818)	545	(1,576)	3,604	(7,407)
ASSETS												
Segment Assets	26,702	21,738	31,935	28,808	-	105,087	-	9,204	15,895	-	74,532	164,837
LIABILITIES												
Segment Liabilities	4,354	6,627	6,694	5,298	-	78,372	-	2,314	6,195	-	17,243	92,611
Acquisition of property, plant and equipment and intangible assets	375	-	62	100	-	1,689	-	65	4	-	441	1,854
Depreciation	852	721	150	6	9	1,862	64	145	1	-	1,076	2,734
Impairment losses	-	-	-	-	-	14,754	883	-	-	-	883	14,754
Significant other non-cash expenses	-	-	-	12	-	374	-	-	-	-	-	386

(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.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

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 above business segments derive revenue from the following products and services:

Continuing operations:

- TJM – the manufacture and marketing of components and parts for 4WD, light commercial and heavy transport vehicles
- Electrical Components – the manufacture of specialist cabling and electrical products for a range of industry sectors.

Discontinuing operations

- Engineered Components – the manufacture of precision engineered components, particularly for the automotive industry.
- Financial Services – the provision of chattel finance to both consumer and commercial borrowers.

Information on Geographical Segments (secondary reporting format)

At 31 December 2008 the Group operated only in Australia.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

13. Discontinued Operations

	Consolidated					
	31/12/08			31/12/07		
	Engin	Capital Corp	Total	Engin	Capital Corp	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	104	7,275	7,379	78,685	12,244	90,929
Expenses	(65)	(9,374)	(9,438)	(77,319)	(13,061)	(90,380)
Gross profit/(loss)	39	(2,099)	(2,059)	1,366	(817)	549
Gain on disposal	-	760	760	-	-	-
Finance costs	-	-	-	(372)	-	(372)
Impairment	-	(833)	(833)	(14,754)	-	(14,754)
Profit/(Loss) before tax from discontinued operations	39	(2,172)	(2,133)	(13,760)	(817)	(14,577)
Income Tax	578	464	1,042	4,119	150	4,269
Profit/(Loss) from discontinued operations	617	(1,708)	(1,091)	(9,641)	(667)	(10,308)

Discontinued operations

During the period CMI Limited sold 51% of its shares in Capitalcorp Finance & Leasing Pty Ltd to a private investor consortium. The cash purchase price for the shares is \$100 thousands payable on the division returning to profitability. As per the share sale agreement CMI Limited has an obligation to fund the losses of the business until 28 February 2009. Losses up to 31 December 2008 of \$119 thousand have been recognised. Losses for January and February 2009 have not been recognised as these were not measurable. The estimate of these future losses is expected to be approximately \$300 thousand.

On 1 April 2008, CMI Limited sold all the engineering division, other than TJM Products Pty Ltd, to CMI Industrial Pty Ltd, an entity controlled by CMI Limited's former managing director, Mr Max Hofmeister. The purchase price was \$51 million paid through approximately \$26.6 million in cash used to pay down CMI Limited's existing debt, the assumption of approximately \$7.4 million of existing finance lease liabilities and a \$17 million 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 recognized an impairment loss of \$14.754 million.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

13. Discontinued Operations (continued)

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:

	31/12/08 \$'000	Restated 31/12/07 \$'000
Revenue	7,379	89,222
Other income	409	1,707
Changes in inventories	(244)	82
Raw materials expense	204	(37,456)
Sub-contractors expense	-	(1,579)
Employee benefits expense	(6,840)	(33,504)
Repairs, maintenance and consumables expense	-	(4,610)
Occupancy expense	(571)	(4,859)
Travel and communication expense	(512)	(1,389)
Freight and cartage expense	(4)	(1,210)
Depreciation and amortisation expense	(73)	(2,007)
Finance costs	-	(372)
Other expenses	(1,881)	(3,847)
	(2,133)	178
Profit/(Loss) before income tax expense		
Attributable Income tax	1,042	(158)
	(1,091)	20
Gain/(Loss) on remeasurement to fair value less costs to sell	-	(14,754)
Attributable income tax	-	4,426
	-	(10,308)
Profit/(Loss) for the year from discontinued operations	(1,091)	(10,308)

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

13. Discontinued Operations (continued)

	31/12/08 \$'000	31/12/07 \$'000
Cash flows from discontinued operations:		
Net cash flows from operating activities	(474)	4,601
Net cash flows from investing activities	5,449	1,147
Net cash flows from financing activities	(5,000)	(2,065)
Net cash flows	(25)	3,683

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

	31/12/08 \$'000	31/12/07 \$'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 CURRENT FINANCIAL ASSET

	31/12/08 \$'000	31/12/07 \$'000
OTHER RECEIVABLES		
Loan receivable	15,000	-

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 had been recorded by CMI at its fair value of \$14 million at 30 June 2008. 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. The loan is secured by a second ranking fixed and floating charge over CMI Industrial Pty Ltd behind the National Australia Bank and a personal guarantee from M.J. Hofmeister of \$2.5 million. 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. As at 31st December 2008 one discount repayment period had expired and the directors expect the second discount period to expire in April 2009 and the loans fair value is \$15.0 million.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2008**

15. Other Significant Information

Not Applicable

16. Information on Audit or Review

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

- | | | | |
|--------------------------|--|-------------------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input checked="" type="checkbox"/> | The accounts have been subject to review. |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have 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

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CMI LIMITED
DIRECTORS' REPORT

The directors of CMI Limited submit herewith the financial report for the half-year ended 31 December 2008. 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
Richard D. Catelan

The above named directors held office during and since the end of the half-year.

REVIEW OF OPERATIONS

Revenue for the half-year from continuing and discontinued operations was \$56,466 thousand (2007: \$136,679 thousand). The company's profit after tax from continuing and discontinued operations was \$2,560 thousand (2007 loss: \$5,226 thousand).

INDEPENDENCE DECLARATION BY AUDITORS

The auditor's independence declaration is included on page 34.

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


Colin G. Ryan
Chairman



Richard D. Catelan
Director

BRISBANE

Dated: 26 February 2009

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The Board of Directors
CMI Limited
150 Robinson Road
GEEBUNG QLD 4034

26 February 2009

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 2008, 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


Carl Harris
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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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 2008, 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 or as set out on pages 3 to 32 and 37.

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 CMI Limited's financial position as at 31 December 2008 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 CMI Limited's financial position as at 31 December 2008 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



Carl Harris
Partner
Chartered Accountants
Brisbane, 26 February 2009

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CMI LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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



Colin.G. Ryan
Chairman



Richard.D. Catelan
Director

BRISBANE

Dated: 26 February 2009

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