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28 August 2009

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

### **Appendix 4E – Full Year Ending 30 June 2009**

The directors of CMI Limited announced today a loss of \$1.5 million after tax. The result included a pre-tax impairment loss of \$8.4 million from the write down of the TJM Division's non-current assets and \$0.9 million from the write down of the loan with the Finance Division.

Continuing operations comprise the Electrical Division and TJM Products Division. The group produced a loss after tax from continuing operations of \$1.0 million. A summary of all segment results can be found in Note 12 Segment Reporting of the Appendix 4E.

The Electrical Division produced a pre-tax profit of \$11.9m, a decrease of \$3.0m on the 2008 year. Revenue decreased to \$49.1m, 5.4% (or \$2.8m) down on last year. This year proved to be the divisions' most challenging. The first quarter of the financial year was solid in both sales and profit although the remainder of the year was impacted by the affects of the GEC with falling currency and commodities (copper) affecting the margins in the Cable sector. Towards the end of the financial year the currency value rose and stabilised and copper prices have been steadily increasing.

The TJM Products Division produced a pre-tax loss of \$14.3m which includes an impairment expense on non-current assets of \$8.4m. Revenue decreased to \$35.0m, 22.0% (or \$9.8m) down on last year. The reduction in sales can in large part be attributed to significant decreases in product sales to Original Equipment Manufacturers coupled with the effects of the GEC on aftermarket and export sales. TJM are continuing to implement operational improvements which are expected to show benefits over the next 12 months.

The Directors have resolved not to pay a final dividend to ordinary shareholders.

As announced on 31 July 2009, CMI intends to call a meeting of the shareholders of CMI to approve a buyback of all Class A shares at 63 cents per share. Trojan Equity Limited and other major Class A Shareholders have agreed to support the buy back and will vote in favour of the relevant resolutions. The decision to proceed with the buy back is conditional on the Company obtaining final credit approval from its financier.

Yours Faithfully

**Sharyn Williams**  
**Company Secretary**

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**CMI Limited**

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**Results For Announcement To The Market  
For the Financial Year Ended 30 June 2009**

**Preliminary Final Report of CMI Limited for  
the Financial Year Ended 30 June 2009**

(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 2009

Previous Corresponding Period: Financial Year Ended 30 June 2008

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## CMI Limited

### Results For Announcement To The Market For the Financial Year Ended 30 June 2009

#### Revenue and Net Profit/(Loss)

		Percentage Change %	Amount \$'000
Revenue from continuing operations	Down	10	to 86,995
Net profit from continuing ordinary activities after tax attributable to member	Down	110	to (965)
Net profit after tax attributable to members from continuing operations	Down	110	to (965)

#### Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend - Ordinary	-¢	-¢
Final dividend – Class A	-¢	-¢
Interim dividend - Ordinary	-¢	-¢
Interim dividend – Class A	-¢	-¢
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 \$1.5 million after tax. The result included a pre tax impairment loss of \$8.4 million from the write-down of the TJM Division's non-current assets and \$0.9 million from the write down of the loan with the Finance Division.

The group produced a loss after tax from continuing operations of \$1.0 million. A summary of all segment results can be found in Note 12 Segment reporting.

The Board advises the group's combined result for the year is an overall loss of \$1.5 million after tax. The Directors have therefore resolved not to pay a final dividend to ordinary shareholders.

**CMI Limited**

**Consolidated Income Statement  
For the Financial Year Ended 30 June 2009**

<b>Continuing Operations</b>	<b>Note</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Revenue	2(a)	86,995	97,067
Other income		891	451
Changes in inventories		(1,429)	2,560
Raw materials expense		(48,296)	(55,594)
Sub-contractors expense		(1,849)	(3,254)
Employee benefits expense		(14,343)	(13,572)
Repairs, maintenance and consumables expense		(643)	(726)
ASX and share register expense		(117)	(150)
Occupancy expense		(2,856)	(2,565)
Travel and communication expense		(1,816)	(1,757)
Freight and cartage expense		(2,845)	(3,107)
Depreciation and amortisation expense		(2,078)	(1,882)
Borrowing costs		(502)	(984)
Impairment expense		(8,386)	-
Other expenses from ordinary activities		(3,670)	(2,584)
<b><i>Profit/(Loss) before income tax from continuing operations</i></b>	<b>2</b>	<b>(944)</b>	<b>13,903</b>
Income tax	14	(21)	(3,931)
<b><i>Profit/(Loss) from continuing operations after tax</i></b>		<b>(965)</b>	<b>9,972</b>
<b><i>Profit/(Loss) from discontinued operations</i></b>	<b>13</b>	<b>(514)</b>	<b>(32,869)</b>
<b><i>Profit/(Loss) for the period</i></b>		<b>(1,479)</b>	<b>(22,897)</b>
<i>Earnings Per Share from continuing operations:</i>			
Basic (cents per share)	7	(2.86)	23.73
Diluted (cents per share)	7	(2.86)	23.71
<i>Earnings Per Share from continuing and discontinuing operations:</i>			
Basic (cents per share)		(4.38)	(73.65)
Diluted (cents per share)		(4.38)	(73.65)

# CMI Limited

## Consolidated Balance Sheet As At 30 June 2009

	Note	2009 \$'000	2008 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		1,342	2,920
Trade and other receivables		13,125	17,091
Other financial assets		-	15,000
Inventories		20,881	22,284
Current tax assets		-	356
		<u>35,348</u>	<u>57,651</u>
Assets of a disposal group	13	-	1,330
		<u>35,348</u>	<u>58,981</u>
<b>Total Current Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		4,662	6,063
Other financial assets		16,500	-
Goodwill		6,850	8,323
Other intangible assets		1,140	6,936
Deferred tax assets		820	-
		<u>29,972</u>	<u>21,322</u>
<b>Total Non-Current Assets</b>			
<b>Total Assets</b>			
		<u>65,320</u>	<u>80,303</u>
<b>Current Liabilities</b>			
Trade and other payables		7,455	11,558
Borrowings		490	625
Current tax payables		744	-
Provisions		1,261	497
		<u>9,950</u>	<u>12,680</u>
Liabilities of a disposal group	13	-	1,330
		<u>9,950</u>	<u>14,010</u>
<b>Total Current Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings		1,570	9,634
Deferred tax liabilities		-	1,034
Provisions		550	896
		<u>2,120</u>	<u>11,564</u>
<b>Total Non-Current Liabilities</b>			
<b>Total Liabilities</b>			
		<u>12,070</u>	<u>25,574</u>
<b>Net Assets</b>			
		<u>53,250</u>	<u>54,729</u>
<b>Equity</b>			
Issued Capital		70,103	70,103
Reserves		162	162
Retained earnings/Accumulated losses	4	(17,015)	(15,536)
		<u>53,250</u>	<u>54,729</u>
<b>Total Equity</b>			
		<u>53,250</u>	<u>54,729</u>

**CMI Limited**

**Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2009**

	Issued Capital	Reserves	Retained Earnings/ Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2007</b>	70,103	91	9,321	79,515
Profit/(Loss) for the period	-	-	(22,897)	(22,897)
<b>Total Recognised Income and Expense for the Period</b>	-	-	(22,897)	(22,897)
Transactions with equity holders in their capacity as equity holders:				
Foreign exchange reserve realised	-	(91)	-	(91)
Employee equity-settled benefits	-	162	-	162
Dividends provided for or paid	-	-	(1,960)	(1,960)
<b>At 1 July 2008</b>	70,103	162	(15,536)	54,729
Profit/(Loss) for the period	-	-	(1,479)	(1,479)
<b>Total Recognised Income and Expense for the Period</b>	-	-	(1,479)	(1,479)
<b>At 30 June 2009</b>	70,103	162	(17,015)	53,250

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**CMI Limited**

**Consolidated Cash Flow Statement  
For the Financial Year Ended 30 June 2009**

	<u>Note</u>	<u>2009 \$'000</u>	<u>2008 \$'000</u>
<b><i>Cash Flows From Operating Activities</i></b>			
Receipts from customers		103,600	258,798
Payments to suppliers and employees		(96,652)	(239,015)
Interest and other costs of finance paid		(407)	(2,912)
Income tax paid		1,959	(1,094)
Net cash provided by/(used in) operating activities	5(d)	<u>8,500</u>	<u>15,777</u>
<b><i>Cash Flows From Investing Activities</i></b>			
Interest received		1,312	822
Payment for property, plant and equipment		(772)	(1,551)
Proceeds from sale of property, plant and equipment		287	1,765
Loan to associate		(1,125)	-
Repayment of loan		1,000	-
Proceeds from sale of business	13(e)	82	26,082
Payment for other intangible assets		(1,925)	(1,157)
Payment from sale of business		(569)	-
Net cash provided by/(used in) investing activities		<u>(1,710)</u>	<u>25,961</u>
<b><i>Cash Flows From Financing Activities</i></b>			
Proceeds from borrowings		401	107
Repayment of borrowings		(8,516)	(41,865)
Dividends paid		-	(1,960)
Net cash provided by/(used in) financing activities		<u>(8,115)</u>	<u>(43,718)</u>
<b><i>Net Increase/(Decrease) In Cash and Cash Equivalents</i></b>		(1,325)	(1,980)
<b><i>Cash and Cash Equivalents At The Beginning Of The Financial Year</i></b>			
Effects of exchange rate changes on the balance of cash held in foreign currencies		2,667	4,662
		-	(15)
<b><i>Cash and Cash Equivalents At The End Of The Financial Year</i></b>	5(a)	<u><u>1,342</u></u>	<u><u>2,667</u></u>

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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 2008 annual financial report. The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 30 June 2009.

**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 2008.

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.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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.

Loans and receivables

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

**f) Financial Instruments Issued by the Company**

Debt and Equity Instruments

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

Compound Instruments

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

Transaction Costs on the Issue of Equity Instruments

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

Interest and Dividends

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.

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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).

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

1. Summary of Accounting Policies (continued)

j) **Impairment of Assets**

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

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

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

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

k) **Income Tax**

Current Tax

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

Deferred Tax

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

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

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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 2009**

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.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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.

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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 2009**

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.

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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 101, AASB 2007-8 and AASB 2007-10	'Presentation of Financial Statements' (revised September 2007), 'Amendments to Australian Accounting Standards arising from AASB 101' and 'Further Amendments to Australian Accounting Standards arising from AASB 101'	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
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , 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 2009-2	'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	Amends AASB 7 Financial Instruments: Disclosures to require enhanced disclosures about fair value measurements (in respect of financial instruments recognised at fair value) and liquidity risk.	1 January 2009	Initial application of this Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report.	1 July 2009

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
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 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	This revised Standard applies to business combinations occurring after the annual reporting periods beginning 1 July 2009. The Group will make decisions on each business combination as they occur.	1 July 2009
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

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	Makes amendments to 25 different Standards and is equivalent to the IASB Standard Improvements to IFRSs issued in May 2008. The IASB's annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	1 July 2009
AASB 2008-6	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	Makes amendments to Australian Accounting Standards AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and AASB 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are additional to those in AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	The amendments require all dividends received from investments in subsidiaries jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	Clarifies the hedge accounting provisions of AASB 139 to address inflation and one-sided risks in a financial hedged item.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Deals with minor amendments to multiple standards.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Deals with minor amendments to multiple standards.	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-6	Amendments to Australian Accounting Standards	Deals with minor amendments to multiple standards.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2009-7	Amendments to Australian Accounting Standards	Deals with minor amendments to multiple standards.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 1	'First time adoption of Australian Accounting Standards'	Rewording of the structure of standard.	1 July 2009	This amendment is not expected to have any impact on the Group.	1 July 2009

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB Interpretation 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 October 2008	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
AASB Interpretation 17	Distributions of Non-cash Assets to Owners	This interpretation applies when an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water) or the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).	1 July 2009	The Interpretation is unlikely to have any impact on the Group as the Group does not receive assets from customers in the normal course of business.	1 July 2009
AASB Interpretation 18	Transfers of Assets from Customers	This interpretation applies to the entity making the distribution, not to the recipient. It applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets	1 July 2009	The Interpretation is unlikely to have any impact on the Group as dividends distributed to owners are in the form of cash.	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

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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.

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.

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.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

	2009 \$'000	2008 \$'000
<b>2. Profit From Operations</b>		
<b>(a) Revenue from continuing operations</b>		
Revenue from the sales of goods	83,165	96,219
Revenue from the rendering of services	-	-
Interest - other persons	3,810	822
Other Items	20	26
	86,995	97,067
<b>(b) Profit before income tax – continuing operations</b>		
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:		
Gain/(loss) on disposal of property, plant and equipment	(1,058)	61
Gain/(loss) on disposal of investments	-	-
	(1,058)	61
Net foreign exchange gains/(losses)	(216)	102
	(1,274)	163
Profit before income tax from continuing operations has been arrived at after charging the following expenses:		
Cost of sales	56,316	62,329
Net bad and doubtful debts	39	4
Bad and doubtful debts recovered	-	38
Depreciation and amortisation of:		
Property, plant and equipment	606	613
Leased assets	164	192
Brandnames	142	142
Other intangibles	1,166	935

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**3. Commentary on Results**

Continuing operations comprise only the Electrical Division and TJM Products Division.

The Electrical Division produced a pre-tax profit of \$11.9m, a decrease of \$3.0m on the 2008 year. Revenue decreased to \$49.1m, 5.4% (or \$2.8m) down on last year. The year proved to be the divisions' most challenging. The first quarter of the financial year was solid in both sales and profit. The remainder of the year was impacted by the affects of the GEC with falling currency and commodities (copper) affecting the margins in the Cable sector. Towards the end of the financial year the currency value rose and stabilised and copper prices have been steadily increasing.

The TJM Products Division produced a pre-tax loss of \$14.3m which includes an impairment expense on non-current assets of \$8.4m. Revenue decreased to \$35.0m, 22.0% (or \$9.8m) down on last year. The reduction in sales can in large part be attributed to significant decreases in product sales to Original Equipment Manufacturers coupled with the effects of the GEC on aftermarket and export sales. TJM are continuing to implement operational improvements which are expected to show benefits over the next 12 months.

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
<b>Retained Earnings/Accumulated</b>		
<b>4. Losses</b>		
Balance at beginning of financial year	(15,536)	9,321
Net profit/(loss)	(1,479)	(22,897)
Dividends provided for or paid	-	(1,960)
Balance at end of financial year	(17,015)	(15,536)

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

	2009 \$'000	2008 \$'000
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**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:

Cash in assets held for disposal	-	25
Cash and cash equivalents	1,342	2,920
	1,342	2,945
Bank overdraft	-	(278)
	1,342	2,667

*(b) Non-Cash Financing and Investing Activities*

During the financial year, the consolidated entity acquired plant and equipment with an aggregate fair value of \$393 thousand (2008: \$324 thousand) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

*(c) Financing Facilities*

A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:

Amount used	1,000	9,000
Amount unused	8,000	14,700
	9,000	23,700

*(d) Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities*

Profit/(loss) for the period	(1,479)	(22,897)
(Gain)/loss on sale of non-current assets	859	(762)
Depreciation and amortisation of non-current assets	2,150	3,742
Interest income received and receivable	(3,812)	(822)
Finance lease interest	96	576
Payment from sale of business	569	-
Impairment of non-current assets	9,276	34,116
Equity settled share-based payment	-	162
Unrealised foreign exchange (gain)/loss	-	102
Increase/(decrease) in current tax liability	1,100	2,774
Increase/(decrease) in deferred tax	(1,854)	(3,400)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	4,049	5,430
Current inventories	1,403	(3,013)
Increase/(decrease) in liabilities:		
Current payables	(4,152)	(48)
Current borrowings	32	(19)
Current provisions	399	(483)
Non-current provisions	(136)	319
Net cash from operating activities	8,500	15,777

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

6. Details Relating to Dividends (Distributions)

		Amount per security ¢	Franked Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend – Ordinary	2009	-	-	N/A
Final dividend – Class A	2009	-	-	N/A
Interim dividend – Ordinary	2009	-	-	N/A
Interim dividend – Class A	2009	-	-	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

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

	2009 ¢	2008 ¢
Ordinary securities (each class separately)	-	-
Class A (each class separately)	-	3.5

**Interim and final dividend (distribution) on all securities**

	2009 \$'000	2008 \$'000
Ordinary securities (each class separately)	-	-
Class A (each class separately)	-	1,960
<b>Total</b>	-	1,960

Any other disclosures in relation to dividends (distributions).

The Directors have proposed to not pay an interim or final dividend in respect of Ordinary shares and Class A shares for the year ended 30 June 2009.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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

**Dividend Reinvestment Plans**

The dividend or distribution plans shown below are in operation.

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

Not applicable
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**7. Earnings Per Share – continuing operations**

	<b>2009</b> <b>¢ per share</b>	<b>2008</b> <b>¢ per share</b>
Basic EPS	(2.86)	23.73
Diluted EPS	(2.86)	23.71

***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:

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
Earnings (a)	(965)	8,012

	<b>2009</b> <b>No. '000</b>	<b>2008</b> <b>No. '000</b>
Weighted average number of ordinary shares (b)	33,753	33,753

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

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
Net profit/(loss)	(965)	9,972
Class A share dividends provided for or paid	-	(1,960)
Earnings used in the calculation of basic EPS	(965)	8,012

(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).

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**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:

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Earnings (a)	(965)	8,012
	<b>2009 No. '000</b>	<b>2008 No. '000</b>
Weighted average number of ordinary shares and potential ordinary shares (b), (c)	33,753	33,792

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

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Net profit/(loss)	(965)	9,972
Class A share dividends provided for or paid	-	(1,960)
Earnings used in the calculation of diluted EPS	(965)	8,012

(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:

	<b>2009 No. '000</b>	<b>2008 No. '000</b>
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:		
Director options	-	39
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	33,753	33,792

(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 due to the earnings of the Group being a loss.

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**8. Net Tangible Assets Per Ordinary Security**

	<b>2009</b>	<b>2008</b>
Net tangible assets per ordinary security	\$1.34	\$1.19

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

**Control gained over entities**

Name of entity (or group of entities)

30/6/09 – nil
30/6/08 – nil

Date control gained

30/6/09 – nil
30/6/08 – nil

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**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)

FY 30/06/09 – Capitalcorp Finance & Leasing Pty Ltd and subsidiaries  FY 30/06/08 – (a) Engineering Division (except TJM) (b) CMI Limited NZ
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Date control lost

FY 30/06/09 – 30 November 2008  FY 30/06/08 – (a) 01 April 2008 (b) 01 April 2008
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Refer Note 13 for details.

**10. Details of Associates and Joint Venture Entities**

Name of Entity	Ownership Interest		Contribution to net profit	
	2009	2008	2009 \$'000	2008 \$000
<b>Associates</b>	%			
Capitalcorp Finance & Leasing Pty Ltd	49	-	-	-
<b>Joint Venture Entities</b>	-	-	-	
<b>Aggregate Share of Profits/ (Losses)</b>	<b>\$'000</b>			
	(421)	-	-	-

**11. Contingent Liabilities and Contingent Assets**

	2009 \$'000	2008 \$'000
<b>Contingent liabilities</b>		
Guarantees issued to bank in respect of overseas purchases, lease of premises and restructure costs	214	154
<b>Contingent assets</b>		

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 Limited would require the surrender of the vendor loan. The directors have assessed the fair value of this option as \$nil at 30 June 2009.

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**CMI Limited**

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**12. Segment Reporting**

Information on Business Segments (primary reporting format)

BUSINESS	CONTINUING OPERATIONS				DISCONTINUED OPERATIONS							
	TJM Products		Electrical Components		Engineered Components		Financial Services Division		Corporate		Consolidated	
	30/06/09 \$'000	30/06/08 \$'000	30/06/09 \$'000	30/06/08 \$'000	30/06/09 \$'000	30/06/08 \$'000	30/06/09 \$'000	30/06/08 \$'000	30/06/09 \$'000	30/06/08 \$'000	30/06/09 \$'000	30/06/08 \$'000
<b>REVENUE</b>												
External Sales	34,968	44,807	49,108	51,901	104	112,303	7,488	22,399	3,810	810	95,478	232,220
Intersegment Sales (i)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	34,968	44,807	49,108	51,901	104	112,303	7,488	22,399	3,810	810	95,478	232,220
<b>RESULTS</b>												
Segment Result	(14,313)	1,452	11,885	14,863	(204)	(16,368)	(3,044)	(18,825)	1,484	(2,412)	(4,192)	(21,290)
<b>ASSETS</b>												
Segment Assets	16,071	27,851	30,411	51,122	-	-	-	1,330	18,838	-	65,320	80,303
<b>LIABILITIES</b>												
Segment Liabilities	4,659	7,249	4,286	16,995	-	-	-	1,330	3,125	-	12,070	25,574
Acquisition of property, plant and equipment and intangible assets	2456	1,593	299	66	-	983	47	67	4	-	2,806	2,709
Depreciation	1,782	1,505	295	377	8	1,147	64	714	1	-	2,150	3,743
Impairment losses non-cash	8,386	-	-	-	-	16,525	890	16,406	-	-	9,276	32,931

- (i) Intersegment transactions that (i) 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 Financial Year Ended 30 June 2009**

12. Segment Reporting (continued)

**Products and Services within each Business Segment**

For management purposes, the consolidated entity is organised into three major operating divisions - engineered components, electrical components and financial services. These divisions are the basis on which the consolidated entity reports its primary segment information. The 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 30 June 2009 the Group operated only in Australia.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**13. Discontinuing Operations**

FY 30/06/2009 – Capitalcorp Finance & Leasing and subsidiaries

FY 30/06/2008 - Engineering division (except TJM)

**(a) Details of operations disposed and held for sale**

FY 30/06/2009 - During the year CMI Limited sold 51% of its shares in Capitalcorp Finance & Leasing Pty Ltd to a private investor consortium. CMI Limited funded the losses of the business until 30 June 2009. Losses up to 30 June 2009 of \$421 thousand have been recognised. At 30 June 2009 CMI Limited was a party to a deed of cross-guarantee with this subsidiary pursuant to ASIC Class Order 98/1418. This cross-guarantee expired 19 August 2009. The remaining 49% of the share sale in Capitalcorp Finance & Leasing Pty Ltd was settled on 20 August 2009.

FY 30/06/2008 - 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 disposal was completed on 16 April 2008, on which date control of the business passed to the acquirer. 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.

**(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					
	2009			2008		
	Engineering \$'000	Capital Corp \$'000	Total \$'000	Engineering \$'000	Capital Corp \$'000	Total \$'000
Revenue	104	7,488	7,592	112,303	22,399	134,702
Expenses	(308)	(9,854)	(10,162)	(109,715)	(24,818)	(134,533)
Gross profit/(loss)	(204)	(2,366)	(2,570)	2,588	(2,419)	169
Gain on disposal	-	212	212	-	-	-
Finance costs	-	-	-	(2,431)	-	(2,431)
Impairment	-	(890)	(890)	(16,525)	(16,406)	(32,931)
Loss before tax from discontinued operations	(204)	(3,044)	(3,248)	(16,368)	(18,825)	(35,193)
Income Tax	2,270	464	2,734	2,009	315	2,324
Profit/(Loss) from discontinued operations	2,066	(2,580)	(514)	(14,359)	(18,510)	(32,869)

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**(c) Assets and liabilities - held for sale operations**

The major classes of assets and liabilities of Capitalcorp at 30 June 2009 are as follows:

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
<i>Assets</i>		
Cash and cash equivalents	-	25
Trade and other receivables	-	1,305
Deferred tax assets	-	-
<i>Assets classified as held for sale</i>	-	1,330
<i>Liabilities</i>		
Trade and other payables	-	1,287
Provisions	-	43
<i>Liabilities directly associated with assets classified as held for sale</i>	-	1,330
<i>Net assets attributable to discontinued operations</i>	-	-

**(d) Cash flow information – discontinued operations**

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

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Operating activities	(474)	185
Investing activities	5,449	2,390
Financing activities	(5,000)	(3,323)
Net cash flow	(25)	(748)

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**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

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

The major classes of assets and liabilities of the disposed of operations for Capitalcorp Finance & Leasing Pty Ltd (FY 2009) and Engineering less TJM (FY 2008) are as follows:

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
<b>Assets</b>		
Cash and cash equivalents	86	344
Inventory	-	23,531
Trade and other receivables	932	31,364
Current tax assets	-	124
Property plant and equipment	-	7,051
Goodwill	-	701
Other intangible assets	-	3,998
Future income tax benefit	-	202
Other	-	218
<i>Assets sold</i>	1,018	67,533
<b>Liabilities</b>		
Trade and other payables	1,230	16,172
Current tax payable	-	12
Provisions	-	9,923
<i>Liabilities sold</i>	1,230	26,107
<i>Net assets sold</i>	(212)	41,426

The net cashflows of the disposed of operations for Capitalcorp Finance & Leasing Pty Ltd (FY 2009) and Engineering less TJM (FY 2008) are as follows:

	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Operating activities	(474)	1,780
Investing activities	5,449	718
Financing activities	(5,000)	(3,323)
Net cash flow	(25)	(825)

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## CMI Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2009

Consideration received or receivable:

	2009 \$'000	2008 \$'000
Cash	-	26,426
Vendor loan provided (a)	-	15,000
Net disposal consideration	-	41,426
Less net assets disposed of	(212)	41,426
Profit on disposal before income tax	-	-
Income tax expense	-	(1,968)
Profit/(Loss) on disposal after income tax	212	(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 with a \$17 million face value. On recognition the directors assessed the fair value of this loan to be \$14 million, and not its face value of \$17 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. Any premium received above \$14 million will be recorded as interest income. At 30 June 2009 the \$17 million loan has been recorded by CMI at its fair value of \$16.5 million. The loan bears interest on normal terms.

Net cash inflow on disposal:

	2009 \$'000	2008 \$'000
Cash	-	26,426
Cash and cash equivalents disposed of	82	(344)
Reflected in the statement of cash flows	82	26,082

#### 14. Reconciliation of Income Tax Expense

	2009		Continuing Operations		Discontinued Operations	
	Consolidated	\$'000	\$'000	Capitalcorp		Engineering
	\$'000			\$'000	\$'000	
Profit/(Loss) Before Tax	(4,192)	(944)	(3,044)	-	-	(204)
At 30%	(1,257)	(283)	(913)	-	-	(61)
Prior year under/overs	(1,267)	-	-	-	-	(1,267)
Prior year amendments	(818)	-	-	-	-	(818)
Non deductible loss on sale	280	-	280	-	-	-
Impairment goodwill	440	440	-	-	-	-
Other	(91)	(136)	169	-	-	(124)
Tax Expense/(Benefit)	(2,713)	21	(464)	-	-	(2,270)

## CMI Limited

### Notes to the Financial Statements For the Financial Year Ended 30 June 2009

2008		Continuing Operations	Discontinued Operations	
	Consolidated		Capitalcorp	Engineering
	\$'000	\$'000	\$'000	\$'000
Profit/(Loss) Before Tax	(21,290)	13,903	(18,825)	(16,368)
At 30%	(6,387)	4,171	(5,647)	(4,911)
Impairment losses on goodwill	360	-	360	-
Foreign tax losses not recorded	232	-	-	232
Other items	58	-	(465)	523
Deferred tax asset not recorded	5,437	-	5,437	-
Research and development allowance	(300)	(240)	-	(60)
Assessable gain on disposal unit	1,968	-	-	1,968
(Over)/Under provision of income tax in previous year	239	-	-	239
Tax Expense/(Benefit)	1,607	3,931	(315)	(2,009)

#### 15. Other Financial Assets

	30/06/09 \$'000	30/06/08 \$'000
<b>Other Receivables</b>		
Loan receivable	16,500	15,000

Associated with the sale of the engineering business was a loan provided by CMI Limited to the vendor to purchase the business with a \$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 30 June 2009 two discount repayment periods have expired and the directors expect the third, fourth and fifth discount periods to expire in October 2009, April and October 2010. The loans fair value is \$16.5 million.

**Notes to the Financial Statements  
For the Financial Year Ended 30 June 2009**

**16. Subsequent Events**

On 20 August 2009 the sale of the remaining 49% holding in the shares of Capitalcorp Finance & Leasing Pty Ltd was completed for \$299,980 less certain adjustments based on the ongoing trading and liabilities of the business. CMI Limited is a party to a deed of cross-guarantee with this subsidiary pursuant to ASIC Class Order 98/1418. This cross-guarantee expired 19 August 2009.

On 31 July 2009 the company announced a proposal to undertake a selective capital reduction which will result in the buy-back of all 28,005,311 of its Class A shares. CMI intends to pay \$0.63 per Class A share funded by bank debt. This proposal requires approval by separate special resolutions passed by the Ordinary shareholders and Class A shareholders of CMI Limited and is conditional on the Company obtaining final credit approval from its financier.

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 financial year, 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.

**17. Other Significant Information**

Not Applicable

**18. 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 type="checkbox"/> | The accounts have been subject to review.           |
| <input checked="" 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