

Appendix 4D for the Half Year Ended 31 December 2010

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

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

		Percentage Change %	Amount \$'000
Revenue	up	36	to 49,457
Net profit/(loss) after tax attributable to members of the parent entity	up	55	to 6,110

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 \$6.11 million after tax.

A summary of segment results can be found under Note 9 Segment Reporting and the review of operations in the Directors Report of the Half Yearly Report for 31 December 2010.

The Directors have resolved not to pay an interim dividend to Ordinary or Class A shareholders.

Net Tangible Assets Per Ordinary Security

	31/12/10 \$	31/12/09 \$
Net tangible assets per ordinary security	\$1.48	\$1.45

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Other Significant Information

Not Applicable

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. | ✓ | 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

CMI Limited

**Results for Announcement to the Market
For the Half Year Ended 31 December 2010**

Half Yearly Report of CMI Limited for the Half Year Ended 31 December 2010

(ABN 98 050 542 553)

Current Reporting Period: Half Year ending 31 December 2010

Previous Corresponding Period: Half Year ending 31 December 2009

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**Consolidated Statement of Comprehensive Income
For the Half Year Ended 31 December 2010**

	Note	31/12/10 \$'000	31/12/09 \$'000
Revenue	2(a)	49,457	36,404
Other income	2(b)	871	370
Changes in inventories		1,504	(2,169)
Raw materials expense		(29,475)	(19,386)
Sub-contractors expense		(535)	(224)
Employee benefits expense		(6,280)	(6,032)
Repairs, maintenance and consumables expense		(392)	(315)
ASX and share register expense		(47)	(81)
Occupancy expense		(1,606)	(1,479)
Travel and communication expense		(1,030)	(871)
Freight and cartage expense		(1,969)	(956)
Depreciation and amortisation expense	2(c)	(498)	(401)
Finance costs		(87)	(203)
Fire damage expense		(499)	-
Other expenses		(1,142)	(1,083)
Profit from continuing operations before income tax expense		8,272	3,574
Income tax		(2,162)	(616)
Profit for the period from continuing operations after income tax expense		6,110	2,958
Discontinued operations			
Profit/(Loss) for the period from discontinued operations	10	-	975
Profit for the period		6,110	3,933
Other comprehensive income			
Foreign currency translation		(134)	23
Other comprehensive income for the period, net of tax		(134)	23
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,976	3,956
Profit for the period is attributable to the owners of the parent		6,110	3,933
Total comprehensive income for the period is attributable to the owners of the parent		5,976	3,956
<i>Earnings Per Share:</i>			
From continuing and discontinued operations:			
Basic (cents per share)	7	18.10	11.65
Diluted (cents per share)	7	18.10	11.65
From continuing operations:			
Basic (cents per share)	7	18.10	8.76
Diluted (cents per share)	7	18.10	8.76

Notes to the financial statements are included on pages 6 to 22

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**Consolidated Statement of Financial Position
As at 31 December 2010**

	Note	31/12/10 \$'000	30/6/10 \$'000
Current Assets			
Cash and cash equivalents		8,994	9,052
Trade and other receivables		18,620	14,794
Inventories		22,206	20,685
Total Current Assets		49,820	44,531
Non-Current Assets			
Other financial assets	11	8,500	8,500
Property, plant and equipment		4,785	4,297
Goodwill		6,850	6,850
Other intangible assets		2,054	1,783
Deferred tax assets		409	495
Total Non-Current Assets		22,598	21,925
Total Assets		72,418	66,456
Current Liabilities			
Trade and other payables		9,202	8,737
Borrowings		588	257
Current tax payables		1,914	2,501
Provisions		1,460	1,449
Total Current Liabilities		13,164	12,944
Non-Current Liabilities			
Borrowings		215	331
Provisions		182	300
Total Non-Current Liabilities		397	631
Total Liabilities		13,561	13,575
Net Assets		58,857	52,881
Equity			
Issued Capital		70,103	70,103
Reserves		108	242
Accumulated Losses		(11,354)	(17,464)
Total Equity		58,857	52,881

Notes to the financial statements are included on pages 6 to 22

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**Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2010**

	Issued Capital \$'000	Foreign Currency Translation Reserves \$'000	Employee Share Benefits Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
At 1 July 2010	70,103	80	162	(17,464)	52,881
Profit for the period	-	-	-	6,110	6,110
Net foreign exchange differences	-	(134)	-	-	(134)
Total comprehensive income for the half-year	-	(134)	-	6,110	5,976
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 December 2010	70,103	(54)	162	(11,354)	58,857
At 1 July 2009	70,103	-	162	(17,015)	53,250
Profit for the period	-	-	-	3,933	3,933
Net foreign exchange differences	-	23	-	-	23
Total comprehensive income for the half-year	-	23	-	3,933	3,956
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 December 2009	70,103	23	162	(13,082)	57,206

Notes to the financial statements are included on pages 6 to 22

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**Consolidated Cash Flow Statement
For the Half Year Ended 31 December 2010**

	<u>Note</u>	<u>31/12/10 \$'000</u>	<u>31/12/09 \$'000</u>
Cash Flows From Operating Activities			
Receipts from customers		49,491	40,954
Payments to suppliers and employees		(46,408)	(34,458)
Interest and other costs of finance paid		(59)	(160)
Income tax (paid)/refunded		(2,663)	(81)
Net cash provided by operating activities	4(d)	<u>361</u>	<u>6,255</u>
Cash Flows From Investing Activities			
Interest received		775	608
Payment for property, plant and equipment		(809)	(1,068)
Proceeds from sale of property, plant and equipment		23	78
Payment for deferred expenditure		(462)	(382)
Proceeds sale investments		-	326
Acquisition of subsidiary/investment	5	-	(608)
Net cash (used in) investing activities		<u>(473)</u>	<u>(1,046)</u>
Cash Flows From Financing Activities			
Proceeds from borrowings		528	407
Repayment of borrowings		(334)	(1,279)
Dividends paid		-	-
Net cash provided by/(used in) financing activities		<u>194</u>	<u>(872)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents		82	4,337
Cash and Cash Equivalents At The Beginning Of The Financial Period			
Net foreign exchange differences		9,052	1,342
Cash and Cash Equivalents At The End Of The Financial Period	4(a)	<u>8,994</u>	<u>5,702</u>

Notes to the financial statements are included on pages 6 to 22

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

Note	Contents
1	Summary of Accounting Policies
2	Profit from Operations
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5	Business Combination
6	Details relating to Dividends (Distributions)
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11	Other Non-Current Financial Assets

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

1. Summary of Accounting Policies

Basis of Preparation

The half year financial report is a condensed general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The half year financial report does not include notes of the type normally included in an annual financial report and it is recommended that the half-year report be read in conjunction with the 2010 annual financial report and considered together with any public announcements made by CMI Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

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.

This half-year consolidated financial report has been prepared by adopting accounting policies that are consistent with those adopted in the annual financial statements for the year ended 30 June 2010, with the exception of revisions to Australian Accounting Standards that have occurred on or after 1 July 2010.

Other amendments resulting from the Annual Improvements Project to the following Standards did not have any impact on the accounting policies, financial position or performance of the group:

- AASB 2009-5 Annual Improvements Project (2009) - Further Amendments
- AASB 2009-6 Amendments to Australian Accounting Standards (editorial amendments)
- AASB 2009-7 Amendments to Australian Accounting Standards (editorial amendments)
- AASB 2009-10 Classification of Rights Issues

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

All other revisions have been assessed to require no change in accounting policies nor are they expected to result in any significant impact upon reported results.

CMI Limited

Notes to the Financial Statements For the Half Year Ended 31 December 2010

	31/12/10 \$'000	31/12/09 \$'000
2. Profit From Operations – continuing operations		
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
(a) Revenue		
Sales of goods	48,511	35,796
Interest – other persons	946	608
	<u>49,457</u>	<u>36,404</u>
(b) Other income		
Other income	371	370
Insurance recovery relating to fire	500	-
	<u>871</u>	<u>370</u>
(c) Expenses		
Depreciation and amortisation of:		
Property, plant and equipment	(288)	(237)
Leased assets	(19)	(64)
Brandnames	-	-
Other intangibles	(191)	(100)
	<u>(498)</u>	<u>(401)</u>

3. Subsequent Events

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. 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	8,994	5,702
Bank Overdraft	-	-
	<u>8,994</u>	<u>5,702</u>

CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

	31/12/10 \$'000	31/12/09 \$'000
4. Notes to the Statement of Cash Flows (continued)		
<i>(b) Non-Cash Financing and Investing Activities</i>		
During the financial period, the economic entity acquired plant and equipment with an aggregate fair value of \$nil (2009: \$nil) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.		
<i>(c) Financing Facilities</i>		
A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:		
Amount used	-	-
Amount unused	9,000	9,000
	9,000	9,000
A finance lease facility with the National Australia Bank, reviewed annually:		
Amount used	433	770
Amount unused	3,417	3,080
	3,850	3,850
<i>(d) Reconciliation of Profit for the Period to Net Cash Flows From Operating Activities</i>		
Profit/(loss) for the period	6,110	3,933
(Gain)/loss on disposal of non-current assets	(3)	(79)
Depreciation and amortisation of non-current assets	498	401
Interest income classified as investing cash flow	(775)	(608)
Finance lease interest	21	37
Increase/(decrease) in current tax liability	(587)	690
Increase/(decrease) in deferred tax balances	85	(526)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	(4,004)	753
Current inventories	(1,482)	2,151
Increase/(decrease) in liabilities:		
Current payables	473	(531)
Current provisions	12	33
Non-current provisions	13	1
Net cash from operating activities	361	6,255

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Notes to the Financial Statements
For the Half Year Ended 31 December 2010

5. Business Combination

Businesses Acquired

On 1 October 2009, TJM Shenzhen acquired the business and assets of DaHe Automotive Supplies Ltd ("DaHe"). At the date of acquisition, DaHe Automotive Supplies Ltd was involved in the manufacturing, operating and development of auto-related components and parts, supplementary equipment and accessories, gifts, mechanical products and electronic products. The Group has recognised the fair values of the identifiable assets and liabilities.

	31/12/09 \$'000
Consideration	
Cash and cash equivalents	647
	647
Fair Value of Net Assets Acquired	
Current assets:	
Cash and cash equivalents	39
Receivables	81
Inventories	466
Deposits	10
Non-current assets:	
Intangibles	-
Property, plant and equipment	348
Deferred tax assets	-
Current liabilities:	
Payables	(297)
Current tax liabilities	-
Non-current liabilities:	
Provisions	-
Net assets acquired	647
Brandname on acquisition	-
Goodwill on acquisition	-
	647
Net Cash Outflow on Acquisition	
Cash and cash equivalents consideration	647
Less cash and cash equivalents balances acquired	39
	608

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

5. Business Combination (continued)

Control gained over entities

Year	Name of entity (or group of entities)	Date control gained	% Acquired
2010	Not Applicable	Not Applicable	Not Applicable
2009	TJM Shenzhen Ltd	01/10/09	100%

The consolidated statement of comprehensive income includes sales revenue and net profit/(loss) for the half year ended 31 December 2009 of \$432,000 and \$76,000 respectively, as a result of the acquisition of TJM Shenzhen Ltd.

CMI have determined it impracticable to disclose the sales revenue and profit/(loss) included in the consolidated statement of comprehensive income had the acquisition of TJM Shenzhen Ltd occurred at the beginning of the reporting period. CMI have assessed that an objective determination of the sales revenue and net profit since the beginning of the reporting period was not able to be made and as such disclosure has not been made.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

6. Details Relating to Dividends (Distributions)

		Amount per security €	Franked Amount per security €
Interim dividend – Ordinary	2010	-	-
Final dividend – Ordinary	2009	-	-
Interim dividend – Class A	2010	-	-
Final dividend – Class A	2009	-	-

Interim dividend (distribution) on all securities

	31/12/10 \$'000	31/12/09 \$'000
Ordinary securities (each class separately)	-	-
Class A (each class separately)	-	-
Total	-	-

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 2010.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

7. Earnings Per Share

	31/12/10 € per share	31/12/09 € per share
Basic EPS		
From continuing operations	18.10	8.76
From discontinued operations	-	2.89
Total basic earnings per share	<u>18.10</u>	<u>11.65</u>
Diluted EPS		
From continuing operations	18.10	8.76
From discontinued operations	-	2.89
Total basic earnings per share	<u>18.10</u>	<u>11.65</u>

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:

	31/12/10 \$'000	31/12/09 \$'000
Net profit/(loss)	6,110	3,933
Class A share dividends provided for or paid	-	-
Earnings used in the calculation of basic EPS from continuing and discontinued operations	6,110	3,933
Adjustments to exclude (profit)/loss for the period from discontinued operations	-	(975)
Earnings used in the calculation of basic EPS from continuing operations	<u>6,110</u>	<u>2,958</u>
	31/12/10 No. '000	31/12/09 No. '000
Weighted average number of ordinary shares (a)	<u>33,753</u>	<u>33,753</u>

- (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).

CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

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:

	31/12/10 \$'000	31/12/09 \$'000
Net profit/(loss)	6,110	3,933
Class A share dividends provided for or paid	-	-
Earnings used in the calculation of diluted EPS from continuing and discontinued operations	6,110	3,933
Adjustments to exclude (profit)/loss for the period from discontinued operations	-	(975)
Earnings used in the calculation of diluted EPS from continuing operations	6,110	2,958

	31/12/10 No. '000	31/12/09 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:

	31/12/10 No. '000	31/12/09 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 2010

8. Contingent Liabilities, Contingent Assets and Commitments

	<u>31/12/10</u> <u>\$'000</u>	<u>31/12/09</u> <u>\$'000</u>
<i>Contingent liabilities</i>		
Guarantees issued to bank in respect of overseas purchases and lease of premises	1,254	933

Australian Taxation Office Audit

The group is currently responding to a number of inquiries made by the Australian Taxation Office. Based on the evidence the Directors believe there will be no liability and will strenuously defend any claim.

Contingent assets

Option to purchase

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 April 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 2009 and 31 December 2010.

TJM Warehouse Fire

On 16 October 2009 a fire took place at the head office of the TJM business Unit. As a result of this fire the TJM and Corporate business units of CMI Limited incurred interruptions to business and trading activities. The CMI Limited Group carries appropriate and adequate Fire and Business Interruption insurance for these events and disruptions.

A claim for Material Damage, Additional Increased Cost of Working and Loss of Gross Profit incurred between October 2009 and October 2010 has been submitted to CMI's insurers. The claims have not been recognised as a receivable as at 31 December 2010. During the 2010 financial year, the insurers made a preliminary payment on account of an amount of \$4.0 million (net of deductibles). During the current period, the insurers made a further payment on account of an amount of \$0.5 million that has been recognised in the Statement of Comprehensive Income. The insurers continue to review the lodgement to consider a further payment on account.

The claim cannot be reliably measured at the reporting date and disclosure of further information about this matter would be prejudicial to the interests of the group.

Commitments

TJM Shenzhen Capital Commitment

At 31 December 2009 CMI Limited had a commitment to contribute A\$48,680 (US\$43,660) in capital by 30 September 2011. The commitment relates to contributions to the registered capital of the company in accordance with TJM Shenzhen's articles of association and was contributed during the current period.

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**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

9. Operating Segments

Information on reportable operating segments from continuing operations:

BUSINESS	CONTINUING OPERATIONS							
	TJM Products – Domestic		TJM Product – Overseas		Electrical Components		Consolidated	
	31/12/10 \$'000	31/12/09 \$'000	31/12/10 \$'000	31/12/09 \$'000	31/12/10 \$'000	31/12/09 \$'000	31/12/10 \$'000	31/12/09 \$'000
REVENUE								
External sales	18,638	14,142	449	161	28,924	21,493	48,011	35,796
Intersegment sales (i)	-	-	1,405	271	-	-	1,405	271
Other revenue	500	-	-	-	-	-	500	-
Total Segment Revenue	19,138	14,142	1,854	432	28,924	21,493	49,916	36,067
Interest income							946	608
Dividend income							-	-
Inter-segment eliminations							(1,405)	(271)
Total revenue per the statement of comprehensive income							<u>49,457</u>	<u>36,404</u>
RESULT								
Segment result	613	(1,067)	129	76	7,483	5,030	8,225	4,039
Reconciliation of segment net profit before tax to net profit/loss before tax								
Interest income							946	608
Employee benefits							(511)	(476)
ASX and share register expense							(47)	(81)
Borrowing costs							(66)	(166)
Other expenses from ordinary activities							(275)	(350)
Income tax expense							(2,162)	(616)
Net profit after tax per the statement of comprehensive income							<u>6,110</u>	<u>2,958</u>

(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.

CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

9. Operating Segments (continued)

BUSINESS	TJM Products – Domestic		TJM Product – Overseas		Electrical Components		Consolidated	
	31/12/10 \$'000	30/06/10 \$'000	31/12/10 \$'000	30/06/10 \$'000	31/12/10 \$'000	30/06/10 \$'000	31/12/10 \$'000	30/06/10 \$'000
SEGMENT ASSETS								
Segment operating assets	20,330	18,453	1,341	1,550	34,444	29,998	56,115	50,001
Reconciliation of segment assets to the statement of financial position								
Cash and cash equivalents							6,571	6,934
Other financial assets							8,500	8,500
Future income tax benefits							313	472
Property, Plant & Equipment							7	7
Other assets							566	367
Intersegment Eliminations							346	175
Total assets from continuing operations per the statement of financial position							72,418	66,456

CMI Limited

Notes to the Financial Statements
For the Half Year Ended 31 December 2010

9. Operating Segments (continued)

BUSINESS	TJM Products – Domestic		TJM Product – Overseas		Electrical Components		Consolidated	
	31/12/10	30/06/10	31/12/10	30/06/10	31/12/10	30/06/10	31/12/10	30/06/10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SEGMENT LIABILITIES								
Segment liabilities	5,100	5,315	513	454	5,528	4,943	11,141	10,712
Reconciliation of segment assets to the statement of financial position								
Bank Loan							-	-
Tax Payables							1,797	2,501
Other Liabilities							623	362
Total liabilities from continuing operations per the statement of financial position							13,561	13,575

BUSINESS	TJM Products – Domestic		TJM Product – Overseas		Electrical Components		Reconciliation to statement of cashflows		Consolidated	
	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASHFLOW INFORMATION										
Net cash flow from operating activities	172	432	75	(90)	7,727	(3,640)	(1,814)	361	6,255	
Net cash flow from investing activities	(1,165)	(1,526)	52	(363)	(91)	749	934	(473)	(1,046)	
Net cash flow from financing activities	(141)	(816)	44	708	(47)	323	(717)	194	(872)	

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

9. Operating Segments (continued)

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into three major operating divisions – electrical components, 4WD components domestic and 4WD components overseas. 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 design, distribution 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.

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CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

10. Discontinued Operations

	Consolidated					
	31/12/10			31/12/09		
	Enginee- ring \$'000	Capital Corp \$'000	Total \$'000	Enginee- ring \$'000	Capital Corp \$'000	Total \$'000
Revenue	-	-	-	-	-	-
Expenses	-	-	-	(30)	-	(30)
Gross profit/(loss)	-	-	-	(30)	-	(30)
Recoverable expenses	-	-	-	241	-	241
Gain on disposal	-	-	-	-	393	393
Finance costs	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Profit/(Loss) before tax from discontinued operations	-	-	-	211	393	604
Income Tax	-	-	-	371	-	371
Profit/(Loss) from discontinued operations	-	-	-	582	393	975

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CMI Limited

**Notes to the Financial Statements
For the Half Year Ended 31 December 2010**

10. Discontinued Operations (continued)

Discontinued operations

During the 2009 financial year CMI Limited sold 51% of its shares in Capitalcorp Finance & Leasing Pty Ltd to a private investor consortium. 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 and the proceeds are included in the prior period.

The results of the discontinued operations which have been included in the Statement of Comprehensive Income 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:

	31/12/10 \$'000	31/12/09 \$'000
Revenue	-	-
Other income	-	393
Recoverable expenses	-	241
Other expenses	-	(30)
Profit/(Loss) before income tax expense	-	604
Income tax	-	371
Profit/(Loss)for the year from discontinued operations	-	975
	31/12/10 \$'000	31/12/09 \$'000
Cash flows from discontinued operations:		
Net cash flows from operating activities	-	(30)
Net cash flows from investing activities	-	300
Net cash flows from financing activities	-	-
Net cash flows	-	270

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date were \$nil (2009: \$nil).

CMI Limited

Notes to the Financial Statements For the Half Year Ended 31 December 2010

11. Other Non-Current Financial Assets

	31/12/10 \$'000	30/06/10 \$'000
Other receivables		
Loan receivable	8,500	8,500

Associated with the sale of the engineering business was a loan provided by CMI Limited to the purchaser to purchase the business with a \$17 million face value. 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 \$17 million loan had been recorded by CMI at its fair value of \$14 million at 30 June 2008 and classed as a current financial asset as it was expected to be repaid in the following 12 month period. 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 was to be recorded as interest income.

As at 30 June 2009 two discount repayment periods had expired and the directors expected the third, fourth and fifth discount periods to expire in October 2009, April and October 2010. The loan was carried at \$16.5 million at 30 June 2009.

As at 31 December 2009 three discount repayment periods had expired and the directors expected the fourth and fifth discount periods to expire in April and October 2010. The loan was carried at \$16.5 million at 31 December 2009.

On a regular basis the Board of CMI has assessed the recoverable value of the loan by assessing if there is any objective evidence of impairment as a result of one or more events that have occurred. On 24 June 2010 the Board determined that objective evidence of impairment in the loan balance existed (based on information provided by the borrower and other external sources) and again re-assessed the estimated future cash flows from this asset. As a result of this the loan's carrying value exceeded its recoverable value by \$8 million and an impairment expense and provision for this amount was recorded. The loan was carried at \$8.5 million at 30 June 2010.

In forming the accounts at 31 December 2010 and subsequent to this date the Board's assessment of the loan's recoverable value has not changed with respect to this loan.

CMI LIMITED
DIRECTORS' REPORT

The directors of CMI Limited submit herewith the financial report for the half-year ended 31 December 2010. 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 (Chairman)
Raymond D. Catelan (Executive Director)
Danny Herceg (Director)
Richard D. Catelan (Executive Director)

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 \$49,457 thousand (2009: \$36,404 thousand). The company's profit after tax from continuing and discontinued operations was \$6,110 thousand (2009: \$3,933 thousand).

The Electrical Division produced a pre-tax profit of \$7.5m. The second quarter results were the strongest results since 2008. Sales were up by 35% compared to the same period last year with sales in November and particularly December being strong. However, sales month to month continue to be variable with sales expected to fluctuate throughout the remainder of the 2011 financial year with results in January to March expected to be effected to some degree by order delays caused by the recent floods in south east and central Queensland.

The TJM Products Division, comprising both the Australian and China operations, produced a pre-tax profit of \$0.7m. The return to profitability can be attributed to stronger export and original equipment sales as well as an improved margin due to sourcing product from China. Domestic sales continued to be soft for the period.

INDEPENDENCE DECLARATION BY AUDITORS

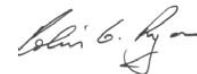
The auditor's independence declaration is included on page 25.

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



Raymond D. Catelan
Director

BRISBANE
Dated: 28 February 2011

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CMI LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

In accordance with a resolution of the directors of CMI Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Colin G. Ryan
Chairman



Raymond D. Catelan
Director

BRISBANE

Dated: 28 February 2011

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Auditor's Independence Declaration to the Directors of CMI Limited

In relation to our review of the financial report of CMI Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Brad Tozer".

Brad Tozer
Partner
28 February 2011

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Independent review report to members of CMI Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CMI Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the **Half-Year** Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Interim and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 and the entities it controlled during the half-year, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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*.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Brad Tozer".

Brad Tozer
Partner
Brisbane
28 February 2011

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