cmi LIMITED

2013 ANNUAL REPORT

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ANNUAL GENERAL MEETING

The Annual General Meeting of CMI Limited will be held at The Westin Sydney, on Wednesday, 6 November 2013 at 10.00 am (Sydney time).

The business of the meeting is outlined in the formal Notice and Proxy Form that is enclosed with this report.

FINANCIAL CALENDAR

Financial year end	30 June 2013
ASX announcement of results and dividend	22 August 2013
Annual General Meeting	6 November 2013

Chairman's Review

The past financial year has been one of consolidation following significant changes in 2012. The Electrical business has faced challenges associated with the general downturn in mining activity, while the Company's restructuring of the TJM business will be completed by the end of the calendar year.

Results

The Company achieved revenues of $111.8m in the 2013 financial year, with a pre-tax profit of $13.1m. Although revenues have held up well in a difficult trading environment, earnings have been impacted by a number of factors including the mining downturn (in the Electrical division) and continued restructuring and investment for growth (in TJM). This is discussed in more detail below.

It was with some pleasure that in August the board declared a final and fully franked dividend of 6c per share. The reintroduction of dividends marks an important milestone for CMI and its shareholders, having been through a challenging period of restructuring over several years.

Electrical Division

The Electrical Division produced a pre-tax profit of $18.5m, a decrease of $3.0m on the 2012 year. Revenue decreased to $70.8m, 4% (or $3.0m) down on prior year.

Lower coal prices have continued and this has resulted in further rationalisation of the coal mining industry. This has resulted in reduced revenues from the division's mining product range. Although revenue from the building and construction product range for the year is higher than the prior year, and overall revenues are only 4% down, the decreased sales of higher margin mining products and the increased sales of lower margin building and construction products changed the mix of sales margin. This has resulted in lower overall margin and lower Electrical Division earnings.

Continued deferral and cancellation of coal sector capital expenditure was more evident in the second half of the financial year.

However, the board's outlook in the medium term is positive. The strength of the business is its focus on its client relationships across the product lines and the quality of its mining products. The Electrical Division continues to work on the introduction of new products along with improvements to its existing proprietary product range. The board continues to look for appropriate and synergistic acquisition opportunities to grow this division, with a focus on opportunities driven by current market conditions.

TJM Division

The TJM Products Division produced a pre-tax loss of $2.3m, a decrease of $3.3m on the 2012 year. Revenue (excluding intercompany sales) increased to $40.9m, 4% (or $1.5m) up on last year.

This year has been a period of continued review and reform in TJM. TJM Products Division has undergone an extensive transformation in order to realign itself with its existing customer base and new markets. This period has encompassed a thorough review of resources to meet current and anticipated growth. Initiatives have included further investment in off-shore production facilities to ensure the products offered by TJM are world class.

These initiatives are now largely in place and CMI expects to see improvements in revenues as these initiatives take effect. Earnings were impacted by factors including one-off restructuring costs, staff restructuring costs, internet website development and supply chain development. As restructuring initiatives are finalised in the first half of the 2014 financial year, CMI expects these costs to stabilise. The board expects to see signs of earnings improvement in the second half of the 2014 financial year.

Revenue from the TJM domestic stores network, excluding Original Equipment (OE) domestic sales, is up by 10% on prior year. Revenue from OE is up by 21%, however OE tendering is highly competitive and pressure on margins may impact on OE sales in future periods. These increases are due to an increased demand from the major OE customer, increased production capacity and a domestic price review.

Export revenues from the TJM Group are down by 11%. This is due to a number of export markets being adversely affected by the strong AUD and local poor economic factors during this financial year. Export growth will be a continued focus for the upcoming year.

The Coming Year

The impact of subdued economic conditions in the resources sector was more pronounced in the second half of FY13. This resulted in a reduction in EBIT from $8.7m in the first half of FY13 to $4.8m in the second half. We expect these economic conditions to persist through at least the first half of FY 14, although we anticipate some improvement starting in the second half of FY14. The speed of this recovery will likely determine how close we can get to matching the FY13 full year result.

Board and management

In March, Colin Ryan resigned as executive and chairman of CMI and I replaced Mr Ryan in his role as chairman. At the same time, the board appointed Sharyn Williams as finance director, and she has been an excellent addition to the board. In May, the board appointed Ross Rolfe as an independent non-executive director, bringing to the board strong skills and experience in the energy, infrastructure and contracting sectors.

In line with its corporate governance plan, the board regularly assesses the composition of the board and the overall management structure. While CMI has strong managers in both its Electrical and TJM divisions, there is still scope to appoint a chief executive overseeing both businesses and having primary responsibility for implementing the strategic direction set by the board. We expect to make an appointment to this role in the near future.

A long term performance rights incentive plan has been implemented to encourage retention and stability and reward performance of our senior executives. Appropriate performance hurdles have been applied on an executive by executive basis, including operational revenue growth, profitability, share price growth and tenure.

Acknowledgements

I acknowledge the contribution of the Board members, and particularly the general managers of each of the Electrical and TJM divisions, to the Company during the year. The board also acknowledges and thanks Mr Ryan for his significant contribution to CMI over the last 6 years.

On behalf of the Board I express our appreciation to the management and staff of the Company during what was a busy year.

Danny Herceg
Chairman

Finance Review

The Group reported a Net Profit after Tax of $9.8m for the financial year ended 2013, an increase of 84% on the prior year. The prior year was impacted by a $9.3m impairment before tax of the loan receivable from CMI Industrial Pty Ltd. Before this impairment, Net Profit After Tax decreased 33% compared to the prior year.

This result was driven largely by the:

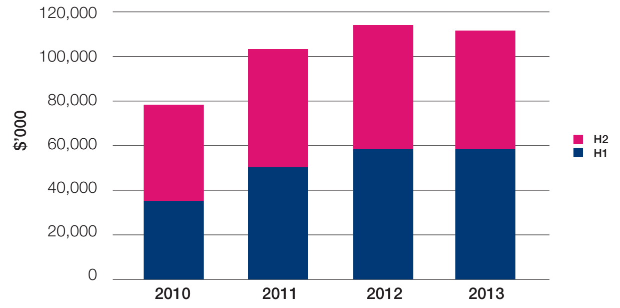
- decreased Electrical Division earnings as a result of lower overall margin due to the decreased sales of higher margin mining products and the increased sales of lower margin building and construction products; and
- increased costs in the TJM division as part of the restructure of this division.

The company balance sheet remains conservatively geared. During the year, the bank debt relating to the simplification of the capital structure of the Company through the buy-back of the Class A shares was repaid. At the beginning of the year the company had net debt of $2.2m. The net cash of the Group at 30 June 2013 was $6.4m.

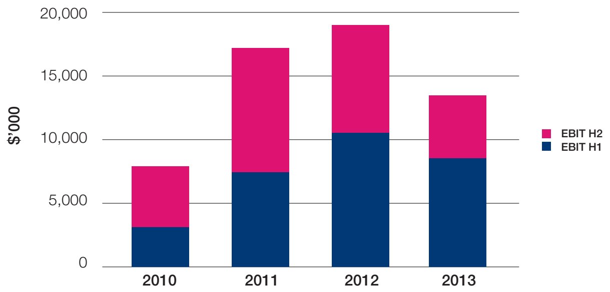
The Group generated positive operating cashflows of $10.7m, an increase of 12% compared to the prior year. Investments made into capital expenditure were $2.5m, with particular focus on the expansion of the TJM China based production facility and the development of products in both the Electrical and TJM divisions. During the year working capital requirements of the group were stable.

The Directors are pleased to declare a final dividend of $0.06 per share in respect of Ordinary shares for the year ended 30 June 2013. The dividend is payable on 4 October 2013 to shareholders registered on the Record Date of 3 September 2013.

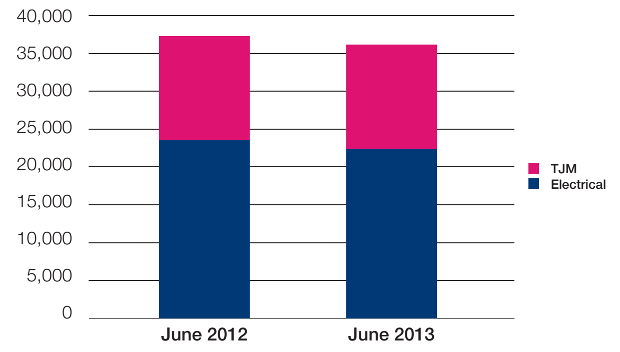
Group Revenue (including Interest Received)



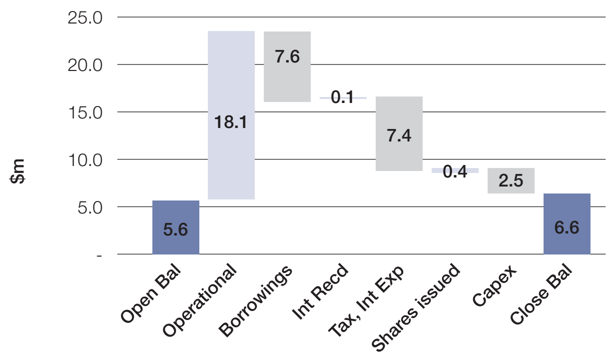
Group EBIT Before Net Interest, Impairment & Discontinued Operations



Divisional Working Capital



Cash Generation



Electrical Operational Review

This division specialises in the manufacture of specialty electrical cables, sourcing and supply of niche electrical cables, high voltage cables, flexible cables and plugs and couplers.

Market penetration is achieved through 7 distribution outlets, 5 that are run by the company in Sydney, Brisbane, Rockhampton, Melbourne and Perth and 2 distributors located in New Zealand and Adelaide.

CMI Electrical comprises a number of well known product brands which include the following:

- Hartland Cables
- Minto Industrial Products
- XLPE Cables
- Aflex Cables

Each of the five Electrical Components business units focuses on one or two industry sectors and the cumulative reach of the division's product range now extends across mining, industrial and construction.

The Electrical Division produced a pre-tax profit of $18.5m, a decrease of $3.0m on the 2012 year. Revenue decreased to $70.8m, 4% (or $3.0m) down on prior year.

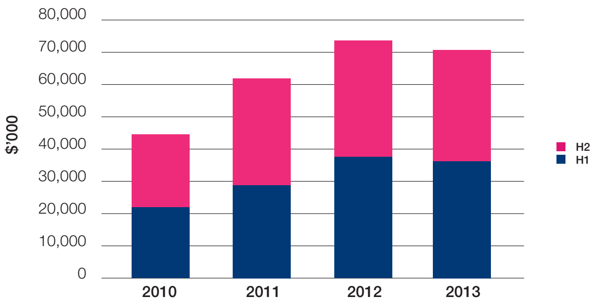
Revenue from the building and construction product range for the year is higher than the prior year. Revenue from the mining product range decreased on prior year. The decreased sales of higher margin mining products and the increased sales of lower margin building and construction products has resulted in lower overall margin and lower Electrical Division earnings.

Lower coal prices continued and this resulted in further rationalisation of the Coal Mining industry. Continued deferral and cancellation of capital expenditure was more evident in the second half. Mines continued to reduce operational costs, which consequently impacted the Electrical Division revenue from the sale of its products into the underground coal mining sector.

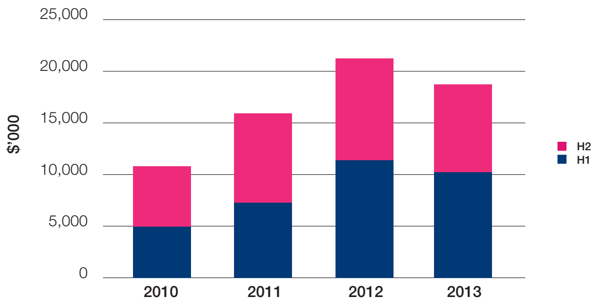
In the 2014 year CMI Electrical proposes to focus on the following:

- Increasing the revenue and margins
- Continuation of the introduction of new products to the market along with improvements to its Mining Product range
- Reviewing growth opportunities through acquisition

Electrical Revenue



Electrical EBIT



TJM Operational Review

This division specialises in designing, manufacturing, wholesaling and retailing of vehicle accessories for the 4WD, SUV & Trade markets.

Primary products include bull bars, winches, recovery gear, snorkels & suspension.

Market penetration is achieved through approximately 55 TJM branded aftermarket retail distribution stores throughout Australia, product supply to major original equipment manufacturers and direct export to a distribution network covering most continents.

The TJM Products Division produced a pre-tax loss of $2.3m, a decrease of $3.3m on the 2012 year. Revenue (excluding intercompany sales) increased to $40.9m, 4% (or $1.5m) up on last year.

Revenue from the TJM domestic stores network, excluding Original Equipment (OE) domestic sales, is up by 10% on the prior year. Revenue from OE is up by 21%, however OE tendering is highly competitive and pressure on margins may impact on OE sales in future periods. These increases are due to an increased demand from the major OE customer, increased production capacity and a domestic price review.

Export revenues from the TJM Group are down by 11%. This is due to a number of export markets being adversely affected by the strong AUD and poor economic factors during this financial year.

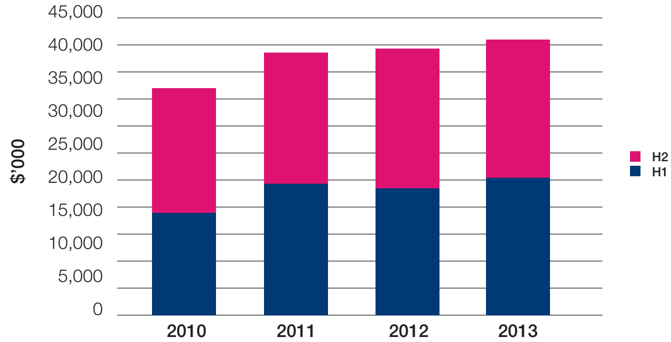
Earnings were impacted by one off restructuring costs of $0.7m related to new market establishment, staff restructuring costs, internet website development and supply chain development and by losses in the USA operation of $0.3m, an improvement on prior year of 22%.

TJM Products Division has undergone a year of transformation in order to realign itself with its existing customer base and new markets. This period has encompassed a thorough review of resources to meet current and anticipated growth. Initiatives have included further investment in off-shore production facilities to ensure the products offered by TJM are world class.

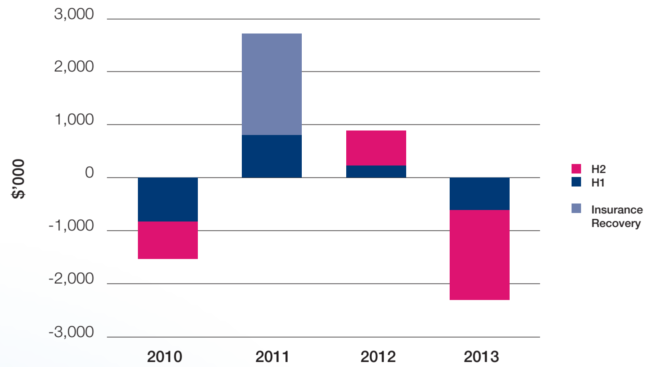
The focus for the coming twelve months will be increased revenues and margin improvements through a combination of:

- A more efficient and cost-effective supply chain;
- An increase in branded domestic distribution outlets and increased penetration in existing distribution outlets;
- Increased market penetration in export markets;
- Further improvements to time to market of new products;
- Expansion of the existing product range using branded and third party products; and
- An increase in the capacity in the off-shore production facility to improve margins and control quality of selective products.

TJM Revenue



TJM EBIT



Directors and Senior Management

Danny Herceg

Chairman

Danny Herceg joined the board in March 2007 as an independent director. Danny is a senior corporate and commercial lawyer with a specialisation in capital raisings, mergers and acquisitions, privatisations, restructurings and venture capital.

Danny commenced practise in 1990 after completing degrees in science and law. He was a capital raisings partner of Gilbert + Tobin before establishing Herceg Lawyers in 2002.

In addition to Danny's capital raisings expertise, Danny advises on various commercial and corporate law issues, including prospectus issues, corporate governance and employee share and option plans, as well as joint ventures and non-equity funding.

Jeff Heslington

General Manager – Electrical Components Division

Jeff Heslington joined CMI's Hartland Cables business in 1999. Since then he has focused on strengthening the Electrical Components Division's product range, including new design development.

Mr Heslington, who is based in Sydney, was appointed General Manager of the Electrical Components Division in 2002. He has over 20 years experience in the electrical industry having worked for a range of companies including MM Cables where he was heavily involved in exports and government contracts.

Ross Rolfe

Non-Executive Director

Ross Rolfe joined the board in May 2013 as a non-executive and independent director. Mr Rolfe has broad experience as both a Chief Executive and an independent director of Australian companies operating in the energy, infrastructure and contracting sectors. Ross is currently the Chair of WDS Limited, an ASX listed company that supplies contracting services to the coal and gas industries. He is also the Chair of CS Energy, a government owned generation company based in Queensland and a Non-Executive Director of Infigen Energy, an ASX listed company with a renewable energy portfolio in Australia and the USA. In addition, he holds a senior executive role in Lend Lease and has previously held positions as Chief Executive Officer of Alinta Energy and Stanwell Corporation as well as Director-General of the Departments of Premier and Cabinet, Trade, State Development and Coordinator-General in Queensland.

Stephen O'Brien

General Manager – TJM Products Division

Stephen O'Brien joined CMI's TJM business in February 2012 as General Manager.

Mr O'Brien has had 20 years senior executive experience in blue chip companies across various industry sectors within Australia and internationally. He has held Directorship roles in publicly listed companies. Additionally, he has used his experience for the benefit of community organisations.

Mr O'Brien holds a Bachelor Degree in Business and Diploma in Company Directorship.

Leanne Catelan

Non-Executive Director

Ms Catelan joined the board in August 2011 and is a substantial shareholder in CMI Limited.

Ms Catelan has commercial and management experience within both private and public company structures. Leanne is a Member of the Australian Institute of Company Directors.

Sharyn Williams

Finance Director/ Company Secretary – CMI Limited

Sharyn joined CMI Limited in July 2007. Ms Williams was appointed Company Secretary and Chief Financial Officer in April 2008 and Finance Director in March 2013.

Ms Williams holds Bachelor degrees in Business and Education, is a member of CPA Australia, a Chartered Secretary and a Graduate Member of the Australian Institute of Company Directors.

Financial Report

Corporate Governance Statement

The Board of Directors ("Board") is responsible for the corporate governance practices of the Company. Following the release of the Principles of Good Corporate Governance and Best Practice Recommendations by the ASX Corporate Governance Council, the Board formalised a Corporate Governance Charter in 2004. The summary of the Corporate Governance Charter is available on the Company's website (www.cmilimited.com.au). The ASX Corporate Governance Council updated the Principles and Recommendations in 2010.

The following statement sets out the main corporate governance practices adopted by the Board for the year ended 30 June 2013 based on the Corporate Governance Principles and Recommendations (Second Edition August 2007) and discloses any instances of non-compliance with, and reasons for not adopting, the best practice recommendations of the ASX Corporate Governance Council.

Lay Solid Foundations for Management and Oversight

The Board is responsible for, and has the authority to determine, all matters relating to the running of the Company including the policies, practices, management, operations and objectives of the Company. It is the role of management to manage the Company in accordance with the directions of the Board. The functions reserved to the Board, and those delegated to management, are disclosed in the Corporate Governance Charter.

Each year the Board, with the assistance of the Remuneration Committee, undertakes a review of the performance of senior executives. The measures generally relate to the performance of CMI Limited, the performance of the executive's divisions, and the performance of the executive individually. Further details of the assessment criteria for senior executive remuneration (including equity-based share plans) are disclosed in the Remuneration Report.

Structure the Board to Add Value

During the year ended 30 June 2013, the Board comprised six directors – two executives and four non-executives. As at the date of this statement, the Board comprises four directors - one executive and three non-executives. Details of the directors, including their skills, expertise, length of service and independence, are set out in the Directors' Report.

An independent director is one who is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the company. The Board does not consider that independence can be assessed with reference to an arbitrary and set period of time.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of CMI Limited are considered to be independent at 30 June 2013:

Name	Position
Danny Herceg	Chairman
Ross Rolfe	Non-executive director

The Board acknowledges the ASX Corporate Governance Council recommendation that the Board should consist of a majority of independent directors, however, the Board is of a view that the current composition of the Board is appropriate at this time.

The Executive Chairman Mr Ryan ceased carrying out the roles of Chairman and Managing Director in March 2013. The Board acknowledges the recommendation of the ASX Corporate Governance Council that the Chairman and Managing Director roles should not be exercised by the same individual and have appointed Mr Herceg as Independent Chairman. The position of Managing Director is currently vacant. While CMI has strong managers in both its Electrical and TJM divisions, there is still scope to appoint a chief executive overseeing both businesses and having primary responsibility for implementing the strategic direction set by the board. The company expects to make an appointment to this role in the near future.

With the prior approval of the Board, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities.

The Board established an Audit Committee in 1994 and a Remuneration Committee in 1998. Each has had a formal charter since that time. A summary of the charters are available on the Company's website.

The Board performs the duties of the Nomination Committee. There is no established formal Nomination Committee. Due to the small number of directors it is unlikely that the company would obtain additional benefits from a formal committee structure.

The Group has an informal process to educate new Directors about the nature of the business, current issues, the Group strategy and the expectations of the performance of Directors. Executive management presents to the Board on a regular basis to enable the Directors to gain a better understanding of the business operations. The performance of all other Directors and of Committees is reviewed and assessed each year by the Chairman. The performance of the Chairman is reviewed and assessed each year by the other Directors.

Promote Ethical and Responsible Decision Making

It is part of the philosophy of the Company that it will at all times comply with the law and behave ethically.

The Company has a Code of Ethics to guide directors, the Managing Director, and other executives as to the practices necessary to maintain confidence in the Company's integrity, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The directors and employees must be aware of, and comply with the provisions of, the Corporations Act 2001 in relation to insider trading. The Company has Security Transaction Rules that set out the policy of the Company on dealing in shares and securities by directors and employees. These are formally acknowledged by all directors and relevant employees of the Company.

The Code of Ethics and the Security Transaction Rules form part of the Corporate Governance Charter available on the Company's website. The Company website also makes available the Workplace Gender Equality Act Public Report for the 2013 year.

The Group is committed to fostering a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management.

CMI is committed to:

- promoting diversity among employees, consultants and senior management throughout the CMI Group;
- keeping shareholders informed of CMI's progress towards implementing and achieving its diversity objectives; and
- complying with the diversity recommendations published by the ASX by establishing measurable objectives for achieving gender diversity.

To this end, the Group supports and complies with the recommendations contained in the ASX *Corporate Governance Principles and Recommendations*. The Group has established a diversity policy outlining the board's measurable objectives for achieving diversity. This is assessed annually to measure the progress towards achieving those objectives. The diversity policy is available in the corporate governance section on the Group's website.

Outlined below are the diversity objectives established by the board, the steps taken during the year to achieve these objectives, and the outcomes.

Increase the number of women in the workforce, including senior management positions and at board level.

Key senior female appointments during the year included:

- Appointment of Executive Board member on 15 March 2013.
- CMI appointed 1 female in a managerial role.
- As at 30 June 2013, women represented 26% of the Group's workforce (2012: 24%), 33% in senior executive positions (2012: 25%) and 50% at board level (2012: 33%).

During the year CMI Limited implemented a Paid Parental Leave scheme.

For the upcoming financial year, the Group targets to maintain female representation in the Group's workforce at 26%, 33% in senior executive positions and 50% at board level.

Review gender pay gaps on an annual basis and implement actions to address any variances.

During the year, as part of the annual remuneration review, management identifies gender bias in performance assessment and remuneration and aligns identified pay disparity.

Promote an inclusive culture that treats the workforce with fairness and respect.

CMI has set a zero tolerance policy against discrimination of employees at all levels. The company also provides avenues for employees to voice their concerns or report any discrimination.

- Nil cases of discrimination were reported during the year (2012: 1).

Provide development opportunities for every employee, irrespective of any cultural, gender and other differences.

Whilst CMI places special focus on gender diversity, development opportunities are equal for all employees.

During the year, as part of the performance review process, training needs are established or reviewed.

The Group will continue to review and update the measurable objectives to promote diversity for the upcoming year.

Safeguard Integrity in Financial Reporting

The General Managers and Chief Financial Officer verify in writing to the Board and to the Auditors that the financial reports of the Company present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are drawn up in accordance with relevant Accounting Standards.

During the year ended 30 June 2013, the Audit Committee consisted of one executive director, three independent directors and one non-executive director. The Audit Committee at the date of this report consists of two independent directors and one non-executive director. The Chairman of the Audit Committee is an independent director. The Board acknowledges and complies with the ASX Corporate Governance Council recommendation that the Audit Committee should consist of at least three members, all of whom are non-executive directors.

The Committee's responsibility is to independently verify and safeguard the integrity of the Company's financial reporting and oversee the independence of the external auditors. Details of the names and qualifications of the members of the Audit Committee, and their attendance at meetings, are disclosed in the Directors' Report.

A formal charter which outlines the Audit Committee's role, responsibilities, composition, structure and membership requirements and a summary of its main provision has been published on the Company's website.

Make Timely and Balanced Disclosures

The Board complies with the continuous disclosure obligations of the Australian Securities Exchange ("ASX") and, in so doing, immediately notifies the market by disclosing any information in relation to the business of the Company that a reasonable person would expect to have a material effect on, or lead to a substantial movement in, the price or value of the Company's shares.

The Company Secretary is responsible for communications with the ASX including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information released to the ASX and shareholders.

The Board has adopted the CMI Market Disclosure Policy, which sets out the key obligations of the Board and senior management to ensure that CMI complies with its disclosure obligations under the ASX Listing Rules and the Corporations Act 2001 (Cth). A copy of the CMI Market Disclosure Policy is available on the Company's website.

Respect the Rights of Shareholders

In addition to market disclosure, the Company has a policy to ensure shareholders are able to gain access to information about the Company.

The principal communication with shareholders is through the provision of the Annual Report and Financial Statements, through the interim reports and at the Annual General Meeting. Shareholders are encouraged to participate at general meetings. There is also the Company's website, which includes major briefings and announcements, the Corporate Governance Charter, other policies and committee charters and terms of reference.

The Board of Directors requests that the Company's external auditor attends all Annual General Meetings and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company has developed a Code of Conduct to guide compliance with legal and other obligations of shareholders. This Code of Conduct is available on the Company's website.

Recognise and Manage Risk

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's activities are aligned with the risks and opportunities identified by the Board. The Board is supported by Executive Officers who are tasked with managing the risk management system and its ongoing maintenance and managing WH&S processes. The Board is responsible for approving and reviewing the CMI group risk management strategy and policy. The CMI Risk Management Policy outlines the policies relating to the oversight and management of material business risk and is available on the Company's website.

The Board recognises that the management of risk is an integral part of the management process and adheres to the general principles of Standards Australia Risk Management Standard 4360:1999. Management is required to design, implement and review the Company's risk management and internal control system. As part of reporting requirements to the Board, each business division is required to report as to the effectiveness of the company's management of its material business risks. The Board proactively determines strategy and actions required to address unacceptable risks to the Company.

The Board has received written assurance from the Chief Financial Officer and General Managers that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board also has a number of other mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These mechanisms include formal risk assessments facilitated by external risk management professionals with the Board and management teams and strategic plans and budgets which are monitored by the Board.

Remunerate Fairly and Responsibly

In accordance with its charter, the Remuneration Committee supports and advises the Board on appropriate remuneration policies, designed to meet the needs of the Company and enhance corporate and individual performance, as well as to attract and retain competent new talent.

At the date of this report, the remuneration committee comprises three members - two independent directors and one non-executive director. The chairman of the committee is an independent director. The Board acknowledges and complies with the ASX Corporate Governance Council recommendation that the Remuneration Committee should consist of a majority of independent directors. It is responsible for reviewing and recommending salary package arrangements for the senior executives and directors, having regard to the performance of the Company and the individuals. Details of the names and qualifications of the members of the Remuneration Committee, and their attendance at meetings during the financial year, are disclosed in the Directors' Report.

In recommending remuneration levels for the Managing Director, senior executives and directors, the committee considers several factors. The Company believes that it is imperative that these levels are commensurate with current market trends in relevant businesses, so as to ensure that high calibre employees and directors are attracted to and retained by the Company.

Remuneration packages usually include bonus and share-based elements, thus providing maximum benefits to both the Company and its shareholders. Details of directors' and senior executives' remuneration are disclosed in the Directors' Report.

In accordance with the Company's Constitution, the total remuneration payable to non-executive directors is not to exceed $390,000 per annum as approved by the shareholders at a general meeting. Current executive directors do not receive director fees in addition to executive salary arrangements.

The policy on bonuses for the Managing Director and senior executives takes into account both quantitative and qualitative measures and, while profit performance is a key factor, revenue, market share, production hours, customer satisfaction and achievement of strategic objectives are considered, as well as the individual's performance. Payment is always at the discretion of the Board, which takes into account the Company's overall financial and strategic performance.

The Company operates the CMI Performance Rights Plan, grants under which have been approved by the shareholders in accordance with the requirements of the ASX. This policy is available on the Company's website and sets out all restrictions and benefits applicable to the issue of equity securities to employees. There is no Company policy associated with employee transactions in unvested options. The intention of the Scheme is to assist in the attraction and retention of employees and executives. The Board will determine in its absolute discretion the eligibility and the number of performance rights to be offered, having regard to length of service, contribution, and potential contribution to the Company. Further detail is contained in the Directors' Report and the Financial Statements.

Prior to the AGM in 2012, the Board and Remuneration Committee undertook a review of the quantum and structure of executive remuneration of the Company. The review included external advice resulting in a market data report on executive remuneration and also a report on retention equity plans. Following this review a share-based Performance Rights Plan was implemented.

An Operating Report is provided monthly to each of the directors. The report keeps them informed of the Company's activities and performance. The position of Managing Director is currently vacant. While CMI has strong managers in both its Electrical and TJM divisions, there is still scope to appoint a chief executive overseeing both businesses and having primary responsibility for implementing the strategic direction set by the board. The company expects to make an appointment to this role in the near future.

The Remuneration Committee has the responsibility of undertaking a detailed evaluation of the Managing Director's performance on an annual basis. This evaluation utilises both quantitative and qualitative measures, and is judged against approved plans.

In addition, the Remuneration Committee, in conjunction with the Managing Director, once appointed, reviews in a similar manner the performance of the senior executives of the Company who report directly to the Managing Director.

The results of these evaluations are tabled to the Board as part of the Remuneration Committee's report. At this meeting, the Board discusses and agrees goals (both quantitative and qualitative) for the coming year.

Directors' Report

The directors of CMI Limited submit herewith the annual financial report for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The name and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Danny Herceg (Independent)	Chairman and Non-Executive Director – Appointed 9 March 2007; Chairman Audit Committee and Remuneration Committee – appointed 30 August 2011, Chairman – appointed 15 March 2013 Mr Herceg, LLB BSc, is a senior corporate and commercial lawyer with a particular specialisation in capital raisings, mergers and acquisitions, privatisations, restructurings and venture capital. During the past three years he has also served as a director of the following listed companies: Superwoman Group Limited (appointed: 17 May 2010, ceased: 9 August 2010). During the financial year he attended 16 of the 16 directors' meetings held, 4 of the 4 audit committee meetings held and 1 of 1 remuneration committee meetings held.
Ross K. Rolfe (Independent)	Non-Executive Director – Appointed 13 May 2013 Mr Rolfe joined the board in May 2013. He has broad experience as both a Chief Executive and an independent director of Australian companies operating in the energy, infrastructure and contracting sectors. Ross is currently the Chair of WDS Limited, an ASX listed company that supplies contracting services to the coal and gas industries. He is also the Chair of CS Energy, a government owned generation company based in Queensland and a Non-Executive Director of Infigen Energy, an ASX listed company with a renewable energy portfolio in Australia and the USA. In addition, he holds a senior executive role in Lend Lease and has previously held positions as Chief Executive Officer of Alinta Energy and Stanwell Corporation as well as Director-General of the Departments of Premier and Cabinet, Trade, State Development and Coordinator-General in Queensland. During the financial year he attended 3 of the 3 directors' meetings he was eligible to attend and 1 of the 1 audit committee meetings he was eligible to attend. During the past three years he has also served as a director of the following listed companies: WDS Limited (appointed 14 July 2008); Infigen Energy Limited (appointed 9 September 2011); Alinta Energy Limited (appointed 8 December 2008; ceased 6 April 2011).
Leanne J. Catelan	Non-Executive Director – Appointed 30 August 2011 Ms Catelan has commercial and management experience within both private and public company structures, including more than 8 years in the Information Technology Industry. Ms Catelan also has experience in the Sports Management Industry, including contract and endorsement negotiations both domestically and internationally. Leanne is a Member of the Australian Institute of Company Directors. During the financial year she attended 16 of the 16 directors' meetings held, 4 of the 4 audit committee meetings held and 1 of 1 remuneration committee meetings held.
Sharyn R. Williams	Executive Finance Director – Appointed 15 March 2013 Ms Williams joined CMI Limited in July 2007. Ms Williams was appointed Company Secretary and Chief Financial Officer in April 2008 and Finance Director in March 2013. She holds Bachelor degrees in Business and Education, is a member of CPA Australia, a Chartered Company Secretary and a Graduate Member of the Australian Institute of Company Directors. During the financial year she attended 7 of the 7 directors' meetings she was eligible to attend.
Colin G. Ryan	Chairman and Non-Executive Director – Appointed 28 February 2007; Executive Chairman – appointed 30 August 2011, ceased 15 March 2013 Mr Ryan is former chairman or director of several public and listed companies and community and charitable organisations. He is the former Queensland managing partner of a major international accounting firm. He holds bachelor degrees in Commerce and Law, is a past Fellow of the Institute of Chartered Accountants and a past Fellow of the Australian Institute of Company Directors. Mr Ryan was awarded the Order of Australia in 2004 for his services to children's health. During the financial year he attended 8 of the 9 directors' meetings he was eligible to attend, 3 of the 3 audit committee meetings he was eligible to attend and 1 of 1 remuneration committee meetings he was eligible to attend.
Stephen E. Lonie (Independent)	Non-Executive Director – Appointed 3 December 2012; ceased 27 February 2013 Mr Lonie is a Chartered Accountant by profession. During the past three years he has also served as a director of the following listed companies: MyState Limited (appointed 12 December 2011); Corporate Travel Management Ltd (appointed 23 June 2010); Retail Food Group (appointed 24 June 2013); CS Energy Ltd (appointed 3 July 2003; ceased 30 June 2011); Oaks Hotels & Resorts Limited (appointed 28 February 2011, ceased 26 May 2011); The Rock Building Society Limited (appointed 27 April 2010, ceased 19 December 2011). During the financial year he attended 4 of the 4 directors' meetings he was eligible to attend and 1 of the 1 audit committee meetings he was eligible to attend.

Danny Herceg and Leanne Catelan held office during the entire financial year and since the end of the financial year.

Details of directors' shareholdings as at the date of this report:

Name	Fully Paid Ordinary Shares	Partly Paid Ordinary Shares	Employee Performance Share Rights	Director Share Options
Leanne J. Catelan as:				
Le Rae Pty Ltd as trustee for the Catcorp Trust (formerly The M&L Trust)	12,420,484	-	-	-
LJ Catelan Superannuation Fund Pty Ltd as trustee for the Leanne Catelan Superannuation Fund	730,217	-	-	-
Danny Herceg	365,702	-	-	-
Ross K. Rolfe	-	-	-	-
Sharyn R. Williams	3,622	-	200,000	-

Details of Key Management Personnel's shareholdings as at the date of this report:

Name	Fully Paid Ordinary Shares	Partly Paid Ordinary Shares	Employee Performance Share Rights
Jeff L. Heslington	-	-	-
Stephen D. O'Brien	-	-	250,000

COMPANY SECRETARY

Sharyn R. Williams

Ms Williams joined CMI Limited in July 2007, was appointed Chief Financial Officer and Company Secretary in April 2008 and Finance Director in March 2013. She holds Bachelor degrees in Business and Education, is a member of CPA Australia, a Chartered Company Secretary and a Graduate Member of the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were the manufacture and marketing of specialist cabling and electrical products for a range of industry sectors and the manufacture and marketing of components and parts for 4WD, light commercial and heavy transport vehicles.

REVIEW OF OPERATIONS

Group Revenue and Profit

Consolidated revenue for the year from continuing operations was $111,755 thousand (2012: $114,897 thousand). Interest revenue for the year of $59 thousand (2012: $1,739 thousand) was lower than the prior year due to the absence of interest from the CMI Industrial loan receivable and a higher cash balance during the prior year used to fund the buyback of the Class A shares in June 2012.

The consolidated entity's profit before tax was $13,108 thousand (2012: $11,571 thousand) and the profit after tax was $9,812 thousand (2012 profit: $5,325 thousand).

The prior year profit result included an impairment of $9,270 thousand, represented by $8,500 thousand impairment on the loan receivable and $770 thousand impairment on interest receivable. No tax benefit was recorded on the $8,500 thousand impairment as sufficient forecasted capital profits are not envisaged to utilise these losses.

Electrical Division

The Electrical Division produced a pre-tax profit of $18,517 thousand, a decrease of $3,023 thousand on the prior year. Revenue decreased to $70,774 thousand, 4% (or $2,985 thousand) down on prior year.

Revenue from the building and construction product range for the year is higher than the prior year. Revenue from the mining product range decreased on prior year. The decreased sales of higher margin mining products and the increased sales of lower margin building and construction products has resulted in lower overall margin and lower Electrical Division earnings.

Revenue from the building and construction product range increased by 7% on the prior year. This increase was driven by strong performances related to increased representation in Western Australia and revenues generated by projects in the LNG industry in Queensland.

Lower coal prices continued and this resulted in further rationalisation of the Coal Mining industry. Continued deferral and cancellation of capital expenditure was more evident in the second half of the financial year. Mining product revenues decreased by 24% on the prior year as mines continued to reduce operational costs which consequently impacted the revenue from the sale of its products into the underground coal mining sector.

The Electrical Division continues to work on the introduction of new products along with improvements to its existing proprietary product range.

TJM Division

The TJM Products Division produced a pre-tax loss of $2,251 thousand, a decrease of $3,271 thousand on the prior year. Revenue (excluding intercompany sales) increased to $40,942 thousand, 4% (or $1,451 thousand) up on prior year.

Revenue from the TJM domestic stores network, excluding Original Equipment (OE) domestic sales, is up by 10% on the prior year. Revenue from OE is up by 21%, however OE tendering is highly competitive and pressure on margins may impact on OE sales in future periods. These increases are due to an increased demand from the major OE customer, increased production capacity and a domestic price review.

Export revenues from the TJM Group are down by 11%. This is due to a number of export markets being adversely affected by the strong AUD and poor economic factors during this financial year.

Earnings were impacted by one off restructuring costs of $723 thousand related to new market establishment, staff restructuring costs, internet website development and supply chain development and by losses in the USA operation of $327 thousand, an improvement on prior year of 22%.

TJM Products Division has undergone a year of transformation in order to realign itself with its existing customer base and new markets. This period has encompassed a thorough review of resources to meet current and anticipated growth. Initiatives have included recruitment of experienced people in key positions, improvements in time to market for new vehicles during the year, a supply chain and logistics review, investments into quality processes and further investment in the off-shore production facilities to ensure the products offered by TJM are world class. Innovations in the area of marketing have been achieved with the introduction of a new consumer website, an online consumer shopping portal and a market-leading 3D modelling website for vehicle customisation by customers.

The focus for the coming twelve months will be increased revenues and margin improvements through a combination of:

- A more efficient and cost-effective supply chain;
- An increase in branded domestic distribution outlets and increased penetration in existing distribution outlets;
- Increased market penetration in export markets;
- Further improvements to time to market of new products;
- Expansion of the existing product range using branded and third party products; and
- An increase in the capacity in the off-shore production facility to improve margins and control quality of selective products.

Financial Position

The group's working capital position at 30 June 2013 totalled $41,732 thousand (2012: $42,741 thousand) consisting of cash of $6,600 thousand (2012: $5,622 thousand), receivables of $19,536 thousand (2012: $20,847 thousand), inventories of $29,430 thousand (2012: $27,635 thousand) and trade payables of $13,834 thousand (2012: $11,363 thousand). The group decreased its borrowings by $7,664 thousand in the period, leaving $173 thousand in lease finance at 30 June 2013.

During the period the group's cash position increased by $1,090 thousand with operating cash flows generated of $10,738 thousand (2012: $9,561 thousand), investing activities absorbing $2,450 thousand (2012: $1,273 thousand) and financing activities absorbing $7,198 thousand (2012: $18,767 thousand).

The group's property, plant and equipment assets at 30 June 2013 totalled $5,351 thousand (2012: $5,282 thousand) following additions during the period of $1,008 thousand (2012: $1,258 thousand) and depreciation expense of $786 thousand (2012: $752 thousand). The majority of the additions related to the TJM division with particular focus on the expansion of the China based production facility.

The group's intangible assets, excluding goodwill, at 30 June 2013 totalled $3,387 thousand (2012: $2,756 thousand) following additions during the period of $1,614 thousand (2012: $1,141 thousand) and amortisation expense of $904 thousand (2012: $681 thousand). The majority of the additions related to the development of products in both the electrical and TJM divisions.

Shares on issue

CMI Limited had 34,052,634 shares on issue at 30 June 2013 (2012: 33,752,634). 300,000 shares were issued in the period raising $360 thousand. This share issue related to the exercise of director options granted in April 2008. During the year the CMI Limited Performance Right Plan was established. Under this plan 950,000 share performance rights were issued with 500,000 vested at 30 June 2013 (2012: nil). There are nil director options remaining at 30 June 2013 (2012: 600,000). At the date of this report there are 34,552,634 shares on issue.

Employees

The group employed approximately 204 people at 30 June 2013, an increase of 3% from the number employed at 30 June 2012. During the year CMI Limited reviewed its staffing and locations to ensure it has the right resources in the right locations to fulfil customer needs. The group implemented a Performance Rights Plan to incentivise and retain executives and a Paid Parental Leave Scheme as part of the group's diversity program. Investment continues in the training and development of the group's human resources.

Health and Safety

The health and safety of CMI's team members is a priority of the business. The Board and Management are committed to continuous improvement in the implementation, monitoring and correction of the safety system across all workplaces.

Strategy, prospects and risks

The group's business strategy remains focused on the organic growth of both core businesses both domestically and internationally and the expansion of the current business operations by actively seeking acquisitions and growth opportunities that are compatible with the core businesses of the group. The group's strong financial position at 30 June 2013, as detailed above, provides opportunity to implement its acquisition strategy.

Revenue growth is being driven in both divisions through increased product ranges, more efficient supply chain and procurement processes and increased distribution channels both domestically and internationally.

The Board has resumed dividend distributions to all shareholders and intends to maintain a prudent dividend payout ratio in the future, payable twice per annum.

The risks identified for the group include:

- Exposure to the domestic resource industry impacting revenues and margin, particularly in the electrical division.
- Exposure to international export markets for TJM can result in revenue and margin impacts due to local economic factors in those export markets.
- TJM operates in the foreign jurisdictions of China and United States. Operating in foreign jurisdictions can pose a risk to the group due to the differing legal, economic and regulatory frameworks.
- The group is a net importer of product and the reducing strength of the Australian dollar poses a risk to the profitability of the group, particularly in the TJM division.
- The TJM division has a major customer (Note 25) and the loss of this major customer poses a financial risk to this division.
- The group has a number of key third party suppliers and interruptions to the supply from these suppliers could pose a risk to the group.

The company manages risk by identifying risks and mitigating them through a combination of internal controls and external insurance. In particular to the group's foreign operations, the risk of operating in a foreign jurisdiction is mitigated in a number of ways including (a) close management over sight from Head Office including site visits throughout the year, (b) review of operations by the external auditor every six months as part of the audit process and (c) use of local experts in complex areas such as tax and business law.

Disclosure of additional information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been included in this report.

The Chairman's Review, Finance Review and Divisional Operational Reviews on pages 2 to 5 provide further details.

CHANGES IN STATE OF AFFAIRS

On 5 June 2013, 300,000 Fully Paid Ordinary Shares were issued resulting in the Issued Capital of CMI Limited being 34,052,634 Fully Paid Ordinary Shares at 30 June 2013. During the year, 950,000 share performance rights were issued with 500,000 vested at 30 June 2013. There are nil director options at 30 June 2013.

FUTURE DEVELOPMENTS

Information on the strategy, prospects and risks of the group is included in the review of operations on pages 12 to 14 and the Chairman's Review, Finance Review and Divisional Operational Reviews on pages 2 to 5 of this annual report.

SUBSEQUENT EVENTS

In respect of the financial year ended 30 June 2013, the directors recommend the payment of a final dividend to the holders of fully paid ordinary shares of $0.06 per share. The dividend is payable on 4 October 2013 to shareholders registered on the Record Date of 3 September 2013.

On 30 August 2013, 500,000 Fully Paid Ordinary Shares were issued resulting in the Issued Capital of CMI Limited being 34,552,634 Fully Paid Ordinary Shares at 30 June 2013. This share issue related to vested performance rights issued in the year ended 30 June 2013.The remaining performance rights on issue are 450,000 unvested performance rights.

There has not been any other matter or circumstance, 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.

ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are subject to various environmental regulations governed by State, Federal and Local legislation. The impact on the business is regularly reviewed to ensure it complies with and exhibits best practice within the following areas of environmental regulation: air, water, noise, hazardous chemicals and contaminated land waste.

Appropriate licenses have been obtained where necessary and procedures implemented to ensure that the consolidated entity operates under the conditions imposed by the license or regulation. During the year, no areas of non-compliance were identified.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its Directors against a liability incurred as such a director to the extent permitted by the Corporations Act 2001. No payment has been made in relation to that indemnity during or since the financial year.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made in relation to that indemnity during or since the financial year.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against an incurred liability as such an officer or auditor.

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Service agreements
C Details of remuneration
D Share-based compensation
E Performance history
F Dividends
G Share Price
H AGM Remuneration Resolution
I Options Issued
J Shares Issued

A Principles Used to Determine the Nature and Amount of Remuneration

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

For the purposes of this report, the term "executive" includes the Executive Chairman, Managing Director, executive directors, senior executives, general managers and secretaries of the Group and the term "director" refers to non-executive directors only.

The remuneration committee reviews the remuneration packages of all directors and executives on an annual basis and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the company.

The objective of the company's remuneration reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns reward with achievement of strategic and financial objectives and the creation of wealth for shareholders.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the remuneration committee seeks the advice of external advisers such as accounting, legal and recruitment advisers, in connection with the structure of remuneration packages. Remuneration consultants are not engaged to provide remuneration recommendations.

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years. Over the past five years, the consolidated entity's profit from ordinary activities after income tax (but prior to any impairment loss) has increased by 25.8%, and total equity has increased by 5.9%. During the same period, directors and executives remuneration (included in part C below) have increased by 72.6%. The relationship between remuneration and company performance is considered by the Remuneration Committee and is facilitated by remuneration package reviews and short and long term incentive schemes. Refer to the review of Operations in the Directors' Report for more details.

In accordance with the company's constitution, the total remuneration payable to non-executive directors is not to exceed $390,000 per annum as approved by the shareholders at a general meeting.

Remuneration packages contain the following key elements:

a) Short-term employee benefits – salary/fees, bonuses and non-monetary benefits including the provision of motor vehicles and accommodation;

b) Post-employment benefits – including superannuation;

c) Share-based payment – shares issued during the financial year and share performance rights granted following approval by shareholders on 30 November 2012 under the Performance Rights Plan; and

d) Long-term benefits – including long service leave.

Short-term employee benefits – directors and key management personnel listed in part C below are offered a competitive remuneration that comprises the components of base pay and benefits. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. Specific key management personnel are paid cash bonuses based on performance criteria set at the beginning of the financial year. The performance criteria used to determine the amount of compensation consist of a number of key performance indicators covering both financial and non-financial measures of performance. Typically included measures include revenue, net profit before tax, inventory targets, quality assurance and leadership. These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long term value.

Management can earn between 0% and 40% of base salary as a performance-related bonus based on achieving budgeted financial and other performance-related targets. In the 2013 financial year, Jeff Heslington and Sharyn Williams received performance-related bonuses totalling $37 thousand calculated on achieving budgeted financial and performance related targets in the 2012 and 2013 financial years.

In the 2012 financial year, Jeff Heslington, Stephen O'Brien and Richard Catelan received performance-related bonuses totalling $275 thousand calculated on achieving budgeted financial and performance related targets in the 2012 financial year.

Other benefits – executives receive benefits including long service leave and superannuation as required by the laws in the various jurisdictions in which the company operates. In certain circumstances, additional benefits (e.g. travel, car parking and accommodation) may also be provided.

Equity – The company has an ownership-based remuneration scheme for employees. In accordance with the provisions of the scheme the Board may invite, on terms and conditions the Board determines, employees to apply for share performance rights. Participation in the ownership-based remuneration scheme is determined by the Board. Performance right vesting is linked to performance measures relating to, depending on position, increase in total shareholder return, revenue increases, profit maintenance and continuing employment conditions.

The exercise price of the share performance rights is determined by the Board.

All share performance rights carry no voting rights and do not entitle the holder to dividends. There have been 950,000 (2012: Nil) share performance rights issued in the current financial year.

The vesting conditions attached to the performance rights granted in financial year 2013 are below:

Inputs into the model	Performance Rights Series		Performance Rights Series	Performance Rights Series
	C. Ryan		S. Williams	S. O'Brien
	Parcel A	Parcel B		
Vesting Conditions	The parcel A Rights will vest if the Company achieves a total shareholder return ('TSR') of at least 15% within the first 12 months following the issue date. If CMI does not achieve a TSR of 15% within the first 12 months following the issue of the rights, the rights will vest if the Company achieves a TSR of at least 25% within 24 months following the issue date.	The Parcel B Rights will vest if the Company achieves a TSR of at least 25% within the first 24 months following the issue date.	The right issued will vest if the Company achieves a TSR of 25% over the period from issue to 30 June 2016 and Ms S Williams remains employed with CMI until 30 June 2016.	The rights issues will vest if the TJM Division achieves a cumulative growth in revenues (excluding revenues from acquisitions) of at least 30% over revenues for the year ended 30 June 2013 by 30 June 2016 and Mr S O'Brien remains employed with CMI until 30 June 2016.

At the date of this Annual Report, an invitation for 350,000 performance share rights remains extended to the General Manager – Electrical under the Company's Performance Rights Plan (PRP). The exercise price of the rights is $nil.

Further details of the employee incentive scheme are disclosed in Note 23 to the financial statements.

B Service Agreements

Directors and executives are employed through contracts for service which contain the following key conditions:

- Reviewed annually on or about 1 July; and
- Require a one to six month notice period and have no minimum contract term.

Key Management Personnel	Notice Period
J.L. Heslington (General Manager – Electrical Components Division)	6 months
S.D. O'Brien (General Manager – TJM Products Division)	6 months from company, 1 month from executive
S.R. Williams (Finance Director/Company Secretary)	3 months

The company is undertaking a review of the service agreements in the coming year to ensure consistency.

C Details of Remuneration

The directors of the company and the consolidated entity are detailed below as are the four (2012: six) key management personnel for the year ended 30 June 2013:

KEY MANAGEMENT PERSONNEL

Directors

D. Herceg (appointed 9 March 2007)

L.J. Catelan (appointed 30 August 2011)

R.K. Rolfe (appointed 13 May 2013)

S.R. Williams (appointed 15 March 2013)

C.G. Ryan (appointed 28 February 2007, ceased 15 March 2013)

S.E. Lonie (appointed 3 December 2012, ceased 27 February 2013)

Other:

J.L. Heslington (General Manager – Electrical Components Division)

S.D. O'Brien (General Manager – TJM Products Division)

S.R. Williams (Finance Director, appointed 15 March 2013/Company Secretary)

C.G. Ryan (Executive Chairman/Managing Director, ceased 15 March 2013)

The key management personnel of the group during the prior year were:

C.G. Ryan (Executive Chairman/Managing Director, appointed 30 August 2011)

J.L. Heslington (General Manager – Electrical Components Division)

S.D. O'Brien (General Manager – TJM Products Division, appointed 20 February 2012)

S.R. Williams (Chief Financial Officer/Company Secretary)

Raymond D. Catelan (Managing Director, ceased 24 July 2011)

Richard D. Catelan (General Manager – TJM Products Division, ceased 8 December 2011)

The aggregate compensation of the key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2013 $	2012 $
Short-term employee benefits	1,572,247	1,674,907
Post-employment benefits	149,168	136,191
Other long-term benefits	27,284	23,209
Termination benefits	62,500	189,821
Share-based payment	1,051,329	-
	2,862,528	2,024,128

The following tables disclose the remuneration of the directors and four (2012: six) key management personnel of the consolidated entity.

2013	Short-term Employee Benefits				Post Employment Benefits		Long-term benefits	Share-based payment				
	Salary/ Fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Other $	Long Service Leave $	Shares $	Options/ Perfor-mance Rights $	Total $	Short-term bonuses as % of maximum available	Perfor-mance related
D. Herceg	161,192	-	-	-	9,544	-	-	-	-	170,736	-	-
L.J. Catelan	85,000	-	-	-	7,650	-	-	-	-	92,650	-	-
R.K. Rolfe	11,987	-	-	-	1,079	-	-	-	-	13,066	-	-
J.L. Heslington	390,300	11,625	-	-	40,027	-	11,594	-	-	453,546	8%	3%
S.D. O'Brien	336,101	-	-	-	33,399	-	7,218		81,707	458,425	-	18%
S.R. Williams	250,000	25,000***	-	-	24,750	-	8,472	-	35,122	343,344	100%***	18%
C.G. Ryan	279,792	-	-	-	30,806	62,500*	-	-	934,500**	1,307,598	-	71%
S.E. Lonie	21,250	-	-	-	1,913	-	-	-	-	23,163	-	-
Total	1,535,622	36,625	-	-	149,168	62,500	27,284	-	1,051,329	2,862,528	5%	38%

* Termination benefit
** Performance rights issued during the year $655,500 and April 2008 Director Options exercised $279,000 settled in cash
*** This short-term bonus was a discretionary bonus relating to the 2012 year

2012	Short-term Employee Benefits				Post Employment Benefits		Long-term benefits	Share-based payment				
	Salary/ Fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	Other $	Long Service Leave $	Shares $	Options/ $	Total $	Short-term bonuses as % of maximum available	Perfor-mance related
C.G. Ryan	376,958	-	-	-	-	-	-	-	-	376,958	-	-
D. Herceg	100,833	-	-	-	7,275	-	-	-	-	108,108	-	-
L.J. Catelan	75,000	-	-	-	6,375	-	-	-	-	81,375	-	-
D. Somerville	28,475	-	-	-	-	-	-	-	-	28,475	-	-
J.L. Heslington	348,754	154,880	12,180	-	44,920	-	15,709	-	-	576,443	100%	27%
S. D. O'Brien	112,638	50,000	-	-	14,170	-	-	-	-	176,808	100%	28%
S.R. Williams	185,000	-	-	-	18,666	-	7,500	-	-	211,166	-	-
Raymond D. Catelan	19,231	-	-	-	5,141	-	-	-	-	24,372	-	-
Richard D. Catelan	140,958	70,000	-	-	39,644	189,821*	-	-	-	440,423	47%	16%
Total	1,387,847	274,880	12,180	-	136,191	189,821	23,209	-	-	2,024,128	81%	14%

* Termination benefit

D Share Based Compensation

The Remuneration Committee makes recommendations to the Board regarding share based payments in the form of share performance rights to directors and executives as part of their remuneration package based on the company's performance and as an incentive to improve the performance of the company. Share performance rights issued to directors require approval by a general meeting of shareholders. Share performance rights issued to executives are in accordance with the company's Performance Rights Plan.

Share Performance rights Granted to Key Management Personnel

950,000 share performance rights were granted during the year (2012: nil). All share performance rights carry no voting rights and do not entitle the holder to dividends.

Inputs into the model	Performance Rights Series		Performance Rights Series	Performance Rights Series
	C. Ryan		S. Williams	S. O'Brien
	Parcel A	Parcel B		
Grant Date	14/12/2013	14/12/2013	23/01/2013	25/02/2013
Total Value of Rights	$204,000	$451,000	$288,000	$670,000

On 16 April 2008, 600,000 Director share options were issued and are able to be exercised immediately. The options can be exercised at any time in the 5 years after the date of their issue and are to be settled in shares or cash at the company's election. All options carry no voting rights and do not entitle the holder to dividends.

The fair value at exercise date of Mr C. Ryan's options was $0.93 per option, and the fair value of Mr D. Herceg's options was $0.31 per option.

Share Options Exercised During the Year

600,000 share options were exercised in April 2013. As a result, 300,000 ordinary shares were issued to Danny Herceg and $279,000 was paid to Colin Ryan to cash-out 300,000 options. This payment was not paid prior to 30 June 2013 and was based on a 5-day VWAP of $2.13 less the exercise price of $1.20. The post tax-effected amount of $195,300 has been recognised in the Employee Equity-settled Benefits Reserve in the Statement of Changes in Equity for the year ended 30 June 2013. Refer to Note 23(i) for more information.

Share Options Lapsed During the Year

Nil share options lapsed during the financial year and nil share options lapsed during the prior financial year.

The Percentage of Remuneration Consisting of Options During the Year

The percentage of remuneration consisting of share options and performance rights for directors and key management personnel during the year was 37% (2012: 0%).

Share Performance rights on Issue to Directors and Key Management Personnel

The following share performance rights were on issue at year end:

Individual	Issuing Entity	Number of Shares Under Option	Class of Share	Exercise Price	Expiry Date of Performance Rights	% Remuneration consisting of performance rights during year
Colin G. Ryan	CMI Limited	500,000	Ordinary	$0.00	12/12/2017	71%
Stephen D. O'Brien	CMI Limited	250,000	Ordinary	$0.00	25/02/2018	18%
Sharyn R. Williams	CMI Limited	200,000	Ordinary	$0.00	23/01/2018	10%

Inputs into the model	Performance Rights Series		Performance Rights Series	Performance Rights Series
	C. Ryan		S. Williams	S. O'Brien
	Parcel A	Parcel B		
Grant Date	14/12/2013	14/12/2013	23/01/2013	25/02/2013
Share Price	$1.87	$1.87	$2.20	$2.68
Volatility of Share Price	50.0%	50.0%	40.0%	40%
Risk Free Rate	2.61%	2.61%	2.67%	2.76%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Value per Right	$1.36	$1.29	$1.44	$2.68
Rights Outstanding	150,000	350,000	200,000	250,000
Total Value of Rights	$204,000	$451,000	$288,000	$670,000
Time to Expiry	0.83 years	0.94 years	3.3 years	3.3 years
Vesting Conditions	The parcel A Rights will vest if the Company achieves a total shareholder return ('TSR') of at least 15% within the first 12 months following the issue date. If CMI does not achieve a TSR of 15% within the first 12 months following the issue of the rights, the rights will vest if the Company achieves a TSR of at least 25% within 24 months following the issue date.	The Parcel B Rights will vest if the Company achieves a TSR of at least 25% within the first 24 months following the issue date.	The right issued will vest if the Company achieves a TSR of 25% over the period from issue to 30 June 2016 and Ms S. Williams remains employed with CMI until 30 June 2016.	The rights issues will vest if the TJM Division achieves a cumulative growth in revenues (excluding revenues from acquisitions) of at least 30% over revenues for the year ended 30 June 2013 by 30 June 2016 and Mr S. O'Brien remains employed with CMI until 30 June 2016.
Status	Vested	Vested	Unvested	Unvested

At the date of this Annual Report, an invitation for 350,000 performance share rights remains extended to the General Manager – Electrical under the Company's Performance Rights Plan (PRP). The exercise price of the rights is $nil.

E Performance history

Financial Comparative Data in $'000	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Growth FY12 to FY13
Group Revenue***	95,478	79,125	102,266	114,897	111,755	(3%)
Earnings before Depreciation, Interest & Tax**	(1,539)	2,757	20,081	13,187	15,168	15%
Depreciation & Amortisation***	(2,150)	(867)	(1,099)	(1,433)	(1,691)	(18%)
Earnings before Interest & Tax**	(3,689)	1,890	18,982	11,754	13,477	15%
Interest & Finance Charges***	(503)	(298)	(175)	(183)	(369)	(102%)
Operating Profit (Loss) before Tax***	(4,192)	1,592	18,807	11,571	13,108	13%
Operating Profit (Loss) after Tax***	(1,479)	(449)	13,320	5,325	9,812	84%
Earnings per share						
– Basic (Cents)***	(4.38)	(1.33)	39.46	15.78	29.05	84%
Dividends						
– Ordinary ($'000)	N/a	N/a	N/a	N/a	2,043	100%
Dividends per Share						
– Ordinary (cents)	N/a	N/a	N/a	N/a	6.00	100%
Closing share price **						
– Ordinary ($)	0.33	0.62	0.845	1.91	1.425	(25%)
– Class A ($)	0.32	0.379	0.41	N/a	N/a	N/a
Shareholder Funds ($'000)***	53,250	52,881	66,035	45,240	56,388	25%
Net Tangible Assets per Ordinary Share (Dollars)**	1.34	1.31	1.69	1.06	1.36	28%
Number of employees**	157	183	202	199	204	3%

*All Class A shares were cancelled during the 2012 year

**Figures are unaudited

***Extracts from the audited Financial Statements

F Dividends

All dividends stated below are whole numbers and are not rounded to the nearest thousand dollars.

In respect of the financial year ended 30 June 2013, the directors recommend the payment of a final dividend to the holders of fully paid ordinary shares of $0.06 per share. The dividend is payable on 4 October 2013 to shareholders registered on the Record Date of 3 September 2013.

In respect of the financial year ended 30 June 2012, the directors did not recommend the payment of a final dividend to the holders of fully paid ordinary shares.

G Share price

The closing market share price at the end of the previous financial year was $1.91 per ordinary share and at market close on 30 June 2013 was $1.425.

H AGM Remuneration Resolution

The company received a first strike at the 2012 Annual General Meeting in relation to the remuneration report resolution.

Prior to the AGM in 2012, the Board undertook a review of the quantum and structure of executive remuneration of the Company. The review included external advice resulting in a market data report on executive remuneration and also a report on retention equity plans. Following this review a share-based Performance Rights Plan was implemented.

A particular focus of the Board, following the vote on the remuneration report at last year's AGM under the two strikes legislation, was the Performance Rights Plan. The Performance Rights Plan and the issue of 500,000 Performance Rights to the Executive Chairman under the Performance Rights Plan were approved at the Company's 2012 annual general meeting. However, concerns were raised by Shareholders regarding the quantum and structure of the Executive Chairman's Performance Rights. In response to these concerns, invitations to participate in the Performance Rights Plan given thereafter have included amended performance measure hurdles and also a second time-based retention measure.

I Options issued

There were 600,000 share options on issue at the beginning of the period (2012: 600,000). There were Nil share options issued during the year (2012: Nil). In 2013, Mr Herceg and Mr Ryan exercised 300,000 options, by paying consideration of $360,000 each. On exercise of the 2008 options the company held a right to issue equity or cash settle for equity fair value. The board resolved to issue Mr Herceg with 300,000 shares and resolved to cash settle Mr Ryan's options. At settlement date the Board returned Mr Ryan's payment of $360,000 plus $279,000 representing the fair value of 300,000 shares at that date. No shares were issued to Mr Ryan. There were Nil share options on issue at 30 June 2013.

J Shares issued

There were 300,000 ordinary shares issued relating to exercised share options issued during the year (2012: Nil).

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of amounts paid or payable for non-audit services provided during the year by the auditor are outlined in Note 24 to the financial statements.

INDEPENDENCE DECLARATION BY AUDITORS

The auditor's independence declaration is included on page 23.

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 directors' report and 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 section 298(2) of the Corporations Act 2001.

On behalf of the Directors

D Herceg
Chairman

S Williams
Director

BRISBANE
Dated: 26 September 2013

Independence Declaration By Auditors

TO THE DIRECTORS OF CMI LIMITED

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of CMI Limited

In relation to our audit of the financial report of CMI Limited for the financial year ended 30 June 2013, 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.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Partner
26 September 2013

Independent Audit Report

TO THE MEMBERS OF CMI LIMITED

EY
Building a better working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

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Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of CMI Limited

Report on the financial report

We have audited the accompanying financial report of CMI Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Opinion

In our opinion:

a. the financial report of CMI Limited is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in paragraphs A to J of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CMI Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Brad Tozer
Partner
Brisbane
26 September 2013

Directors' Declaration

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;*

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 27 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

D Herceg
Chairman

S Williams
Director

Brisbane
26 September 2013

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	NOTE	2013 $'000	2012 $'000
Continuing Operations			
Revenue	2(a)	111,755	114,897
Other income		206	580
Changes in inventories		1,795	2,660
Raw materials expense		(66,799)	(66,029)
Sub-contractors expense		(1,131)	(795)
Employee benefits expense		(16,805)	(13,726)
Repairs, maintenance and consumables expense		(1,068)	(904)
ASX and share register expense		(89)	(125)
Occupancy expense		(4,194)	(4,202)
Travel and communication expense		(1,988)	(1,924)
Freight and cartage expense		(3,850)	(4,599)
Depreciation and amortisation expense		(1,691)	(1,433)
Finance costs		(369)	(183)
Impairment expense		-	(9,270)
Other expenses		(2,664)	(3,376)
Profit from continuing operations before income tax expense	3(a)	13,108	11,571
Income tax	3	(3,296)	(6,246)
Profit/(Loss) from continuing operations after income tax expense		9,812	5,325
Profit/(Loss) for the year		9,812	5,325
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		249	76
Other comprehensive income for the year, net of tax		249	76
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,061	5,401
Profit/(Loss) for the year is attributable to the owners of the parent		9,812	5,325
Total comprehensive income for the year is attributable to the owners of the parent		10,061	5,401
Earnings Per Share:			
From continuing operations:			
Basic (cents per share)	21	29.05	15.78
Diluted (cents per share)	21	28.67	15.71

Notes to the financial statements are included on pages 31 to 74.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

	NOTE	2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	28(a)	6,600	5,622
Trade and other receivables	4	19,536	20,847
Inventories	5	29,430	27,635
Current tax assets	3	438	-
TOTAL CURRENT ASSETS		56,004	54,104
NON-CURRENT ASSETS			
Other financial assets	7	-	-
Property, plant and equipment	8	5,351	5,282
Goodwill	9	6,850	6,850
Other intangible assets	10	3,387	2,756
Deferred tax assets	3	384	543
TOTAL NON-CURRENT ASSETS		15,972	15,431
TOTAL ASSETS		71,976	69,535
CURRENT LIABILITIES			
Trade and other payables	11	13,834	11,363
Borrowings	12	55	7,664
Current tax payables	3	-	3,609
Provisions	13	1,453	1,362
TOTAL CURRENT LIABILITIES		15,342	23,998
NON-CURRENT LIABILITIES			
Borrowings	14	118	173
Provisions	15	128	124
TOTAL NON-CURRENT LIABILITIES		246	297
TOTAL LIABILITIES		15,588	24,295
NET ASSETS		56,388	45,240
EQUITY			
Issued capital	18	37,680	37,227
Reserves	19	7,715	6,832
Retained earnings	20	10,993	1,181
TOTAL EQUITY		56,388	45,240

Notes to the financial statements are included on pages 31 to 74.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2011	70,103	76	(4,144)	66,035
Profit/(Loss) for the period	-	-	5,325	5,325
Net foreign exchange differences	-	76	-	76
Total comprehensive income for the year	-	76	5,325	5,401
Transactions with owners in their capacity as owners	-	-	-	-
Class A share cancellation	(26,844)	-	-	(26,844)
Class A share balance moved to reserve	(6,032)	6,032	-	-
Equity adjustment on loan repayments	-	648	-	648
Balance at 1 July 2012	37,227	6,832	1,181	45,240
Profit/(Loss) for the period	-	-	9,812	9,812
Net foreign exchange differences	-	249	-	249
Total comprehensive income for the year	-	249	9,812	10,061
Transactions with owners in their capacity as owners				
Class A share cancellation	-	(2)	-	(2)
Exercise of options	453	(93)	-	360
Exercise of options tax benefit	-	28	-	28
Exercise of options – Cashing out options	-	(279)	-	(279)
Exercise of options tax benefit	-	83	-	83
Share-based payments	-	772	-	772
Equity adjustment on loan repayments	-	125	-	125
At 30 June 2013	37,680	7,715	10,993	56,388

Notes to the financial statements are included on pages 31 to 74.

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	NOTE	2013 $'000 Inflow (Outflow)	2012 $'000 Inflow (Outflow)
Cash flows from operating activities:			
Receipts from customers (inclusive of GST)		128,556	122,377
Payments to suppliers (inclusive of GST) and employees		(110,384)	(105,480)
Interest paid		(352)	(157)
Income tax (paid)/refunded		(7,082)	(7,179)
Net cash provided by/(used in) operating activities	28(b)	10,738	9,561
Cash flows from investing activities:			
Interest received		59	1,069
Payments for other intangible assets		(1,526)	(1,140)
Payments for plant and equipment		(989)	(1,258)
Proceeds from sale of plant and equipment		6	56
Net cash (used in)/provided by investing activities		(2,450)	(1,273)
Cash flows from financing activities:			
Dividends paid		-	-
Proceeds from share issue		360	-
Proceeds from share loan repayments		125	648
Payment of finance liabilities		(181)	(311)
Payment for share buyback		(2)	(26,844)
Repayment of borrowings		(7,500)	-
Proceeds from borrowings		-	7,740
Net cash provided by/(used in) financing activities		(7,198)	(18,767)
Net increase/(decrease) in cash and cash equivalents held		1,090	(10,479)
Cash and cash equivalents at the beginning of the financial year		5,622	16,099
Effect of exchange rate changes on the balance of cash held in foreign currencies		(112)	2
Cash and cash equivalents at the end of the financial year	28(a)	6,600	5,622

Notes to the financial statements are included on pages 31 to 74.

Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the consolidated financial statements of the Group. Compliance with the Australian Accounting Standards ensures that the financial statements and notes of the financial report also complies with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 26 September 2013.

Basis of Preparation

The 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 financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

In the application of CMI Limited ("Group") accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the Group's accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

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 or other events is reported.

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

Prior period comparatives have been adjusted where required to meet current year presentation format.

The financial report has been prepared on a going concern basis.

Significant Accounting Policies

a) Borrowings

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

b) Borrowing Costs

Borrowing costs directly attributable to qualifying assets are capitalised and amortised over the life of the asset. All other borrowing costs are expensed when incurred.

c) Cash and Cash Equivalents

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

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 and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

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

Contributions to defined contribution superannuation plans are expensed when incurred.

e) Financial Assets

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

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

The fair values of financial assets that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For financial assets with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Financial assets at fair value through profit or loss

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

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost using the effective interest rate method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

f) Financial Instruments Issued by the Company

Debt and Equity Instruments

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

Compound Instruments

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

Transaction Costs on the Issue of Equity Instruments

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

Interest and Dividends

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

g) Foreign Currency

Foreign currency transactions

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

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

Foreign operations

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

h) Goods and Services Tax

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

a) 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

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

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

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

i) Goodwill

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

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

j) Impairment of Assets

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

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

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability give rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the 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.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, 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.

l) Intangible Assets (excluding goodwill)

Brand names

Brand names 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 profit or loss.

m) Inventories

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

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 Statement of Financial Position 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.

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

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

r) Provisions

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

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

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 and not paid.

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.

Interest received

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

Dividends received

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

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 reporting date, to ensure the criterion for capitalisation continues to be met. Where such costs are no longer considered recoverable, they are recognised in profit or loss.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

u) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 2).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 21).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date.

v) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2012.

- Amendments to AASB 1038 – Regulatory Capital
- Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]
- Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]
- Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

The adoptions of the new and amended standards are not deemed to have an impact on the financial statements or performance of the Group.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have been recently issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2013.

The following standards have been considered and the company does not expect any material financial impact:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 13 Fair Value Measurement

The directors of the Group have yet to finalise their assessment of the financial impact, if any, of these new and amended standards and interpretations. These are outlined below:

- AASB 9 Financial Instruments
- AASB 12 Disclosure of Interests in Other Entities
- AASB 119 Employee Benefits
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Interpretation 21 Levies
- AASB 1053 Application of Tiers of Australian Accounting Standards
- Annual Improvements 2009-2011 Cycle
- AASB 2011-4 Amendments to Australian Accounting Standards – Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]
- AASB 2012-9 Amendments to Australian Accounting Standard 1048 arising from the withdrawal of Australian Interpretation 1039

w) Financial guarantee contracts – refer Note 29

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

x) Business Combinations

Business Combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

y) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the product and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

z) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits over the next two years together with future tax planning strategies.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

Impairment of receivable assets

The Group assesses impairment of all assets at each reporting date by evaluating objective evidence specific to the Group and to the particular receivable asset that may lead to impairment. These include the financial condition of the debtor; contract breaches by the debtor; concessions granted to the debtor; or decreases in national or economic conditions that correlate with defaults. If an impairment trigger exists the recoverable amount of the asset is determined. An impairment loss of $8.5 million was recognised in the prior year to reduce the carrying amount of loan receivables to a recoverable amount of nil. A further impairment of $0.8 million had been recognised in the prior year relating to the interest arrears and earlier adjustments due under the original sale agreements. This has been recognised in the Statement of Comprehensive Income in the line item "Impairment expense".

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. The recoverable amount of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five year period with a terminal value, and a pre-tax discount rate of 20.965% p.a. (2012: 16.030% p.a.). The basis for these estimates is past experience of Management.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.

2. PROFIT FROM OPERATIONS

	2013 $'000	2012 $'000
(a) Revenue and Other Income from continuing operations		
Revenue from operations consisted of the following items:		
Revenue from the sales of goods	111,696	113,158
Interest – other persons	59	1,739
	111,755	114,897
Other Income from operations consisted of the following items:		
Other Items	206	580
	206	580
(b) Profit before income tax – continuing operations		
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:		
Gain/(loss) on disposal of property, plant and equipment	(220)	1
Net foreign exchange gains/(losses)	(53)	72
	(273)	73
Gains attributable to continuing operations	33	98
Losses attributable to continuing operations	(306)	(25)
	(273)	73
Cost of sales	68,778	68,039
Legal expenses	216	1,359
Finance Costs:		
Interest – other entities	352	159
Finance lease finance charges	17	24
Depreciation or amortisation of:		
Property, plant & equipment	775	700
Leased assets	11	52
Brand names	-	-
Other intangibles	905	681
	1,691	1,433
Net bad and doubtful debts	268	45
Operating lease expense	3,225	3,388
Research and development costs charged directly to the net income:		
Employee benefits expense	720	457
Materials	106	235
Amortisation expense	721	485
Impairment expense:		
Loan receivable	-	8,500
Interest Receivable	-	770
	-	9,270
Employee benefit expense:		
Post-employment benefits:		
Defined contribution plans	963	892
Share-based payments:		
Equity settled share-based payments	772	-
Termination benefits	136	190
Other employee benefits	14,934	12,644
	16,805	13,726

3. INCOME TAXES

	2013 $'000	2012 $'000
(a) Income tax recognised in profit or loss		
Tax expense/(benefit) comprises:		
Current tax expense	3,605	6,553
(Over)/Underprovision of income tax in previous year	(383)	(220)
Deferred tax expense relating to the origination and reversal of temporary differences	74	(87)
Total tax expense/(benefit) attributable to continuing operations	3,296	6,246
The prima facie income tax on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Total Profit/(loss) before income tax	13,108	11,571
Income tax calculated at 30%	3,932	3,471
Add/(Deduct)		
Impairment losses on receivable not deductible	-	2,550
Foreign exchange adjustment	(4)	1
Research & Development Incentive	(859)	(717)
Other items	610	1,161
(Over)/Under provision of income tax in previous year-continuing operations	(383)	(220)
	(636)	2,775
Aggregate income tax expense	3,296	6,246

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2013 $'000	2012 $'000
(b) Current tax assets and liabilities		
Current tax assets:		
Tax refund receivable	438	-
Current tax payables:		
Income tax payable attributable to:		
Parent entity	-	(164)
Entities in the tax consolidated group	-	(3,445)
Other	-	-
	-	(3,609)

3. INCOME TAXES (continued)

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2013	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Impairment $'000	Closing balance $'000
Gross deferred tax liabilities:					
Property, plant and equipment	(112)	(177)	-	-	(289)
Intangible assets	(636)	(109)	-	-	(745)
	(748)	(286)	-	-	(1,034)
Gross deferred tax assets:					
Receivables	10	71	-	-	81
Inventories	191	(36)	-	-	155
Provisions	446	28	-	-	474
Accruals/Borrowings	315	(58)	-	-	257
Other	329	122	-	-	451
	1,291	127	-	-	1,418
Net deferred tax balances	543	(159)	-	-	384
Disclosed in the accounts pursuant to the set-off provisions as:					
Deferred tax assets – continuing operations					1,418
Deferred tax liabilities – continuing operations					(1,034)
					384

2012	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Impairment $'000	Closing balance $'000
Gross deferred tax liabilities:					
Property, plant and equipment	(236)	124	-	-	(112)
Intangible assets	(486)	(150)	-	-	(636)
Borrowings	(14)	14	-	-	-
	(736)	(12)	-	-	(748)
Gross deferred tax assets:					
Receivables	211	(201)	-	-	10
Inventories	139	52	-	-	191
Provisions	413	33	-	-	446
Accruals/Borrowings	353	(38)	-	-	315
Other	75	254	-	-	329
	1,191	100	-	-	1,291
Net deferred tax balances	455	88	-	-	543
Disclosed in the accounts pursuant to the set-off provisions as:					
Deferred tax assets – continuing operations					1,291
Deferred tax liabilities – continuing operations					(748)
					543

3. INCOME TAXES (continued)

Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

The company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 1 July 2002. The head entity within the tax consolidated group for the purposes of the tax consolidated system is CMI Limited.

Entities within the tax consolidated group have entered into a tax funding agreement with the head entity. Under the terms of this 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 net accounting profit or loss of the entity and the current rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

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

4. CURRENT TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Trade receivables	19,167	20,317
Allowance for doubtful debts	(284)	(33)
	18,883	20,284
Other	653	563
	19,536	20,847

(a) Allowance for doubtful debts

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is recognised when there is objective evidence that an individual trade receivable is impaired. An allowance for doubtful debts of $284 thousand (2012: $33 thousand) has been recognised by the consolidated entity.

Movements in the allowance for doubtful debts were as follows:

	2013 $'000	2012 $'000
At 1 July	33	90
Charge for the year	268	45
Disposed of with business	-	-
Amounts written off	(17)	(102)
	284	33

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days within credit terms	31-60 days within credit terms	31-60 days PDNI*	61-90 days within credit terms	61-90 days PDNI*	+91 days within credit terms	+91 days PDNI*	+91 Days CI**
2013									
Consolidated	19,167	11,186	5,165	865	1,002	268	(8)	405	284
2012									
Consolidated	20,317	9,498	6,330	1,103	2,157	298	8	890	33

* Past due not impaired ('PDNI')

** Considered impaired ('CI')

Receivables past due but not considered impaired are: Consolidated $1,539 (2012: $2,291). Payment terms on these amounts have not been re-negotiated however in most cases credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

4. CURRENT TRADE AND OTHER RECEIVABLES (Continued)

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the consolidated entity's policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 30.

5. CURRENT INVENTORIES

	2013 $'000	2012 $'000
At Cost		
Raw materials and stores	5,031	4,299
Work in progress	2,689	2,195
Finished goods	21,710	21,141
	29,430	27,635

Raw materials with a cost of $198 thousand (2012: $289 thousand), work in progress with a cost of $nil (2012: $145 thousand) and finished goods with a cost of $925 thousand (2012: $855 thousand) have been provided for obsolescence and the inventories have been carried at a net realisable value of $nil.

6. PARENT ENTITY INFORMATION

	2013 $'000	2012 $'000
Information relating to CMI Limited:		
Current assets	4,373	2,990
Total assets	28,668	26,953
Current liabilities	977	8,056
Total liabilities	7,845	11,408
Issued capital	37,680	37,227
Retained earnings	(24,333)	(28,524)
Employee Equity-settled Benefits Reserve	674	162
Class A Share Reserve	6,802	6,680
Total shareholders' equity	20,823	15,545
Profit/(Loss) of the parent entity	4,190	(10,314)
Total comprehensive income of the parent entity	4,190	(10,314)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
*Guarantees arising from the deed of cross-guarantee with other entities in the wholly-owned group (i)	17,743	12,887
Details of any contingent liabilities of the parent entity		
*Guarantees issued to bank in respect of overseas purchases, supply contract performance and lease of premises (ii)	1,917	1,586
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	N/A	N/A

6. PARENT ENTITY INFORMATION (continued)

(i) The company has entered into a deed of cross-guarantee with certain wholly-owned subsidiaries. The amount disclosed as a contingent liability represents total liabilities of the group of companies' party to that class order less the liabilities of the parent entity. Pursuant to Class Order 98/1418, CMI Limited, CMI Operations Pty Ltd and TJM Products Pty Ltd have entered into a deed of cross guarantee. The effect of the deed is that CMI Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that CMI Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The deed of cross guarantee will continue to operate indefinitely. The fair value of these guarantees has not been recognised, since the parent entity has not incurred any obligation under the deed of cross guarantee.

(ii) A number of contingent liabilities arise as a result of guarantees made directly to financing organisations in respect of overseas purchases, lease of premises and payment of business. The amount disclosed represents the aggregate amount of such guarantees. The extent to which an outflow of funds will be required is dependent on the satisfaction of the obligations under the terms of the overseas purchases, leases and loans subject to the guarantees. The fair value of these guarantees has not been recognised as they are not considered material. The contingent liabilities are not recognised in the accounts as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

7. OTHER NON-CURRENT FINANCIAL ASSETS

	2013 $'000	2012 $'000
Loan Receivable	17,000	17,000
Provision for Impairment	(17,000)	(17,000)
	-	-

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 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 26 February 2013, a bankruptcy trustee was appointed in relation to M. J. Hofmeister.

The loan was due to be repaid on 16 April 2011. Following an approach by CMI Industrial Pty Ltd it was agreed to extend the repayment date by 6 months. The loan was extended on the same terms and conditions.

The loan was not repaid on 16 October 2011. Interest had been paid on the loan in accordance with the security documents up until 16 October 2011 but interest payments due since have not been received.

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 final discount repayment period expired on 15 April 2011. The carrying value increased to $17 million and the provision for impairment increased by $0.5 million.

On 28 February 2012 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 $8.5 million and an impairment expense and provision for this amount was recorded at 31 December 2011. A further impairment of $0.8m had been recognised relating to the interest arrears and earlier adjustments due under the original sale agreements. No tax benefit was recorded on the principal (capital) impairment of $8.5 million as sufficient forecasted capital profits are not envisaged to utilise these losses.

Administrators and Receivers were appointed to CMI Industrial Pty Ltd on 26 April 2012. An amount of $186 thousand was received during the year from the administrator. This amount is a provisional payment only and subject to variation. As a result of this, the amount has not yet been recognised as income. The amount is recorded as a current liability at 30 June 2013.

At 30 June 2013, principal and interest arrears, including default interest and charges, and earlier adjustments due under the original sale agreements total $21.4 million.

In forming the accounts at 30 June 2013, and subsequent to this date, the Board's assessment of the loan's recoverable value has not changed with respect to this loan. The loan is carried at a nil value and classified as a non-current asset as the Board does not expect the loan to be repaid in the following 12 month period.

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Plant and Equipment $'000	Equipment under finance lease $'000	TOTAL $'000
Gross Carrying Amount				
Balance at 1 July 2011 (at cost)	-	9,183	720	9,903
Additions	-	1,018	240	1,258
Disposals	-	(230)	-	(230)
Net foreign currency exchange differences	-	28	-	28
Balance at 1 July 2012 (at cost)	-	9,999	960	10,959
Additions	-	1,008	-	1,008
Disposals	-	(1,602)	(27)	(1,629)
Net foreign currency exchange differences	-	97	-	97
Balance at 30 June 2013 (at cost)	-	9,502	933	10,435
Accumulated Depreciation / Amortisation / Impairment				
Balance at 1 July 2011	-	(4,795)	(299)	(5,094)
Disposals	-	175	-	175
Transfers	-	(213)	213	-
Depreciation expense (i)	-	(700)	(52)	(752)
Net foreign currency exchange differences	-	(6)	-	(6)
Balance at 1 July 2012	-	(5,539)	(138)	(5,677)
Disposals	-	1,376	27	1,403
Transfers	-	-	-	-
Depreciation expense (i)	-	(775)	(11)	(786)
Net foreign currency exchange differences	-	(24)	-	(24)
Balance at 30 June 2013	-	(4,962)	(122)	(5,084)
Net Book Value				
As at 30 June 2012	-	4,460	822	5,282
As at 30 June 2013	-	4,540	811	5,351

(i) Aggregate depreciation allocated during the year is recognised as an expense and depreciation from continuing operations is disclosed in Note 2 to the financial statements.

There are no restrictions to title for the property, plant and equipment.

9. GOODWILL

	2013 $'000	2012 $'000
Gross Carrying Amount		
Balance at beginning of the financial year	8,318	8,318
Disposals	-	-
Balance at end of the financial year	8,318	8,318
Accumulated Impairment Losses		
Balance at beginning of the financial year	(1,468)	(1,468)
Disposals	-	-
Balance at end of the financial year	(1,468)	(1,468)
Net Book Value		
At the beginning of the financial year	6,850	6,850
At the end of the financial year	6,850	6,850

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the Electrical Components Division cash-generating units.

The carrying amount of goodwill allocated to cash-generating units that are significant in aggregate is as follows:

Electrical Components	6,850	6,850
	6,850	6,850

Electrical Components

The electrical components operating units produce similar products, and their recoverable amounts are based on some of the same key assumptions. The recoverable amount of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five year period with a terminal value, and a pre-tax discount rate of 20.965% p.a. (2012: 16.030% p.a.). Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

Key assumption	Electrical Components
Budgeted EBITDA	Budgeted EBITDA, which is consistent with past experience. Management expects EBITDA growth rates of 0% - 3% per year (2012: 0% - 5%) to be reasonably achievable and terminal growth rates of 0% - 3% per year (2012: 0% - 5%) to be reasonably achievable.
Budgeted profits	Profits achieved in the period immediately before the budget period, increased for expected EBITDA improvements. This reflects past experience. Management expects EBITDA improvements of 0% - 3% per year (2012: 0% - 5%) to be reasonably achievable.
Budgeted CAPEX	Budgeted CAPEX during the budget period. Management expects increases of 3% (2012: 3%) per year to be reasonable allowance for increase in CAPEX costs.

10. OTHER INTANGIBLE ASSETS

	Capitalised Development $'000	Brand names $'000	Other $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2011	10,206	5,692	923	16,821
Additions through internal developments	1,105	-	36	1,141
Net foreign currency exchange differences	-	-	4	4
Balance at 1 July 2012	11,311	5,692	963	17,966
Additions through internal developments	1,235	-	-	1,235
Disposals	(84)	-	-	(84)
Acquisitions	-	-	379	379
Net foreign currency exchange differences	-	-	9	9
Balance at 30 June 2013	12,462	5,692	1,351	19,505
Accumulated amortisation and impairment				
Balance at 1 July 2011	(8,525)	(5,692)	(312)	(14,529)
Amortisation expense (i)	(531)	-	(150)	(681)
Balance at 1 July 2012	(9,056)	(5,692)	(462)	(15,210)
Amortisation expense (i)	(721)	-	(183)	(904)
Net foreign currency exchange differences	-	-	(4)	(4)
Balance at 30 June 2013	(9,777)	(5,692)	(649)	(16,118)
Net Book Value				
As at 30 June 2012	2,255	-	501	2,756
As at 30 June 2013	2,685	-	702	3,387

(i) Amortisation expense is included in the line item 'Depreciation and amortisation expense' in the Statement of Comprehensive Income.

Significant intangible assets

The consolidated entity includes the brand name TJM (2012: TJM). The carrying amount of the TJM brand name was fully impaired in the 2009 year to $Nil.

11. CURRENT TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Trade payables	8,711	7,401
Other creditors & accruals	5,123	3,962
	13,834	11,363

(a) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Financial guarantees

The consolidated entity has provided guarantees as outlined in Note 29. The fair value of these guarantees has not been recognised as they are not considered material.

(c) Terms of payables

Trade payables are non-interest bearing and are generally on 30-60 day terms.

12. CURRENT BORROWINGS

	2013 $'000	2012 $'000
Unsecured		
At amortised cost:		
Other loans from other entities	-	-
	-	-
Secured		
At amortised cost:		
Bank Overdraft (i)	-	-
Bill Facility (i)	-	7,500
Finance Lease Liabilities (ii) (Note 17 & 28(d))	55	164
	55	7,664
	55	7,664

(i) Secured by a fixed and floating charge over the assets and undertaking of the consolidated entity.

ii) Secured over the assets leased; part of a $2.00 million lease facility (2012: $2.00 million) – refer Note 28.

(a) Fair values

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 30.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	2013	2012
Bills of exchange – Fixed and Floating	71,164	68,713
Leased asset charges	812	822
Total assets pledged as security	71,976	69,535

The specific terms and conditions related to the above pledges include repayment requirements, security undertakings and quarterly reporting on bank covenants relating to financial charges cover, capital adequacy, operating leverage and dividend payout ratio. The interest terms of the facility are based on a margin above the bank's buying rate for bills at the time of drawing and a facility fee calculated on the facility limit.

(d) Set-off assets and liabilities

The Consolidated entity has no set off rights apart from cash as detailed in Note 28(a).

(e) Defaults and breaches

The terms and conditions of the groups banking facilities include the facility provider having the right to trigger a review of the banking facilities based on the EBITDA result of the group. During the current year the consolidated entity exceeded the facility providers allowable variance to EBITDA due to decreased expected earnings. The facility provider did not action this right of review.

13. CURRENT PROVISIONS

	2013 $'000	2012 $'000
Employee benefits (Note 16)	1,453	1,362
	1,453	1,362

14. NON-CURRENT BORROWINGS

Secured		
At amortised cost:		
Bills of Exchange (i)	-	-
Finance Lease Liabilities (ii) (Note 17 & 28(d))	118	173
	118	173

(i) Secured by a fixed and floating charge over the assets and undertaking of the consolidated entity.

ii) Secured over the assets leased; part of a $2.00 million lease facility (2012: $2.00 million) – refer Note 28.

(a) Fair values

Due to the variable interest rate of these payables, their carrying value is assumed to approximate fair value.

15. NON-CURRENT PROVISIONS

Employee benefits	128	124
	128	124

16. PROVISIONS

	Employee Benefits (i) $'000	Onerous Leases (ii) $'000
Balance at 30 June 2011	1,376	68
Additional provisions recognised	110	-
Provisions released	-	(68)
Balance at 30 June 2012	1,486	-
Additional provisions recognised	952	-
Provisions released	(857)	-
Balance at 30 June 2013	1,581	-
Current (Note 13)	1,453	-
Non-current (Note 15)	128	-
	1,581	-

(i) The provision for employee benefits represents the aggregate amount of annual leave and long service leave entitlements.

(ii) The provision for onerous leases represents future costs expected to be incurred in relation to the TJM retail premises closed during the prior year.

17. LEASES

Finance Leases

Leasing arrangements

Finance leases relate to plant and equipment with lease terms of between 3 to 5 years. The consolidated entity has options to purchase the plant and equipment for a nominal amount at the conclusion of the lease agreements.

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	Consolidated		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
No later than 1 year	67	181	55	164
Later than 1 year and not later than 5 years	124	191	118	173
Later than 5 years	-	-	-	-
Minimum finance lease payments	191	372	173	337
Less future finance charges	(18)	(35)	-	-
Present value of minimum lease payments	173	337	173	337
Included in the financial statements as:				
Current (Note 12)	55	164	55	164
Non-current (Note 14)	118	173	118	173
	173	337	173	337

Operating Leases

Leasing arrangements

Operating leases relate to property, plant and equipment with lease terms of between 1 to 13 years. All leases are non-cancellable, operate under normal commercial terms and conditions, and are payable on a monthly or quarterly basis. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

	2013 $'000	2012 $'000
Non-cancellable operating leases		
Not later than 1 year	3,196	3,193
Later than 1 year but not later than 5 years	3,209	4,239
Later than 5 years	-	-
	6,405	7,432

18. ISSUED CAPITAL

	2013 $'000	2012 $'000
34,052,634 (2012: 33,752,634) fully paid ordinary shares	37,680	37,227
Nil (2012: Nil) fully paid Class A shares	-	-
	37,680	37,227

	2013		2012	
	No. '000	$'000	No. '000	$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial year	33,753	37,227	33,753	37,227
Movement for the year	300	453	-	-
Balance at end of financial year	34,053	37,680	33,753	37,227

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2013		2012	
	No. '000	$'000	No. '000	$'000
Class A Shares				
Balance at beginning of financial year	-	-	28,005	32,876
Movement for the year	-	-	(28,005)	(32,876)
Balance at end of financial year	-	-	-	-

The Class A shares are irredeemable and are entitled to only vote in specific circumstances. These shares carry the right to a preferred ranking over ordinary shares for payment of dividends. The dividends are non-cumulative.

On 12 June 2012, the share capital of the Company was reduced by the cancellation of all 28,005,311 Class A Shares on issue in consideration for the payment of $0.95 for each Class A Share cancelled.

The remaining Issued Capital of CMI Limited is 34,052,634 Fully Paid Ordinary Shares at 30 June 2013.

19. RESERVES

	2013 $'000	2012 $'000
a) Reserves Comprise:		
Class A share reserve	6,802	6,680
Employee Equity-settled Benefits Reserve	674	162
Foreign Currency Translation Reserve	239	(10)
	7,715	6,832
b) Movements in Reserves		
Foreign Currency Translation Reserve		
Balance at beginning of financial year	(10)	(86)
Translation of foreign operations	249	76
Balance at end of financial year	239	(10)

Exchange differences relating to the translation from China RMB and USD, being the functional currency of the consolidated entity's foreign controlled entity in the People's Republic of China and United States of America, into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

	2013 $'000	2012 $'000
Employee Equity-settled Benefits Reserve		
Balance at beginning of financial year	162	162
Share-based payment	772	-
Exercise of options	(260)	-
Balance at end of financial year	674	162

The employee equity-settled benefits reserve arises on the issue of options to directors. Further information about share-based payments to employees is included in Note 23 to the financial statements.

19. RESERVES (continued)

	2013 $'000	2012 $'000
Class A Share Reserve		
Balance at beginning of financial year	6,680	-
Transfer from Class A share capital	-	6,680
Share loan repayments	125	-
Share buyback expenses	(3)	
Balance at end of financial year	6,802	6,680

The Class A share reserve arises on the cancellation of all 28,005,311 Class A shares on issue on 12 June 2012.

	2013 $'000	2012 $'000

20. RETAINED EARNINGS

	2013 $'000	2012 $'000
Balance at beginning of financial year	1,181	(4,144)
Net profit/(loss) attributable to members of the parent entity	9,812	5,325
Dividends provided for or paid	-	-
Balance at end of financial year	10,993	1,181

21. EARNINGS PER SHARE – Continuing Operations

	2013 Cents per Share	2012 Cents per Share
Basic earnings per share	29.05	15.78
Diluted earnings per share	28.67	15.71

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:

	2013 $'000	2012 $'000
Earnings (i)	9,812	5,325

	No. '000	No. '000
Weighted average number of ordinary shares (ii)	33,774	33,753

(i) Earnings used in the calculation of basic earnings per share reconciles to net profit/(loss) in the Statement of Comprehensive Income as follows:

	2013 $'000	2012 $'000
Net profit/(loss)	9,812	5,325
Class A share dividends declared in respect of the period	-	-
Earnings used in the calculation of basic EPS	9,812	5,325

(ii) Options and performance rights 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).

21. 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:

	2013 $'000	2012 $'000
Earnings (i)	9,812	5,325

	No. '000	No. '000
Weighted average number of ordinary and potential ordinary shares (ii)	34,220	33,897

(i) Earnings used in the calculation of diluted earnings per share reconciles to net profit/(loss) in the Statement of Comprehensive Income as follows:

	2013 $'000	2012 $'000
Net profit/(loss)	9,812	5,325
Earnings used in the calculation of diluted EPS	9,812	5,325

(ii) 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:

	No. '000	No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS (ii)	33,774	33,753
Performance Rights (iii)	446	144
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	34,220	33,897

(iii) Performance rights are included on the basis that they are dilutive.

22. DIVIDENDS

	2013 Cents per Share	2013 Total $'000	2012 Cents per Share	2012 Total $'000
Recognised Amounts				
Fully Paid Ordinary Shares:				
Interim dividend – franked to 30% tax rate	-	-	-	-
Final dividend – franked to 30% tax rate		-		-
Unrecognised Amounts				
Fully Paid Ordinary Shares:				
Final dividend – franked to 30% tax rate	6.00	2,043	-	-
		2,043		-

On the basis that directors will continue to publicly recommend dividends in respect of ordinary shares subsequent to reporting date, in future financial reports the amount disclosed as "recognised" will be the final dividend in respect of the prior financial year, and the interim dividend in respect of the current financial year.

The consolidated entity's adjusted franking account balance on a tax paid basis is $23,033 thousand (2012: $16,076 thousand). The impact on the consolidated entity's franking account balance of dividends not recognised is $876 thousand (2012: $Nil thousand).

23. EMPLOYEE INCENTIVE SCHEME

The company has an ownership-based remuneration scheme for employees. In accordance with the provisions of the scheme, as approved by shareholders at a general meeting, the Board may invite, on terms and conditions the Board determines, employees to apply for performance rights. The exercise price of the share performance rights is determined by the Board. All share performance rights carry no voting rights and do not entitle the holder to dividends.

Issued During the Period

In December 2012, 500,000 performance share rights were granted to the Executive Chairman and Managing Director under the Company's Performance Rights Plan (PRP). The exercise price of the rights is nil.

The rights parcels A (150,000 rights) and B (350,000 rights) vest if the Total Shareholder Return (TSR), based on the Group's 60-day volume weighted average price share price, increases by 15% within 12 months and 25% within 24 months, respectively, from the date of grant. If the 15% increase required for Parcel A is not met within 12 months, these shares form part of Parcel B, with the opportunity for them to vest if the share price increases by 25%. If this increase is not met within 24 months, both Parcel A and B rights lapse. The 500,000 performance share rights issued to the Executive Chairman vested in February 2013 and became exercisable.

The fair value of the rights granted is estimated at the grant date, 14 December 2012, using a Monte Carlo simulation pricing model, taking into account the terms and conditions upon which the rights were granted. The contractual life of each right granted is five years. There is no cash settlement of the rights.

The fair value of rights granted was estimated on the date of shareholder approval using the following assumptions:

Volatility of share price (%)	50.0%
Risk-free interest rate (%)	2.61%
Dividend yield (%)	0.0%
60 day volume weighted average share price ($)	$1.92

On the basis of the assessment for the 12 months ended 30 June 2013, the fair value per right is $1.36 for Parcel A and $1.29 for Parcel B. The Group has recognised $655,500 of share-based payment transactions expense in the statement of comprehensive income (2012: $nil).

Since 31 December 2012, 450,000 performance rights were granted to executives and are detailed below. The rights vest if the performance hurdles are met at 30 June 2016 and the senior executive is still employed on such date. Performance hurdles include, depending on position, increase in total shareholder return, revenue increases, profit maintenance and continuing employment conditions. If the performance hurdles are not met at 30 June 2016, the rights lapse.

In January 2013, 200,000 performance share rights were granted to the Chief Financial Officer (CFO)/Company secretary under the Company's Performance Rights Plan (PRP). The exercise price of the rights is nil. The fair value of the rights granted is estimated at the grant date, 23 January 2013, using a Monte Carlo simulation pricing model, taking into account the terms and conditions upon which the rights were granted. The contractual life of each right granted is five years.

There is no cash settlement of the rights. On the basis of the assessment for the 12 months ended 30 June 2013, the fair value per right is $1.44 and the Group has recognised $35,122 of share-based payment transactions expense in the statement of comprehensive income (2012: $nil).

In February 2013, 250,000 performance share rights were granted to the General Manager – TJM Products under the Company's Performance Rights Plan (PRP). The exercise price of the rights is nil. The fair value of the rights granted is estimated at the grant date, 25 February 2013, using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the rights were granted. The contractual life of each right granted is five years. There is no cash settlement of the rights. On the basis of the assessment for the 12 months ended 30 June 2013, the fair value per right is $2.68 and the Group has recognised $81,707 of share-based payment transactions expense in the statement of comprehensive income (2012: $nil).

At the date of this Annual Report, an invitation for 350,000 performance share rights remains extended to the General Manager – Electrical under the Company's Performance Rights Plan (PRP). The exercise price of the rights is $nil.

On the basis of the assessments for the 12 months ended 30 June 2013, the Group has recognised a total share-based payment transactions expense of $772,329 in the statement of comprehensive income (2012: $nil).

23. EMPLOYEE INCENTIVE SCHEME (continued)

Inputs into the model	Performance Rights Series		Performance Rights Series	Performance Rights Series
	C. Ryan		S. Williams	S. O'Brien
	Parcel A	Parcel B		
Grant Date	14/12/2013	14/12/2013	23/01/2013	25/02/2013
Share Price	$1.87	$1.87	$2.20	$2.68
Volatility of Share Price	50.0%	50.0%	40.0%	40%
Risk Free Rate	2.61%	2.61%	2.67%	2.76%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Value per Right	$1.36	$1.29	$1.44	$2.68
Rights Outstanding	150,000	350,000	200,000	250,000
Total Value of Rights	$204,000	$451,000	$288,000	$670,000
Time to Expiry	0.83 years	0.94 years	3.3 years	3.3 years
Vesting Conditions	The parcel A Rights will vest if the Company achieves a total shareholder return ('TSR') of at least 15% within the first 12 months following the issue date. If CMI does not achieve a TSR of 15% within the first 12 months following the issue of the rights, the rights will vest if the Company achieves a TSR of at least 25% within 24 months following the issue date.	The Parcel B Rights will vest if the Company achieves a TSR of at least 25% within the first 24 months following the issue date.	The right issued will vest if the Company achieves a TSR of 25% over the period from issue to 30 June 2016 and Ms S. Williams remains employed with CMI until 30 June 2016.	The rights issues will vest if the TJM Division achieves a cumulative growth in revenues (excluding revenues from acquisitions) of at least 30% over revenues for the year ended 30 June 2013 by 30 June 2016 and Mr S. O'Brien remains employed with CMI until 30 June 2016.
Status	Vested	Vested	Unvested	Unvested

Employee incentive scheme	2013		2012	
	Number of Options/Rights	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at beginning of financial year (i)	600,000	1.20	600,000	1.20
Granted during the financial year (ii)	950,000	-	-	-
Exercised during the financial year (iii)	(600,000)	1.20	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (iv)	950,000	-	600,000	1.20

(i) Balance at beginning of the financial year

On 16 April 2008 Director options were issued and are able to be exercised immediately. The options can be exercised at any time in the 5 years after the date of their issue. All options carry no voting rights and do not entitle the holder to dividends.

Options were priced in the 2008 financial year using the Black-Scholes option pricing model. Expected volatility was based on the historical share price volatility over the prior 2.5 years.

23. EMPLOYEE INCENTIVE SCHEME (continued)

Inputs into the model	Option Series Issued 16 April 2008
Grant date share price	$1.10
Exercise price	$1.20
Expected volatility	45%
Option life	2.5 years
Dividend yield	2.0%
Risk-free interest rate	6.9%
Fair value at grant date	$0.27

2013 Option / Rights – Series	No.	Grant date	Expiry/ Exercise date	Exercise Price $
Issued 16 April 2008	600,000	16/04/08	15/04/13	1.20
Performance Rights	500,000	12/12/12	12/12/17	Nil
Performance Rights	200,000	23/01/13	23/01/18	Nil
Performance Rights	250,000	25/02/13	25/02/18	Nil
2012 Option – Series	**No.**	**Grant date**	**Expiry/Exercise date**	**Exercise Price $**
Issued 16 April 2008	600,000	16/04/08	15/04/13	1.20

On exercise of the 2008 options the company held a right to issue equity or cash settle for equity fair value. In 2013, Mr Herceg and Mr Ryan exercised 300,000 options, by paying consideration of $360,000 each. The board resolved to issue Mr Herceg with 300,000 shares and resolved to cash settle Mr Ryan's options. At settlement date the Board returned Mr Ryan's payment of $360,000 plus $279,000 representing the fair value of 300,000 shares at that date. No shares were issued to Mr Ryan.

(ii) Granted during financial year

2013 Option – Series	No.	Grant date	Expiry/ Exercise date	Exercise Price $
Performance Rights	500,000	12/12/12	12/12/17	Nil
Performance Rights	200,000	23/01/13	23/01/18	Nil
Performance Rights	250,000	25/02/13	25/02/18	Nil
2012 Option – Series	**No.**	**Grant date**	**Expiry/ Exercise date**	**Exercise Price $**
-	-	-	-	-

(iii) Exercised during the financial year

2013 Option – Series	No. of options exercised	Grant date	Exercise date	Expiry date	Exercise Price $	No. of shares issued	Fair value received $	Fair value of shares at date of issue $
Issued 16 April 2008	300,000	16/04/08	12/04/13	15/04/13	1.20	300,000	93,000	453,000
Issued 16 April 2008	300,000	16/04/08	15/04/13	15/04/13	1.20	Nil	279,000*	Nil
2012 Option – Series	**No. of options exercised**	**Grant date**	**Exercise date**	**Expiry date**	**Exercise Price $**	**No. of shares issued**	**Fair value received $**	**Fair value of shares at date of issue $**
-	-	-	-	-	-	-	-	-

* Cash settled

The fair value of the shares at the date of issue was based on the market value at that date.

23. EMPLOYEE INCENTIVE SCHEME (continued)

(iv) Balance at end of the financial year

2013 Option / Rights – Series	No.	Vested No.	Unvested No.	Grant date	Expiry Date	Exercise Price $
Issued 16 April 2008	-	-	-	16/04/08	15/04/13	1.20
Performance Rights	500,000	500,000	-	12/12/12	12/12/17	Nil
Performance Rights	200,000	-	200,000	23/01/13	23/01/18	Nil
Performance Rights	250,000	-	250,000	25/02/13	25/02/18	Nil
2012 Option – Series	**No.**	**Vested No.**	**Unvested No.**	**Grant date**	**Expiry Date**	**Exercise Price $**
Issued 16 April 2008	600,000	600,000	-	16/04/08	15/04/13	1.20

24. REMUNERATION OF AUDITORS

(a) Auditor of the Parent Entity

	2013 $	2012 $
Auditing the financial report of CMI Limited (including half year review)	293,501	281,281
Other services in relation to the entity and any other entity in the consolidated group		
• Tax compliance	114,327	137,497
• Other non-audit services	105,158	85,880
	512,986	504,658

The auditor of CMI Limited is Ernst & Young (2012: Ernst & Young).

25. OPERATING SEGMENT

	CONTINUING OPERATIONS									
	TJM Products – Australia/USA		TJM Products – China		TJM Products – Total		Electrical Components		Consolidated	
BUSINESS	**30/06/13 $'000**	**30/06/12 $'000**	**30/06/13 $'000**	**30/06/12 $'000**	**30/06/13 $'000**	**30/06/12 $'000**	**30/06/13 $'000**	**30/06/12 $'000**	**30/06/13 $'000**	**30/06/12 $'000**
REVENUE										
External sales – Domestic	29,959	27,174	-	-	29,959	27,174	70,774	73,759	100,733	100,933
External sales – Export	10,664	11,320	319	997	10,983	12,317	-	-	10,983	12,317
Intersegment sales (i)	-	-	2,777	3,042	-	-	-	-	-	-
Total Segment Revenue	40,623	38,494	3,096	4,039	40,942	39,491	70,774	73,759	111,716	113,250
Interest income									39	1,647
Total revenue per the Statement of Comprehensive Income									111,755	114,897
RESULT										
Segment result	(2,205)	976	(46)	44	(2,251)	1,020	18,517	21,540	16,266	22,560
Reconciliation of segment net profit before tax to net profit/(loss) after tax per the Statement of Comprehensive Income										
Interest income									39	1,647
Employee benefits									(1,964)	(941)
ASX and share register expense									(89)	(125)
Borrowing costs									(352)	(159)
Receivable impairment									-	(9,270)
Other expenses from ordinary activities									(792)	(2,141)
Income tax expense									(3,296)	(6,246)
Profit/(loss) after tax per the Statement of Comprehensive Income									9,812	5,325

(i) Inter-entity sales are recognised based on an internally set transfer price of goods at cost plus a margin. Sales are between TJM China and Australia/USA and hence eliminate in the consolidated TJM Total.

(ii) Corporate charges and income tax expense are not allocated to each business segment

Major customer – The Group has a major customer to which it provides products. The Group supplies a vehicle company that accounts for 8.5% (2012: 6.3%) of external revenue. This customer accounts for 23.2% (2012: 18.1%) of external revenue within the TJM Products – Australia Domestic operating segment.

SEGMENT ASSETS										
Segment assets	26,131	26,948	2,789	1,349	28,920	28,297	38,141	37,823	67,061	66,120
Reconciliation of segment assets to the statement of financial position										
Cash and cash equivalents									3,903	2,881
Other financial assets									-	-
Future income tax benefits									535	418
Property, Plant & Equipment									6	7
Other assets									33	109
Current tax assets									438	-
Total assets from continuing operations per the statement of financial position									71,976	69,535

25. Operating Segment (continued)

BUSINESS	TJM Products – Australia/USA 30/06/13 $'000	TJM Products – Australia/USA 30/06/12 $'000	TJM Products – China 30/06/13 $'000	TJM Products – China 30/06/12 $'000	TJM Products – Total 30/06/13 $'000	TJM Products – Total 30/06/12 $'000	Electrical Components 30/06/13 $'000	Electrical Components 30/06/12 $'000	Consolidated 30/06/13 $'000	Consolidated 30/06/12 $'000
SEGMENT LIABILITIES										
Segment liabilities	5,626	6,416	1,265	446	6,891	6,862	7,720	6,026	14,611	12,888
Reconciliation of segment assets to the statement of financial position										
Bank Loan									-	7,500
Tax Payables									-	3,507
Other Liabilities									977	400
Total liabilities from continuing operations per the statement of financial position									15,588	24,295

BUSINESS	TJM Products – Australia/USA 30/06 2013 $'000	TJM Products – Australia/USA 30/06 2012 $'000	TJM Products – China 30/06 2013 $'000	TJM Products – China 30/06 2012 $'000	TJM Products – Total 30/06 2013 $'000	TJM Products – Total 30/06 2012 $'000	Electrical Components 30/06 2013 $'000	Electrical Components 30/06 2012 $'000	Reconciliation to Statement of Cash flows 30/06 2013 $'000	Reconciliation to Statement of Cash flows 30/06 2012 $'000	Consolidated 30/06 2013 $'000	Consolidated 30/06 2012 $'000
CASHFLOW INFORMATION												
Net cash flow from operating activities	(552)	(2,343)	212	(46)	(340)	(2,389)	20,082	22,092	(9,004)	(10,142)	10,738	9,561
Net cash flow from investing activities	(1,521)	(1,843)	(608)	(59)	(2,129)	(1,902)	(358)	(341)	37	970	(2,450)	(1,273)
Net cash flow from financing activities	(835)	82	675	-	(160)	82	(21)	(100)	(7,017)	(18,749)	(7,198)	(18,767)

BUSINESS	TJM Products – Australia/USA		TJM Products – China		TJM Products – Total		Electrical Components		Corporate		Consolidated	
CAPITAL EXPENDITURE	1,541	1,973	631	65	2,172	2,038	448	355	2	6	2,622	2,399

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into three major operating divisions – electrical components, 4WD components Australia & USA and 4WD components China. 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.

Geographical Operations:

The group operates in Australia, China and the United States of America. The KMP of the group do not monitor or internally report results by geographical region. For completeness however, it is noted as follows:

- TJM Products – Australia/USA – No individually material components of this segment are outside of Australia.
- TJM Products – China – this business operates exclusively in China.
- Electrical Components – This business operates exclusively in Australia.

26. RELATED PARTY DISCLOSURES

a) Parent entities

The parent entity in the consolidated entity is CMI Limited.

b) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 27 to the financial statements.

c) Transactions with other related parties

During the 2013 year there were transactions relating to legal fees for $nil with Director Danny Herceg on normal commercial terms and conditions.

During the 2012 year there were transactions relating to legal fees for $13,430 with Director Danny Herceg on normal commercial terms and conditions.

d) Transactions with key management personnel and their related entities

Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report in the Directors' Report.

	2013 $	2012 $
Short-term employee benefits	1,572,247	1,674,907
Post-employment benefits	149,168	136,191
Other long-term benefits	27,284	23,209
Termination benefits	62,500	189,821
Share-based payment	1,051,329	-
	2,862,528	2,024,128

Loans to key management personnel

Loans to key management personnel	Balance at beginning $	Change to key management personnel $	Interest not charged $	Balance at end $	Number in group
2013	-	-	-	-	-
2012	-	-	-	-	-

26. RELATED PARTY DISCLOSURES (continued)

e) Key management personnel equity holdings

Fully Paid Ordinary Shares issued by CMI Limited

2013	Balance at 1/7/12 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30/06/13 No.	Balance held nominally No.
D. Herceg	500,000	-	300,000	(434,298)	365,702	-
L.J. Catelan**	16,263,123	-	-	(3,112,422)	13,150,701	-
R.K. Rolfe	-	-	-	-	-	-
S.R. Williams	3,622	-	-	-	3,622	-
J.L. Heslington	-	-	-	-	-	-
S.D. O'Brien	-	-	-	-	-	-
C.G. Ryan	-	-	-	-	-	-
S.E. Lonie	-	-	-	65,000	65,000	-
TOTAL	16,766,745	-	300,000	(3,481,720)	13,585,025	-
2012	**Balance at 1/7/11 No.**	**Granted as compensation No.**	**Received on exercise of options No.**	**Net other change No.**	**Balance at 30/06/12 No.**	**Balance held nominally No.**
D. Herceg	500,000	-	-	-	500,000	-
L.J. Catelan*	3,842,639	-	-	12,420,484	16,263,123	-
S.R. Williams	2,000	-	-	1,622	3,622	-
J.L. Heslington	-	-	-	-	-	-
C.G. Ryan	-	-	-	-	-	-
D. Somerville	-	-	-	-	-	-
Raymond D. Catelan*	12,420,484	-	-	(12,420,484)	-	-
Richard D. Catelan	851,632	-	-	-	851,632	-
TOTAL	17,616,755	-	-	1,622	17,618,377	-

* On 23 November 2010, Tinkerbell Enterprises Pty Ltd, as trustee for the Leanne Catelan Trust, acquired a relevant interest in 3,112,422 ordinary shares of CMI. The Takeovers Panel considered that Ms Leanne Catelan and Mr Raymond Catelan were associated under section 12(2)(b) for the purpose of controlling or influencing the conduct of CMI's affairs, or under section 12(2)(c) in relation to the affairs of CMI. The 3,112,422 shares are not included in the 12,420,484 shares above. The 3,112,422 shares are included in the 3,842,639 shares above.

** On 1 February 2013, The Australian Securities and Investment Commission (ASIC) appointed Morgan Stanley Wealth Management Australia Pty Ltd to sell 3,112,422 ordinary shares in CMI Limited. The sale follows a decision by the Takeovers Panel to vest the shares in the Commonwealth for sale by ASIC. The securities were sold off-market on 19 February 2013.

26. RELATED PARTY DISCLOSURES (continued)

Class A Shares issued by CMI Limited

2012	Balance at 1/7/11 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30/06/12 No.	Balance held nominally No.
C.G. Ryan	-	-	-	-	-	-
D. Herceg	-	-	-	-	-	-
L.J. Catelan	-	-	-	-	-	-
D. Somerville	-	-	-	-	-	-
Raymond D. Catelan	2,271,647	-	-	(2,271,647)	-	-
Richard D. Catelan	-	-	-	-	-	-
J.L. Heslington	-	-	-	-	-	-
S.R. Williams	-	-	-	-	-	-
TOTAL	2,271,647	-	-	(2,271,647)	-	-

Share Options issued by CMI Limited

2013	Balance at 1/7/12 No.	Granted as comp-ensation No.	Exercised No.	Net other change No.	Balance at 30/06/13 No.	Balance vested at 30/06/13 No.	Vested but not exercise-able No.	Vested and exercis-able No.	Options vested during year No.
C.G. Ryan	300,000	-	300,000	-	-	-	-	-	-
D. Herceg	300,000	-	300,000	-	-	-	-	-	-
TOTAL	600,000	-	600,000	-	-	-	-	-	-
2012	**Balance at 1/7/11 No.**	**Granted as comp-ensation No.**	**Exercised No.**	**Net other change No.**	**Balance at 30/06/12 No.**	**Balance vested at 30/06/12 No.**	**Vested but not exercise-able No.**	**Vested and exercis-able No.**	**Options vested during year No.**
C.G. Ryan	300,000	-	-	-	300,000	300,000	-	300,000	-
D. Herceg	300,000	-	-	-	300,000	300,000	-	300,000	-
TOTAL	600,000	-	-	-	600,000	600,000	-	600,000	-

Each share option converts into one ordinary share of CMI Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option.

Further details of options are contained in Note 23 to the financial statements.

26. RELATED PARTY DISCLOSURES (continued)

Share Performance Rights issued by CMI Limited

2013	Balance at 1/7/12 No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30/06/13 No.	Balance vested at 30/06/13 No.	Vested but not exercise-able No.	Vested and exercis-able No.	Rights vested during year No.
S. R. Williams	-	200,000	-	-	200,000	-	-	-	-
S.D. O'Brien	-	250,000	-	-	250,000	-	-	-	-
C.G. Ryan*	-	500,000	-	-	500,000	500,000	-	500,000	500,000
TOTAL	-	950,000	-	-	950,000	500,000	-	500,000	500,000
2012	**Balance at 1/7/11 No.**	**Granted as compensation No.**	**Exercised No.**	**Net other change No.**	**Balance at 30/06/12 No.**	**Balance vested at 30/06/12 No.**	**Vested but not exercise-able No.**	**Vested and exercis-able No.**	**Rights vested during year No.**
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

* As at 30 June 2013, Mr C. G. Ryan was no longer an employee of CMI Limited

Each share performance right converts into one ordinary share of CMI Limited on exercise. No amounts are paid or payable by the recipient on receipt of the right.

Further details of options are contained in Note 23 to the financial statements.

27. SUBSIDIARIES AND ASSOCIATES

Name of Entity	Country of Incorporation	Ownership Interest 2013 %	Ownership Interest 2012 %
Parent Entity:			
CMI Limited	Australia		
Subsidiaries and associates			
CMI Operations Pty Ltd	Australia (i)	100	100
TJM Products Pty Ltd	Australia (i)	100	100
TJM Shenzhen	China	100	100
TJM Off-Road Products Inc.	USA	100	100

(i) This wholly-owned subsidiary has entered into a deed of cross-guarantee with CMI Limited pursuant to ASIC Class Order 98/1418 and is relieved from the requirement to prepare an audited financial report.

27. SUBSIDIARIES AND ASSOCIATES (Continued)

The consolidated Statement of Comprehensive Income and Statement of Financial Position of entities which are party to the deed of cross-guarantee are:

	2013 $'000	2012 $'000
Statement of Comprehensive Income		
Revenue	110,424	113,306
Other income	206	579
Changes in inventories	644	2,660
Raw materials expense	(65,252)	(65,051)
Sub-contractors expense	(1,130)	(793)
Employee benefits expense	(15,866)	(13,060)
Repairs, maintenance and consumables expense	(961)	(847)
ASX and share register expense	(89)	(125)
Occupancy expense	(3,794)	(3,985)
Travel and communication expense	(1,740)	(1,641)
Freight and cartage expense	(3,668)	(4,438)
Depreciation and amortisation expense	(1,609)	(1,374)
Finance costs	(369)	(183)
Impairment expense	-	(9,270)
Other expenses	(3,314)	(3,831)
Profit/(loss) before income tax expense	13,482	11,947
Income tax (expense)/benefit	(3,282)	(6,195)
Profit/(loss) from continuing and discontinuing operations	10,200	5,752

27. SUBSIDIARIES AND ASSOCIATES (Continued)

	2013 $'000	2012 $'000
Statement of Financial Position		
CURRENT ASSETS		
Cash and cash equivalents	6,048	5,481
Trade and other receivables	19,416	20,525
Inventories	27,050	26,406
Current Tax Asset	438	-
TOTAL CURRENT ASSETS	52,952	52,412
NON-CURRENT ASSETS		
Property, plant and equipment	4,374	4,901
Other financial assets	2,180	1,270
Investment	1,518	843
Goodwill	6,850	6,850
Other intangible assets	3,309	2,710
Deferred tax assets	385	543
TOTAL NON-CURRENT ASSETS	18,616	17,117
TOTAL ASSETS	71,568	69,529
CURRENT LIABILITIES		
Trade and other payables	12,580	10,750
Borrowings	55	7,664
Current tax payables	-	3,507
Provisions	1,452	1,363
TOTAL CURRENT LIABILITIES	14,087	23,284
NON-CURRENT LIABILITIES		
Borrowings	118	173
Provisions	128	124
TOTAL NON-CURRENT LIABILITIES	246	297
TOTAL LIABILITIES	14,333	23,581
NET ASSETS	57,235	45,948
EQUITY		
Issued capital	37,680	37,227
Reserves	7,476	6,842
Retained earnings	12,079	1,879
TOTAL EQUITY	57,235	45,948

28. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of cash and cash equivalents

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 year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2013 $'000	2012 $'000
Cash and cash equivalents		
Cheque Accounts	6,600	5,622
Term Deposit	-	-
	6,600	5,622
Bank overdraft	-	-
	6,600	5,622

b) Reconciliation of profit for the period to net cash flows from operating activities

	2013 $'000	2012 $'000
Profit/(loss) for the period	9,812	5,325
(Gain)/Loss on disposal of non-current assets	220	-
Depreciation and amortisation of non-current assets	1,691	1,433
Interest income received and receivable	(59)	(1,739)
Finance lease interest	17	24
Unrealised Foreign Exchange (Gain)/Loss	-	1
Impairment expense	-	9,270
Shared based payment	772	-
Increase/(Decrease) in current tax liability	(4,047)	(846)
Increase/(Decrease) in deferred tax	159	(88)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/Decrease in:		
Current receivables	1,254	(2,856)
Current inventories	(1,519)	(2,541)
Increase/(Decrease) in:		
Current payables	2,242	1,467
Current provisions	198	91
Non-current provisions	(2)	20
Net cash from Operating Activities	10,738	9,561

c) Non-cash financing and investing activities

During the financial year, the consolidated entity acquired plant and equipment with an aggregate fair value of $Nil thousand (2012: $240 thousand) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

d) Financing Facilities

The consolidated entity has the following finance facilities available:

	2013 $'000	2012 $'000
(i) A Multi-Option and Bill Acceptance/Discount Facility with National Australia Bank Limited, reviewed annually		
Amount Used	-	7,500
Amount Unused	11,000	3,500
	11,000	11,000
(ii) A Finance Lease Facility with National Australia Bank Limited, reviewed annually		
Amount Used	173	337
Amount Unused	1,827	1,663
	2,000	2,000

29. CONTINGENT LIABILITY/ASSET

	2013 $'000	2012 $'000
Contingent Liabilities (a)		
Guarantees issued to bank in respect of lease of premises and supply contract performance (i)	1,164	485
Letters of credit in respect of overseas purchases (i)	753	1,101
Guarantees arising from the deed of cross-guarantee with other entities in the wholly-owned group (ii)	-	-
	1,917	1,586
Contingent assets (b)	-	-

Contingent Liabilities

(a) Guarantees over CMI Industrial Premises Leases

CMI Limited has provided guarantees in respect of certain land and buildings leased by CMI Industrial Pty Ltd which were granted prior to the sale of the engineering division to CMI Industrial Pty Ltd by CMI Limited. The lessors under those leases may look to CMI for any unpaid amounts due by Industrial under those leases. A payment of $213 thousand was made relating to these guarantees during the 2012 year and resulted in a Deed of Release being finalised for one property leaving one guarantee in place. At this stage, no material net cash outflows by CMI Limited are expected.

Contingent Assets

(b) Option to Purchase

The sale of the Engineering business to CMI Industrial Pty Ltd included a vendor loan provided by CMI Limited to CMI Industrial Pty Ltd (refer Note 7) and 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. As noted in Note 7, entities associated with this option have entered liquidation. Exercise of the option by CMI Limited would require the surrender of the vendor loan and approval of the liquidator.

The directors have assessed the fair value of this option as $nil at 30 June 2012 and 30 June 2013 and do not expect to exercise this option at any point unless circumstances change.

(i) A number of contingent liabilities arise as a result of guarantees made directly to financing organisations in respect of overseas purchases, lease of premises and supply contract performance. The amount disclosed represents the aggregate amount of such guarantees. The extent to which an outflow of funds will be required is dependent on the satisfaction of the obligations under the terms of the overseas purchases, leases and loans subject to the guarantees. The fair value of these guarantees has not been recognised as they are not considered material. The contingent liabilities are not recognised in the accounts as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(ii) As detailed in Note 27, the company has entered into a deed of cross-guarantee with certain wholly-owned subsidiaries. The amount disclosed as a contingent liability represents total liabilities of the group of companies' party to that class order less the liabilities of the parent entity. The extent to which an outflow of funds will be required is dependent on the future operations of the entities that are party to the deed of cross-guarantee being more or less favourable than currently expected. The deed of cross-guarantee will continue to operate indefinitely. The fair value of these guarantees has not been recognised as they are not considered material.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise receivables, sundry receivables, payables, sundry payables, bank loans and overdrafts, bills of exchange, finance leases and cash.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading derivatives, hedging foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk Exposures and Responses

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's long-term debt and overdraft obligations. The level of debt is disclosed in Notes 12 and 14.

At balance date, the consolidated entity had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	6,600	5,622
Loans Receivable*	-	-
	6,600	5,622
Financial Liabilities		
Bank overdrafts	-	-
Bills of exchange	-	7,500
	-	7,500
Net exposure	6,600	(1,878)

* The principal amount is accruing interest

The consolidated entity's policy is to manage its finance costs using a mix of fixed and variable rate debt. There is no set ratio for fixed and variable exposures.

The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
Judgements of reasonably possible movements	2013 $'000	2012 $'000
Consolidated		
+1% (100 basis points)	46	(13)
-.5% (50 basis points)	(23)	7

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

There is no effect on equity, apart from retained earnings, for the sensitivity analysis.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

As a result of operations in the United States and purchases of inventory and payment of expenses denominated in United States Dollars, the consolidated entity's Statement of Financial Position can be affected by movements in the US$/A$ exchange rates. As a result of operations in the People's Republic of China and purchases of inventory and payments of expenses denominated in RMB, the consolidated entity's Statement of Financial Position can be affected by movements in the RMB/A$ exchange rates. The consolidated entity recognises the foreign exchange risk that these entities and transactions pose, however they are not currently considered to be material risks and hedging instruments have not been entered into at 30 June 2013 or 30 June 2012. However, since 30 June 2013 the entity has put in place a moderate level of hedging to lessen the impact of any significant fall in the value of the $AUD.

The consolidated entity also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Approximately 5% of the consolidated entity's sales are denominated in currencies other than the functional currency of the operating entity making the sale, whilst approximately 84% of costs are denominated in the unit's functional currency.

The consolidated entity does not have a defined policy on foreign currency derivatives; however the Board assesses the risk of individual transactions as they are made for the requirement to use currency derivative instruments.

At 30 June 2013, the consolidated entity had the following exposure to US$ foreign currency that is not designated in cash flow hedges:

	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	725	315
Trade and other receivables	1,245	1,381
	1,970	1,696
Financial Liabilities		
Trade and other payables	(789)	(1,628)
	(789)	(1,628)
Net Exposure	1,181	68

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2013, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
Judgements of reasonably possible movements in the US Dollar	**2013 $'000**	**2012 $'000**
AUD/USD +10%	(83)	(5)
AUD/USD -5%	41	2

There is no effect on equity, apart from retained earnings, for the sensitivity analysis.

At 30 June 2013, the consolidated entity had the following exposure to RMB$ foreign currency that is not designated in cash flow hedges:

	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	27	100
Trade and other receivables	109	2
	136	102
Financial Liabilities		
Trade and other payables	(1,370)	(610)
	(1,370)	(610)
Net Exposure	(1,234)	(508)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2013, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
Judgements of reasonably possible movements in the RMB Dollar	**2013 $'000**	**2012 $'000**
AUD/RMB +10%	86	36
AUD/RMB -5%	(43)	(18)

There is no effect on equity, apart from retained earnings, for the sensitivity analysis.

Price risk

The consolidated entity's exposure to commodity and equity securities price risk is minimal. As a result of this no derivative instruments are used.

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

The consolidated entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the consolidated entity's policy to securitise its trade and other receivables.

It is the consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored. In certain instances credit insurance is purchased to mitigate the risk if the debtor defaults.

In addition, receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is reduced.

To minimise exposure from potential default of the loan provided to CMI Industrial Pty Ltd, security was put in place in the form of 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 26 February 2013, a bankruptcy trustee was appointed in relation to M. J. Hofmeister.

There are no significant concentrations of credit risk within the consolidated entity apart from the receivable from CMI Industrial Pty Ltd.

Liquidity risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit lines.

The consolidated entity's policy does not state a fixed % of borrowings should mature in any 12 month period.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities, as of 30 June 2013. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013.

The remaining contractual maturities of the consolidated entity's financial liabilities are:

	2013 $'000	**2012 $'000**
0-12 months	13,901	19,044
1-5 years	124	191
Over 5 years	-	-
	14,025	19,235

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the market is constantly changing, management may change the capital structure of the company, change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During 2013, management paid dividends of $Nil thousand (2012:$Nil thousand).

At 30 June 2013 the Board has no current plans to issue further shares on the market besides those shares to be issued to satisfy vested performance rights.

Management monitor capital through the gearing ratio (net debt/total capital). The gearing ratios based on continuing operations at 30 June 2013 and 2012 were as follows:

	2013 $'000	**2012 $'000**
Total borrowings	173	7,837
Add trade and other payables	13,834	11,363
Less cash and cash equivalents	6,600	5,622
Net debt	7,407	13,578
Total equity	56,388	45,240
Total capital and net debt	63,795	58,818
Gearing ratio	12%	23%

The group is not subject to any externally imposed capital requirements.

31. ADDITIONAL COMPANY INFORMATION

CMI Limited is a listed public company, incorporated and operating in Australia.

CMI Limited's registered office and principal place of business is:

150 Robinson Road
Geebung, Qld, 4034
Tel: (07) 3865 9969

32. SUBSEQUENT EVENTS

In respect of the financial year ended 30 June 2013, the directors recommend the payment of a final dividend to the holders of fully paid ordinary shares of $0.06 per share. The dividend is payable on 4 October 2013 to shareholders registered on the Record Date of 3 September 2013.

On 30 August 2013, 500,000 Fully Paid Ordinary Shares were issued resulting in the Issued Capital of CMI Limited being 34,552,634 Fully Paid Ordinary Shares at 30 June 2013. This share issue related to vested performance rights issued in the year ended 30 June 2013.The remaining performance rights on issue are 450,000 unvested performance rights.

There has not been any other matter or circumstance, 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.

Shareholder Information

AS AT 3 SEPTEMBER 2013

The following additional information is required by the Australian Stock Exchange Limited.

1. ORDINARY SHAREHOLDER INFORMATION

The following information with respect to 34,552,634 fully paid ordinary shares on issue reflects the Share Register at that date.

a) There were 1,120 holders of fully paid ordinary shares. All fully paid ordinary shares of the company carry one vote per share on poll, or one vote per member on a show of hands.

b) **Distribution of shareholders:**

Distribution of shareholders:			Number
1	-	1,000 shares	262
1,001	-	5,000 shares	390
5,001	-	10,000 shares	186
10,001	-	100,000 shares	251
100,001	-	and over	31
Total			**1,120**

c) The number of shareholdings held in less than a marketable parcel - 90

d) Twenty largest shareholders:

Shareholder	Fully Paid Ordinary Shares	Percentage Fully Paid
Le Rae Pty Ltd <Catcorp A/C>	12,420,484	35.95%
J P Morgan Nominees Australia Limited	1,555,771	4.50%
National Nominees Limited	1,300,368	3.76%
Moat Investments Pty Ltd <Moat Investment A/C>	1,248,600	3.61%
Almargem Pty Ltd <Mellett Family A/C>	859,038	2.49%
LJ Catelan Superannuation Fund Pty Ltd	730,217	2.11%
HSBC Custody Nominees (Australia) Limited	691,894	2.00%
Mr Philip Gordon Greenham	575,000	1.66%
FW Holst & Co Pty Ltd <FH A/C>	544,228	1.58%
Mr Colin Ryan	500,000	1.45%
BNP Paribas Noms Pty Ltd <DRP>	453,724	1.31%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	424,119	1.23%
Mellett Super Pty Ltd <Mellett A Fund A/C>	384,320	1.11%
Leropela Pty Ltd <Torrington Super Fund A/C>	370,000	1.07%
Mr Danny Herceg	365,702	1.06%
Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	340,200	0.98%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	332,442	0.96%
Mr Gerald Francis Pauley	331,053	0.96%
UBS Nominees Pty Ltd	306,293	0.89%
Australian Executor Trustees Limited <No 1 Account>	304,402	0.88%
Total	**24,037,855**	**69.57%**

e) The names of substantial shareholders are:

Shareholder	Number	Percentage
Le Rae Pty Ltd	13,150,701	38.06%
Acorn Capital Limited	3,262,422	9.44%

Shareholder Information

AS AT 3 SEPTEMBER 2013

2. STOCK EXCHANGE LISTING

Quotation has been granted for all fully paid Ordinary shares of the company on all Member Exchanges of the Australia Stock Exchange Limited.

3. THERE IS NO CONTINGENT LIABILITY REQUIRED FOR TERMINATION BENEFITS UNDER SERVICE AGREEMENTS WITH DIRECTORS.

4. AN AUDIT COMMITTEE WAS IN EXISTENCE DURING THE YEAR.

5. OPTIONS / PERFORMANCE RIGHTS

No options are held by option holders. Options do not carry a right to vote.

450,000 performance rights are held by 2 right holders. Performance rights do not carry a right to vote.

6. ON MARKET BUY BACK

There is no current on-market buy-back.

Corporate Directory

Registered Office

(Head Office)

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Telephone: 07 3865 9969
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Email: corporate@cmilimited.com.au
www.cmilimited.com.au
ACN: 050 542 553

Directors

Danny Herceg (Chairman)
Leanne Catelan
Ross Rolfe
Sharyn Williams

Secretary

Sharyn Williams

Auditor

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111 Eagle Street
Brisbane QLD 4000

Bankers

National Australia Bank Limited

Level 20, 100 Creek Street
Brisbane QLD 4000

Share Registry

Link Market Services Limited

Locked Bag A14
Sydney South NSW 1235
Telephone: 02 8280 7454
Facsimile: 02 9287 0309

Lawyers

Allens Linklaters

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123 Eagle Street
Brisbane QLD 4000

ASX Codes

CMI - Ordinary shares

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