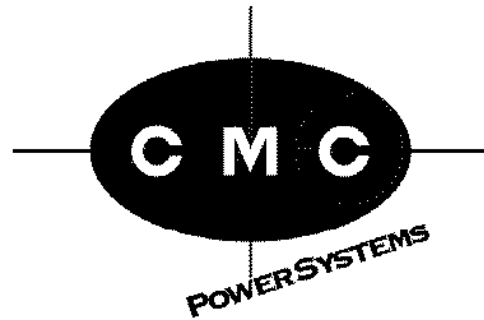


CMC Power Systems Limited ACN 008 924 570
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13 July 2004
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ASX ANNOUNCEMENT

Shareholder update on Appointment of Joint Administrators

On Friday, 9 July, Mr Martin J Green and Mr Peter P Krejci were appointed Joint Administrators as a first step in the restructuring of the Company's affairs.

We can advise that CMC shareholders who subscribed to the recent Share Rights Issue will have those subscriptions refunded in full.

The directors are working with the administrator to deal with creditors and reorganizing the company so that the ASX suspension can be lifted.

The Company's commercialization program is based on the Sytec crank mechanism which has been proven in extensive trials to improve the performance of the internal combustion engine. Sytec engines have improved fuel economy, lower emission, lower NVH (noise, vibration and harshness), improved balance and longer life than conventional engines. They are also 30-50 per cent smaller than conventional engines, with significant weight saving and are cheaper to manufacture. CMC has built and installed two prototypes 4-cylinder 2.2 litre engines in two VW Passat demonstration vehicles. One engine demonstrator was purchased by Volkswagen.

Over the past two years the company has concentrated on using the engine to drive electrical generators. A series of 2 cylinder 500cc APU producing 5.2kW of electrical power has been built to demonstrate the technology potential for mobile and stationary power generation.

Authorised by
Tony Teng
Company Secretary

Martin Green
Joint Administrator