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ASX ON-LINE

TO:	**The Manager Companies**
COMPANY:	**ASX**
DATE:	**6th November 2002**
FROM:	**John Vogler**
NUMBER OF PAGES: (Including this Page)	**5**
RE:	**Announcement to the Market**

Enclosed please find a copy of the CMI Newsletter which is being dispatched to our shareholders today and is in the same style as enclosed.

J W Vogler
Secretary

Edition 7 November 2002

Chairman's Address

Following is the address presented by the Executive Chairman to CMI Limited's Annual General Meeting on 29 October 2002.

2002 Overview

Ladies & Gentlemen,

On behalf of the board it gives me great pleasure to welcome you today to the company's 12th Annual General Meeting, and to provide you with an update on how CMI is performing.

This morning I would like to briefly review some of the key issues we faced in the year to 30 June 2002 and our financial performance for that period, before moving onto our plans and expectations for the current fiscal year.

As stated in the Annual Report, our 2002 financial results do not, I believe, accurately reflect the legitimate progress made in many areas of our operations. Having said this, there is no escaping the fact that our figures were disappointing in that we did not achieve a level of sales and earnings growth returned in previous years. We did, however, meet our forecasts, along with our profit and dividend commitments. Our full year dividend to Ordinary Shareholders was maintained on par with the previous year at 10 cents per share fully franked, while we met our prospectus forecasts of paying a 12 cent fully franked dividend to our Preference Shareholders.

Importantly, we also consolidated and strengthened our overall manufacturing capability and our relationships with a number of customers. Both these initiatives are already opening opportunities for expanding supply arrangements with a number of Australia's leading car manufacturers and their tier one suppliers.

You will have read in our Annual Report that the overriding factor impacting on our sales and profitability in what proved a tough market in 2002, was the on-going financial difficulties of Korean car maker, Daewoo. This resulted in our full year's revenue slipping around 2% to $130,380,409, and an associated 5% slide in EBIT to $14,013,426.

Unfortunately, we continue to feel the effects of the demise of this major customer of the Holden Engine Company. While we have budgeted for much reduced sales to this sector in the current financial year, even this modest goal is not being met.

Expanding Supply Arrangements

I must emphasise that our expanding supply arrangements with other car industry customers will eventually cover the void left by the Daewoo situation, and that we are encouraged by the recent announcement by Holden that it will spend $454 million for a 45% stake in Daewoo and intends distributing their cars in Australia.

Apart from these expanding supply arrangements other positive achievements in the 2002 financial year included the successful completion of the rationalisation of our Electrical Components Division into one manufacturing location in Sydney. Very positive progress was also made on

Chairman's Address *(cont)*

enhancing the efficiency and scalability of our 4WD Components Division's manufacturing operations. Both divisions are now better positioned than ever to achieve sales and earnings growth in the year ahead.

It is worth highlighting that despite the difficult trading conditions encountered in 2002, CMI finished the year with its balance sheet virtually intact and with more positive signals appearing on our commercial horizon.

Stronger Growth in 2003

So from a group perspective, how do we see 2003 unfolding, and what are expected to be the major influences on our earnings performance in the year ahead? While it is both difficult and dangerous to attempt to accurately forecast the future, let me make it clear that CMI is aiming to achieve significant growth in 2003. At the end of the September quarter we are on track with our budget and compare most favourably with our results for the corresponding period last year. Barring unforeseen occurrences, it is reasonable to expect an improved level of trading which can be sustained through to June 2003.

The performance of our Engineered Components Division will again be driven largely by the fortunes of Australia's domestic car industry. We have continued to invest in ensuring our technology and delivery capability match what we expect to be heightened demand from this sector over the coming 12 months. In line with these expectations you will have read that we are upgrading and relocating our existing Campbellfield plant to significantly larger premises located adjacent to Ford Australia's plant at Broadmeadows.

These new premises, which are on track to be fully operational by December 2002, reflect CMI's heightened involvement with Ford Australia as a result of the release of its new model Falcon. Through our new components supply contracts with the global suspension supplier Dana Corporation, CMI now has a vital direct stake in the forward commercial success of Ford's most strategic new model release for many years. Initial market response suggests the new Falcon is being well accepted. In addition we are hopeful that CMI's supply arrangement with Dana will continue to grow and make a meaningful contribution to group sales in 2003.

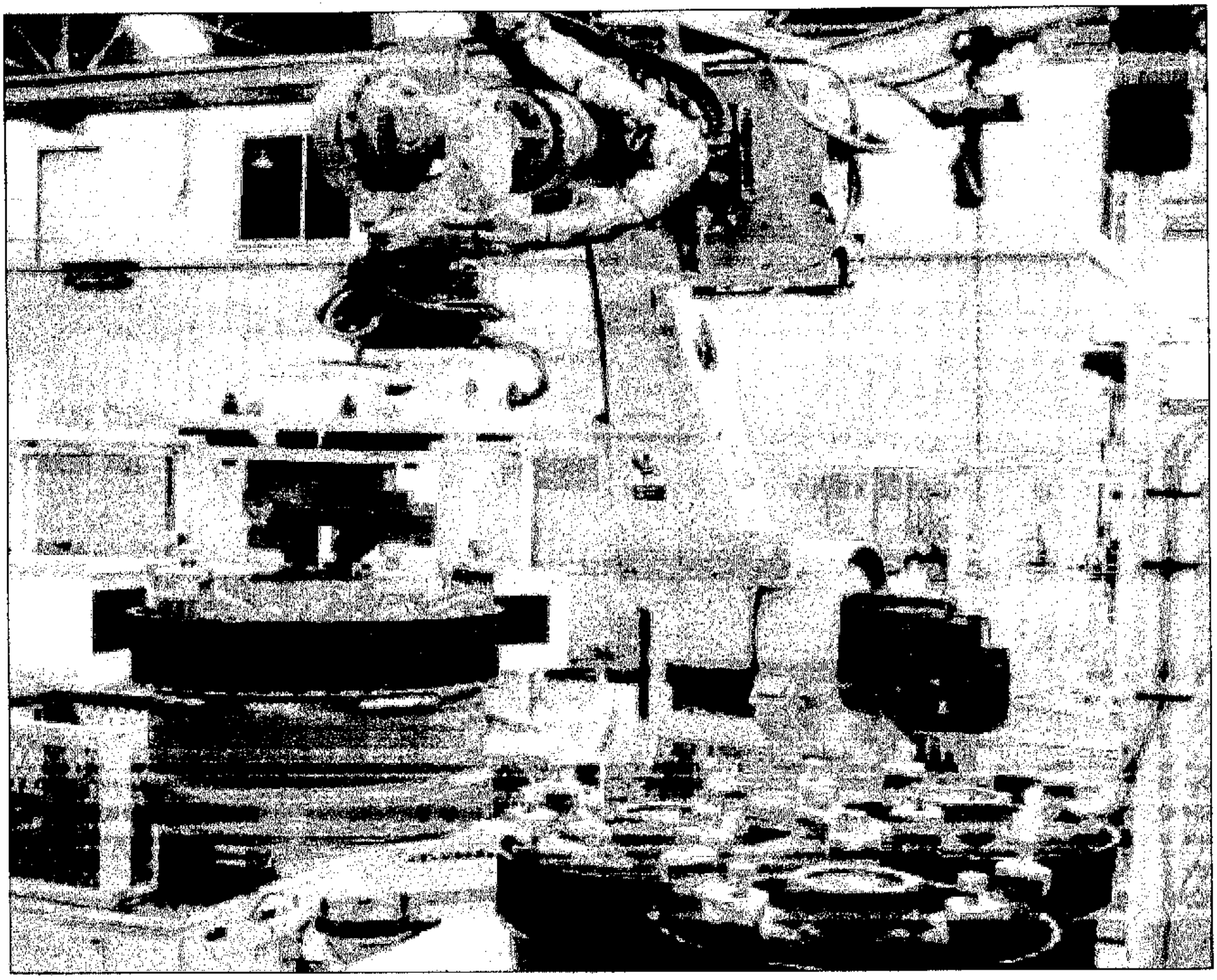
Another customer we are anticipating strong growth from during the year ahead is Holden. Based on our existing supply arrangements with the company we expect CMI to directly benefit from the projected high sales by Holden in Australia for the 2003 year, and particularly from their recently announced export programs which are already enjoying sustained growth.

All Divisions Trading Well

Earlier I spoke of the successful progress being made with our Electrical Components and 4WD Components Divisions. The outlook for our US based business is equally as positive, and it continues to meet forecasts. We recently occupied new premises in South Carolina which is adjacent to our major customer PBR's plant in that city as a key part of our stated US expansion plans. This site, which is our second in the US is CMI's first manufacturing base in that market. Unfortunately, a longshoreman's dispute on the West Coast of the US has delayed delivery of the three new press trains for the new plant, putting us somewhat behind our targeted manufacturing start. We've also had to replace and airfreight parts held up because of the dispute to ensure we were not the cause of any plant stand-downs at PBR. Immediately the industrial dispute is clearly finalised, the first of our three new press trains will be shipped to the US, with expectations that we can be manufacturing components within weeks of their arrival.

Our 4WD Components business, which trades as TJM, has been subject to a substantial investment in time, effort and money in order to get it to a satisfactory performance level. There are now clear signals that this investment is showing signs of success, and I am pleased to report that TJM's first quarter results reflect a significant improvement in its trading performance. This is undoubtedly an important future business for CMI which is capable of making a strategic contribution to our forward earnings, and as such we will continue to focus on unlocking its full potential.

Chairman's Address *(cont)*



TOOWOOMBA METAL TECHNOLOGIES

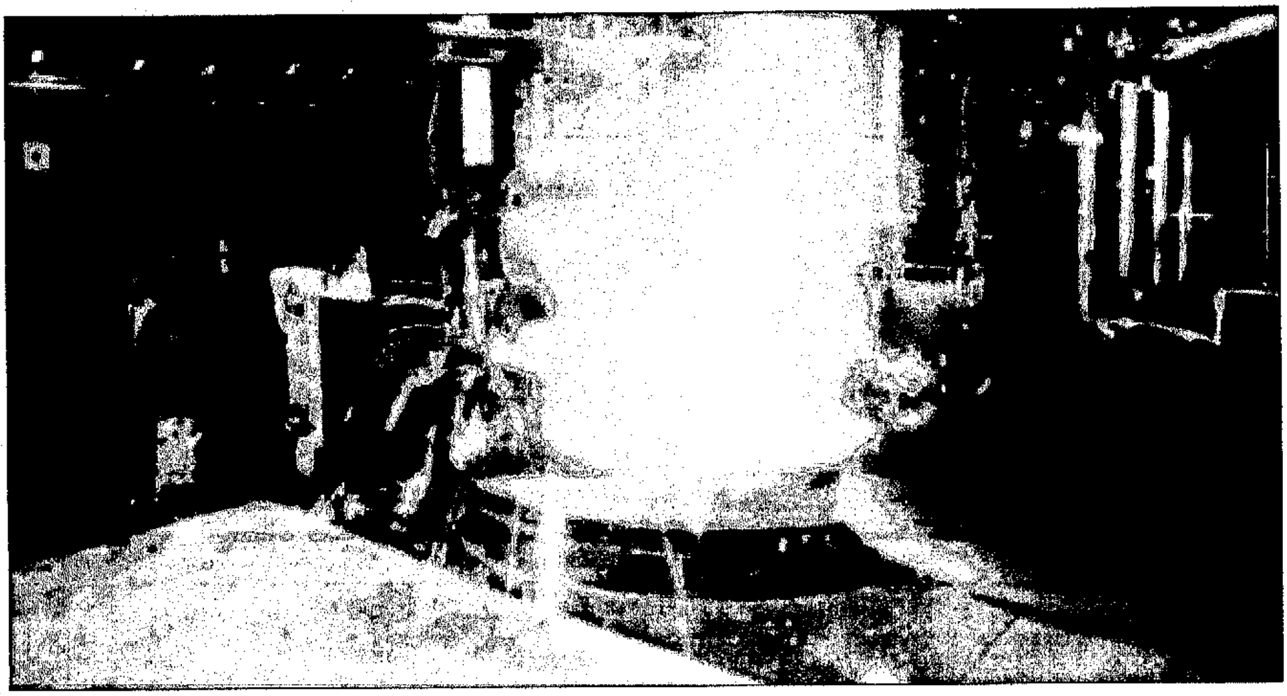
Major Acquisition

You will have seen from the Annual Report that during the 2002 financial year CMI acquired an established foundry operation in Horsham, which produces a range of quality grey iron castings for brake component manufacturers, defence companies and a range of other customers. In a significant advancement of this expansion strategy, on October 4 CMI announced its intention to acquire the Toowoomba Metal Technologies business (TMT).

I am pleased to say that this acquisition was finalised on 18 October, and that we consider the price paid for these quality assets was excellent. Some of you may know this 130 year old business better under its original name of the Toowoomba Foundry. TMT, which employs around 300 people, last year generated sales of approximately $33 million through supplying a variety of cast products and wheel components to the domestic and export heavy transport industry. The acquisition represents a significant new business addition for CMI and a perfect fit with our existing operating model. Importantly, it will be earnings positive for shareholders in its first full year.

This acquisition, which was subject to rigorous due diligence, has been funded by increasing our existing facility with the National Australia Bank. Given the size of the investment our gearing has moved beyond levels we've traditionally maintained and the board will be closely evaluating options to rectify this early in the New Year.

Chairman's Address *(cont)*



TOOWOOMBA METAL TECHNOLOGIES

We will also be working actively with TMT's management to explore avenues to expand the business' sales reach both here in Australia and overseas. Management has already signaled there are significant growth opportunities for their wheel products in North America, but have indicated that this would require the plant gaining additional melting capacity. We will remain open to any suggested capital upgrades, pending their ability to generate meaningful improvements to productivity and earnings capacity.

I should emphasis that CMI's board and senior management are confident this latest addition to our business offers very real prospects for further growth.

Moving Forward in 2003

As you will hopefully have gathered from my remarks in this address, CMI is certainly heading towards a better year in 2003. Before concluding, I again reiterate my earlier caution over the dangers of forward predictions, and the need for maintaining a somewhat conservative view of future prospects.

Nonetheless, I would like to emphasise that the board and management of CMI are totally committed to accelerating our forward momentum in the year ahead and to delivering profit increases and improved returns to shareholders in 2003.

Max Hofmeister

Executive Chairman

Shareholder queries should be directed to John Wooler, Company Secretary.

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