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Half Year Ended 31st December 2005

28.02.2006

CMI today reported half-year revenue and profit in line with the previous year.

Revenue was $147,777,609 and profit after tax was $5,641,983 for the six months ended 31st December 2005.

As stated at the October AGM, directors reiterated that the 2005/2006 year would be difficult.

The company's Electrical business is strong, Finance is steady and Automotive is weak with both Ford and GM reducing their build programme. Heavy 4WD's are also in sharp decline and all reflect the effect of high fuel prices.

Directors stated that they expect the full year result will be comparable with last year's.

The Board declared an interim ordinary dividend of 6 cents fully franked payable on 2 May 2006 and confirmed the interim Class A dividend of 3.5 cents fully franked is payable on 2 March 2006.

Results For Announcement To The Market
For the Half Year Ended 31 December 2005

Half Yearly Report of CMI Limited for the Half Year Ended 31 December 2005

(ABN 98 050 542 553)

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

Current Reporting Period:	Half Year ending 31 December 2005
Previous Corresponding Period:	Half Year ending 31 December 2004

Results For Announcement To The Market
For the Half Year Ended 31 December 2005

Revenue and Net Profit/(Loss)

		Percentage Change %	Amount $'000
Revenue	up	2	To 147,778
Net profit after tax attributable to members of the parent entity	up	-	To 5,642

Dividends (Distributions)

	Amount per security	Franked amount per security
Interim dividend - Ordinary	6¢	6¢
Interim dividend – Class A	3.5¢	3.5¢
Record date for determining entitlements to the dividend:		
• interim dividend - Ordinary		18 April 2006
• interim dividend – Class A		21 February 2006

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer attached media release.

Consolidated Income Statement
For the Half Year Ended 31 December 2005

	Note	31/12/05 $'000	31/12/04 $'000
Revenue from ordinary activities		147,778	144,752
Other income		97	-
Changes in inventories		(482)	1,713
Raw materials expense		(60,370)	(63,098)
Sub-contractors expense		(8,414)	(5,905)
Employee benefits expense		(44,010)	(43,248)
Repairs, maintenance and consumables expense		(5,969)	(6,214)
ASX and share register expense		(163)	(145)
Occupancy expense		(5,807)	(5,463)
Travel and communication expense		(2,158)	(2,137)
Freight and cartage expense		(2,881)	(2,940)
Depreciation and amortisation expense		(3,859)	(3,433)
Borrowing costs		(2,105)	(1,740)
Other expenses from ordinary activities		(3,393)	(3,935)
Profit Before Income Tax Expense	2	8,264	8,207
Income tax expense		(2,622)	(2,566)
Profit Attributable to Members of the Parent Entity		5,642	5,641
Earnings Per Share:			
Basic (cents per share)		13.11	12.47
Diluted (cents per share)		12.90	11.67

Notes to the financial statements are included on pages 7 to 37

CMI Limited

Consolidated Balance Sheet
As At 31 December 2005

	31/12/05 $'000	30/6/05 $'000	31/12/04 $'000
Current Assets			
Cash and cash equivalents	3,636	3,350	5,236
Trade and other receivables	52,432	64,134	57,321
Inventories	46,423	46,905	42,546
Current tax assets	-	-	-
Total Current Assets	102,491	114,389	105,103
Non-Current Assets			
Trade and other receivables	100	100	95
Other financial assets	-	-	18
Property, plant and equipment	61,506	60,579	58,814
Goodwill	6,299	6,121	5,319
Other intangible assets	24,471	24,867	24,686
Deferred tax assets	532	465	562
Other	-	-	-
Total Non-Current Assets	92,908	92,132	89,494
Total Assets	195,399	206,521	194,597
Current Liabilities			
Trade and other payables	30,457	39,330	34,282
Borrowings	9,268	8,582	12,574
Current tax payables	906	3,544	1,694
Provisions	11,725	13,142	11,287
Total Current Liabilities	52,356	64,598	59,837
Non-Current Liabilities			
Borrowings	48,515	50,539	44,964
Deferred tax liabilities	5,283	4,886	5,217
Provisions	2,366	2,202	1,932
Total Non-Current Liabilities	56,164	57,627	52,113
Total Liabilities	108,520	122,225	111,950
Net Assets	86,879	84,296	82,647
Equity			
Issued Capital	67,999	68,067	68,067
Reserves	309	223	201
Retained earnings	18,571	16,006	14,379
Total Equity	86,879	84,296	82,647

Notes to the financial statements are included on pages 7 to 37

Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2005

	Note	31/12/05 $'000	31/12/04 $'000
Total equity at the beginning of the half year		84,296	67,261
Translation of foreign operations:			
Exchange differences taken to equity		86	51
Net Income Recognised Directly in Equity		86	51
Profit for the period		5,642	5,641
Total Recognised Income and Expense for the Period		5,728	5,692
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		-	13,613
Share buy-back, plus transactions costs		(68)	-
Dividends provided for or paid		(3,077)	(3,919)
		(3,145)	9,694
Total equity at the end of the half year		86,879	82,647

Notes to the financial statements are included on pages 7 to 37

Consolidated Cash Flow Statement
For the Half Year Ended 31 December 2005

	Note	31/12/05 $'000	31/12/04 $'000
Cash Flows From Operating Activities			
Receipts from customers		174,735	154,970
Payments to suppliers and employees		(157,483)	(143,603)
Dividends received		-	-
Interest received		135	176
Interest and other costs of finance paid		(1,847)	(1,625)
Income tax paid		(4,895)	(2,974)
Net cash provided by/(used in) operating activities	6(e)	10,645	6,944
Cash Flows From Investing Activities			
Payment for investment securities		-	-
Proceeds from repayment of related party receivables		-	-
Amounts advanced to related parties		-	(23)
Payment for property, plant and equipment		(637)	(3,577)
Proceeds from sale of property, plant and equipment		79	19
Payment for goodwill		(215)	(87)
Payment for other intangibles		(559)	(780)
Second scheduled payment for business acquired in the prior period		-	(3,250)
Payment for businesses	6(b)	-	(4,217)
Net cash provided by/(used in) investing activities		(1,332)	(11,915)
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		-	13,895
Payment for share issue costs		-	(403)
Payment for share buy-back		(68)	-
Proceeds from borrowings		-	-
Repayment of borrowings		(4,981)	(6,059)
Dividends paid		(3,990)	(3,919)
Net cash provided by/(used in) financing activities		(9,039)	3,514
Net Increase/(Decrease) In Cash and Cash Equivalents		274	(1,457)
Cash and Cash Equivalents At The Beginning Of The Financial Period		3,336	6,653
Effects of exchange rate changes on the balance of cash held in foreign currencies		4	3
Cash and Cash Equivalents At The End Of The Financial Period	6(a)	3,614	5,199

Notes to the financial statements are included on pages 7 to 37

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

1. Summary of Accounting Policies

Basis of Preparation

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the 2005 annual financial report.

The accounting policies set out below have been applied in preparing the financial statements for the half year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 18), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable in the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report. The impact of changes in these accounting policies on 1 July 2005, the date of transition for financial instruments, is discussed further in note 1(u).

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

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

a) Borrowings

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

b) Borrowing Costs

Borrowing costs directly attributable to qualifying assets are capitalised and amortised over the life of the asset.

c) Cash and Cash Equivalents

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

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

1. Summary of Accounting Policies (continued)

d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

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

Contributions to defined contribution superannuation plans are expensed when incurred.

e) Financial Assets

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

Loans and receivables

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

f) Financial Instruments Issued by the Company

Debt and Equity Instruments

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

Compound Instruments

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

Transaction Costs on the Issue of Equity Instruments

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

Interest and Dividends

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

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

1. Summary of Accounting Policies (continued)

g) Foreign Currency

Foreign currency transactions

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

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

Foreign operations

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

h) Goods and Services Tax

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

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii) for receivables and payables which are recognised inclusive of GST.

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

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

i) Goodwill

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

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

1. Summary of Accounting Policies (continued)

j) Impairment of Assets

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

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

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

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

k) Income Tax

<u>Current Tax</u>
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).

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

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

1. Summary of Accounting Policies (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability give rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. CMI Limited is the head entity in the tax-consolidated group.

Entities within the tax-consolidated group have entered into a tax funding agreement with the head entity. Under the terms of the tax funding agreement, CMI Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The current and deferred tax assets and liabilities of the parent entity are not reduced by the amounts owing from or to subsidiary entities in accordance with the tax funding agreement as these amounts are recognised as inter-company receivables and payables.

1. Summary of Accounting Policies (continued)

l) Intangible Assets

Brandnames

Brandnames are recorded at cost and amortised on a straight line basis over a period of 40 years. Other intangible assets are amortised over a period not exceeding 20 years.

Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortised and impairment, and are amortised on a straight-line basis over the period in which the corresponding benefits are expected to arise, commencing with the commercial production of the product.

The unamortised balance of development costs deferred in previous periods is reviewed regularly and at each reporting date, to ensure the criterion for deferral continues to be met. Where such costs are no longer considered recoverable, they are written-off as an expense in net profit or loss.

m) Inventories

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

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

1. Summary of Accounting Policies (continued)

n) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 1(b).

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

p) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

1. Summary of Accounting Policies (continued)

q) Property, Plant and Equipment

Land and buildings, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset during its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

- Buildings 25 – 50 years
- Plant and equipment 3 – 20 years
- Equipment under finance leases 3 – 20 years

r) Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors on or before reporting date.

Rebates

A provision for rebates is recognised when future rebates are expected to be claimed by insurance and finance providers on previously paid commissions due to cancellation of contracts.

1. Summary of Accounting Policies (continued)

s) Revenue Recognition

Sale of goods and disposal of assets

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from services provided is recognised upon the delivery of the service to the customer.

t) Tooling

Material items of expenditure, relating to tooling, are capitalised into plant and equipment to the extent that there will be future economic benefits.

The capitalised costs are amortised over the expected period (not exceeding 15 years) in which the corresponding benefits are expected to arise. The amortised balance of costs capitalised is reviewed regularly and at each balance date, to ensure the criterion for capitalisation continues to be met. Where such costs are no longer considered recoverable, they are recognised in net profit or loss.

u) Comparative information – financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement, as permitted on the first-time adoption of A-IFRS. The effect of changes in the accounting policies for financial instruments on the balance sheet as at 1 July 2005 is explained below.

The convertible preference shares are assessed to contain both equity and debt characteristics. At 1 July 2005, the date of applying AASB 132 and AASB 139, the total value of the convertible preference shares has been allocated between debt and equity. The value of the convertible preference shares at this date was $31,036 thousand. On 1 July 2005 non-current financial liabilities were increased by $20,401 thousand and issued capital was reduced by $20,401 thousand.

On 27 September 2005, shareholders approved the conversion of the convertible preference shares to 'Class A Shares'. The effect of this conversion was to enable the liability component to be reclassified as equity.

There was no impact on the income statement as no convertible preference share dividends were declared between 1 July 2005 and 27 September 2005.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

2. Profit From Ordinary Activities

	31/12/05 $'000	31/12/04 $'000
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
(a) Revenue		
Sales of goods	145,179	141,793
Interest – other persons	135	176
Other items	2,464	2,783
	147,778	144,752
(b) Expenses		
Depreciation and amortisation of:		
Property, plant and equipment	2,081	1,987
Leased assets	785	637
Brandnames	284	284
Other intangibles	709	525
Impairment of non-current assets – plant and equipment	-	90

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

3. Commentary on Results

Refer attached media release.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

	31/12/05 $'000	31/12/04 $'000

4. Sales of Assets

Sales of assets in the ordinary course of business have given rise to the following gains and losses:

	31/12/05 $'000	31/12/04 $'000
Gains		
Property, plant and equipment	14	16
Losses		
Property, plant and equipment	45	53

5. Retained Earnings

	31/12/05 $'000	31/12/04 $'000
Balance at beginning of financial period	16,006	12,657
Net profit	5,642	5,641
Dividends provided for or paid	(3,077)	(3,919)
Balance at end of financial period	18,571	14,379

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

	31/12/05 $'000	31/12/04 $'000

6. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31/12/05 $'000	31/12/04 $'000
Cash	3,636	5,236
Bank Overdraft	(22)	(37)
	3,614	5,199

(b) Businesses Acquired

During the financial period, no businesses were acquired. During the prior financial period, a business was acquired. Details of the acquisition are as follows:

Consideration

	31/12/05 $'000	31/12/04 $'000
Cash	-	4,217
Amount payable	-	-
	-	4,217

Fair Value of Net Assets Acquired

	31/12/05 $'000	31/12/04 $'000
Current assets:		
Cash	-	-
Receivables	-	8
Inventories	-	2,094
Non-current assets:		
Other financial assets	-	-
Intangibles	-	-
Property, plant and equipment	-	138
Deferred tax assets	-	7
Current liabilities:		
Payables	-	(1)
Interest-bearing liabilities	-	-
Current tax liabilities	-	-
Provisions	-	(25)
Non-current liabilities:		
Interest-bearing liabilities	-	-
Provisions	-	(19)
Net assets acquired	-	2,202
Brandname on acquisition	-	-
Goodwill on acquisition	-	2,015
	-	4,217

Net Cash Outflow on Acquisition

	31/12/05 $'000	31/12/04 $'000
Cash consideration	-	4,217
Less cash balances acquired	-	-
	-	4,217

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

6. Notes to the Statement of Cash Flows (continued)

(c) Non-Cash Financing and Investing Activities

During the financial period, the economic entity acquired plant and equipment with an aggregate fair value of $3,023 thousand (2004: $1,069 thousand) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

	31/12/05 $'000	31/12/04 $'000
(d) Financing Facilities		
A multi-option and bill acceptance/discount facility with the National Australia Bank, reviewed annually:		
Amount used	41,500	35,500
Amount unused	3,550	11,300
	45,050	46,800

	31/12/05 $'000	31/12/04 $'000
(e) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities		
Profit from ordinary activities after related income tax	5,642	5,641
(Profit)/loss on sale of non-current assets	31	36
Depreciation and amortisation of non-current assets	3,859	3,433
Impairment of non-current assets – plant and equipment	-	90
Finance lease interest	606	492
Unrealised foreign exchange (gain)/loss	(10)	(1)
Increase/(decrease) in deferred tax balances	(2,275)	(407)
Changes in net assets and liabilities, net of effects from acquisition of businesses:		
(Increase)/decrease in assets:		
Current receivables	11,708	(4,824)
Current inventories	526	159
Increase/(decrease) in liabilities:		
Current trade payables	(8,893)	1,972
Current borrowings	-	-
Current provisions	(713)	432
Non-current provisions	164	(79)
Net cash from operating activities	10,645	6,944

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

7. Details Relating to Dividends (Distributions)

		Amount per security ¢	Franked Amount per security ¢	Amount per security of foreign sourced dividend ¢
Interim dividend – Ordinary (payable 2/5/06)	2006	6	6	N/A
Final dividend – Ordinary (paid 2/11/05)	2005	6	6	N/A
Interim dividend – Class A (payable 2/3/06)	2006	3.5	3.5	N/A
Interim dividend – Class A (paid 2/12/05)	2006	3.5	3.5	N/A
Final dividend – Preference (paid 2/9/05)	2005	3.5	3.5	N/A
Interim dividend – Ordinary (paid 3/5/05)	2005	6	6	N/A
Final dividend – Ordinary (paid 2/11/04)	2004	6	6	N/A
Interim dividend – Preference (paid 2/6/05)	2005	3.5	3.5	N/A
Interim dividend – Preference (paid 2/3/05)	2005	3.5	3.5	N/A
Interim dividend – Preference (paid 2/12/04)	2005	3.5	3.5	N/A
Final dividend – Preference (paid 2/9/04)	2004	3.3125	3.3125	N/A

Interim dividend (distribution) on all securities

	31/12/05 $'000	31/12/04 $'000
Ordinary securities (each class separately)	2,164	2,143
Class A (each class separately)	913	-
Preference securities (each class separately)	-	1,776
Total	3,077	3,919

Any other disclosures in relation to dividends (distributions).

The interim dividend in respect of ordinary shares and Class A shares for the half year ended 31 December 2005 has not been recognised in this half yearly report because the interim dividend was declared, determined or publicly recommended subsequent to 31 December 2005.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

7. Details Relating to Dividends/(Distributions) (continued)

Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

Not applicable

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

8. Earnings Per Share

	31/12/05 ¢ per share	31/12/04 ¢ per share
Basic EPS	13.11	12.47
Diluted EPS	12.90	11.67

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31/12/05 $'000	31/12/04 $'000
Earnings (a)	4,729	3,865

	31/12/05 No.	31/12/04 No.
Weighted average number of ordinary shares (b)	36,062,445	30,996,857

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

	31/12/05 $'000	31/12/04 $'000
Net profit	5,642	5,641
Class A share dividends declared in respect of the period	(913)	-
Preference share dividends declared in respect of the period	-	(1,776)
Earnings used in the calculation of basic EPS	4,729	3,865

(b) Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

8. Earnings Per Share (continued)

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	31/12/05 $'000	31/12/04 $'000
Earnings (a)	4,729	5,641

	31/12/05 No.	31/12/04 No.
Weighted average number of ordinary shares and potential ordinary shares (b), (c)	36,652,100	48,324,977

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

	31/12/05 $'000	31/12/04 $'000
Net profit	5,642	5,641
Class A share dividends declared in respect of the period	(913)	-
Earnings used in the calculation of diluted EPS	4,729	5,641

(b) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31/12/05 No.	31/12/04 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	36,062,445	30,996,857
Shares deemed to be issued for no consideration in respect of:		
Partly paid ordinary shares	589,655	744,827
Fully paid ordinary shares	-	200,000
Preference shares	-	16,383,293
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	36,652,100	48,324,977

(c) Class A shares are excluded on the basis that they are not convertible to ordinary shares.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

9. Net Tangible Assets Per Ordinary Security

	31/12/05	31/12/04
Net tangible assets per ordinary security	$1.53	$1.44

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

Control gained over entities

Name of entity (or group of entities)	31/12/05 - Not Applicable 31/12/04 – Aflex Cables
Date control gained	31/12/05 - Not Applicable 31/12/04 – 22 October 2004

31/12/04 – Total consideration paid for the acquisition was $4,217 thousand for net assets acquired of $2,202 thousand, consisting primarily of inventories ($2,094 thousand).

	31/12/05 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	-

	31/12/04 $'000
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	-

Loss of control of entities

Name of entity (or group of entities)	Not Applicable
Date control lost	Not Applicable

	31/12/05 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, to the date of losing control.	-

	31/12/04 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

11. Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit	
Name of Entity	31/12/05 %	31/12/04 %	31/12/05 $'000	31/12/04 $000
Associates				
Joint Venture Entities				
Aggregate Share of Profits/ (Losses)	N/A	N/A	N/A	N/A

12. Contingent Liabilities and Contingent Assets

	31/12/05 $'000	31/12/04 $'000
Contingent liabilities		
Guarantees issued to bank in respect of overseas purchases, lease of premises and sand mining lease	276	278
Guarantees issued to bank in respect of security for payment of business	100	400
Contingent assets	-	-

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

13. SEGMENT REPORTING

Information on Business Segments (primary reporting format)

	Engineered Components		Electrical Components		Services Division		Eliminations		Consolidated	
BUSINESS	31/12/05 \$'000	31/12/04 \$'000	31/12/05 \$'000	31/12/04 \$'000	31/12/05 \$'000	31/12/04 \$'000	31/12/05 \$'000	31/12/04 \$'000	31/12/05 \$'000	31/12/04 \$'000
REVENUE										
External Sales	117,817	120,455	14,865	10,473	15,096	13,824	-	-	147,778	144,752
Intersegment Sales (i)	3	3	-	1	-	-	(3)	(4)	-	-
Total Revenue	117,820	120,458	14,865	10,474	15,096	13,824	(3)	(4)	147,778	144,752
RESULTS										
Segment Result	3,247	4,403	3,816	2,600	1,201	1,204	-	-	8,264	8,207
ASSETS										
Segment Assets	168,329	175,021	16,965	11,718	10,105	7,858	-	-	195,399	194,597
LIABILITIES										
Segment Liabilities	101,040	105,532	3,605	2,853	3,875	3,565	-	-	108,520	111,950
Acquisition of property, plant and equipment and intangible assets	4,174	5,255	182	149	79	109	-	-	4,435	5,513
Depreciation	3,566	3,158	130	175	163	100	-	-	3,859	3,433
Non-cash expenses other than depreciation	601	574	4	2	1	6	-	-	606	582

(i) Intersegment transactions that occurred during the financial year in the wholly-owned group comprised the sale and purchase of goods at cost plus a margin to cover freight and other incidentals where applicable.

13. SEGMENT REPORTING (continued)

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into three major operating divisions - engineered components, electrical components and services. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:
The above business segments derive revenue from the following products and services:

- Engineered Components – the manufacture of precision engineered components, particularly for the automotive industry and the manufacture and marketing of components and parts for 4WD, light commercial and heavy transport vehicles.
- Electrical Components – the manufacture of specialist cabling and electrical products for a range of industry sectors.
- Services – the provision of chattel finance to both consumers and commercial borrowers.

Information on Geographical Segments (secondary reporting format)

The consolidated entity's two divisions operate in three principal geographical areas – Australia, New Zealand and the United States. The composition of each geographical segment is as follows:

- Australia – CMI Limited manufactures and sells a broad range of its products and provides financial services in Australia.
- New Zealand – CMI Limited operates an engineered components facility in New Zealand.
- United States – CMI Limited operates an engineered components facility in the United States.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

13. SEGMENT REPORTING (continued)

GEOGRAPHICAL	Australia		New Zealand		USA		Eliminations		Consolidated	
	31/12/05 $'000	31/12/04 $'000	31/12/05 $'000	31/12/04 $'000	31/12/05 $'000	31/12/04 $'000	31/12/05 $'000	31/12/04 $'000	31/12/05 $'000	31/12/04 $'000
REVENUE										
External Sales	140,871	137,595	4,096	4,082	2,811	3,075		-	147,778	144,752
Intersegment Sales (i)	2,058	2,819	7	6	-	-	(2,065)	(2,825)	-	-
Total Revenue	142,929	140,414	4,103	4,088	2,811	3,075	(2,065)	(2,825)	147,778	144,752
RESULTS										
Segment Result	8,240	8,020	355	400	(331)	(213)	-	-	8,264	8,207
ASSETS										
Segment Assets	184,346	183,696	5,941	5,336	5,112	5,565	-	-	195,399	194,597
LIABILITIES										
Segment Liabilities	106,775	111,008	1,632	840	113	102	-	-	108,520	111,950
Acquisition of property, plant and equipment and intangible assets	4,359	5,437	70	76	6	-	-	-	4,435	5,513
Depreciation	3,728	3,298	108	112	23	23	-	-	3,859	3,433
Non-cash expenses other than depreciation	606	582	-	-	-	-	-	-	606	582

14. Discontinuing Operations

Not Applicable

15. Subsequent Events

Not Applicable

16. Other Significant Information

Not Applicable

17. Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	✓	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not Applicable

Description of dispute or qualification if the accounts have been audited or subjected to review.

Not Applicable

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005 (refer note 1 (u)).

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Effect of A-IFRS on the Balance Sheet as at 1 July 2004

		Consolidated		
	Note	Superseded Policies $'000	Effect of Transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		6,740	-	6,740
Trade and other receivables		52,479	-	52,479
Inventories		40,585	-	40,585
Current tax assets		-	-	-
Total Current Assets		99,804	-	99,804
Non-Current Assets				
Trade and other receivables	18(a)	732	(660)	72
Other financial assets		18	-	18
Property, plant and equipment	18(b)	56,315	465	56,780
Goodwill		3,217	-	3,217
Other intangible assets	18(b),(c)	26,179	(1,464)	24,715
Deferred tax assets	18(f)	518	(23)	495
Other		-	-	-
Total Non-Current Assets		86,979	(1,682)	85,297
Total Assets		186,783	(1,682)	185,101
Current Liabilities				
Trade and other payables		32,305	-	32,305
Borrowings		15,378	-	15,378
Current tax payables	18(f)	2,347	(25)	2,322
Provisions		10,826	-	10,826
Total Current Liabilities		60,856	(25)	60,831
Non-Current Liabilities				
Borrowings		49,937	-	49,937
Deferred tax liabilities	18(f)	3,802	1,259	5,061
Provisions		2,011	-	2,011
Total Non-Current Liabilities		55,750	1,259	57,009
Total Liabilities		116,606	1,234	117,840
Net Assets		70,177	(2,916)	67,261
Equity				
Issued Capital	18(a),(f)	54,913	(459)	54,454
Reserves		150	-	150
Retained earnings	18(g)	15,114	(2,457)	12,657
Total Equity		70,177	(2,916)	67,261

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Effect of A-IFRS on the Income Statement for the half year ended 31 December 2004 and for the financial year ended 30 June 2005

		Half Year Ended 31 December 2004		
	Note	Superseded Policies $'000	Effect of Transition to A-IFRS $'000	A-IFRS $'000
Revenue	18(e)	144,771	(19)	144,752
Other income		-	-	-
Changes in inventories		1,713	-	1,713
Raw materials expense		(63,098)	-	(63,098)
Sub-contractors expense		(5,905)	-	(5,905)
Employee benefits expense		(43,248)	-	(43,248)
Repairs, maintenance and consumables expense		(6,214)	-	(6,214)
ASX and share register expense		(145)	-	(145)
Occupancy expense		(5,463)	-	(5,463)
Travel and communication expense		(2,137)	-	(2,137)
Freight and cartage expense		(2,940)	-	(2,940)
Depreciation and amortisation expense	18(b), (c), (d)	(3,784)	351	(3,433)
Borrowing costs		(1,740)	-	(1,740)
Other expenses from ordinary activities	18(c),(e)	(3,947)	12	(3,935)
Profit Before Income Tax Expense		7,863	344	8,207
Income tax expense	18(f)	(2,518)	(48)	(2,566)
Profit Attributable to Members of the Parent Entity		5,345	296	5,641

		Financial Year Ended 30 June 2005		
	Note	Superseded Policies $'000	Effect of Transition to A-IFRS $'000	A-IFRS $'000
Revenue		286,964	(303)	286,661
Other income		-		-
Changes in inventories		7,439		7,439
Raw materials expense		(127,832)		(127,832)
Sub-contractors expense		(11,745)		(11,745)
Employee benefits expense	18(a)	(85,635)	(67)	(85,702)
Repairs, maintenance and consumables expense		(12,249)		(12,249)
ASX and share register expense		(202)		(202)
Occupancy expense		(11,255)		(11,255)
Travel and communication expense		(4,197)		(4,197)
Freight and cartage expense		(5,546)		(5,546)
Depreciation and amortisation expense	18(b), (c), (d)	(8,161)	790	(7,371)
Borrowing costs		(3,705)		(3,705)
Other expenses from ordinary activities	18(c),(e)	(6,867)	296	(6,571)
Profit Before Income Tax Expense		17,009	716	17,725
Income tax expense	18(f)	(5,549)	(17)	(5,566)
Profit Attributable to Members of the Parent Entity		11,460	699	12,159

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Effect of A-IFRS on the Balance Sheet as at 31 December 2004

		31 December 2004		
	Note	Superseded Policies $'000	Effect of Transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		5,236	-	5,236
Trade and other receivables		57,321	-	57,321
Inventories		42,546	-	42,546
Current tax assets		-	-	-
Total Current Assets		105,103	-	105,103
Non-Current Assets				
Trade and other receivables	18(a)	2,005	(1,910)	95
Other financial assets		18	-	18
Property, plant and equipment	18(b)	58,215	599	58,814
Goodwill	18(d)	5,187	132	5,319
Other intangible assets	18(b), (c)	26,073	(1,387)	24,686
Deferred tax assets	18(f)	560	2	562
Other		-		-
Total Non-Current Assets		92,058	(2,564)	89,494
Total Assets		197,161	(2,564)	194,597
Current Liabilities				
Trade and other payables		34,282	-	34,282
Borrowings		12,574	-	12,574
Current tax payables		1,694	-	1,694
Provisions		11,287	-	11,287
Total Current Liabilities		59,837	-	59,837
Non-Current Liabilities				
Borrowings		44,964	-	44,964
Deferred tax liabilities	18(f)	4,032	1,185	5,217
Provisions		1,932	-	1,932
Total Non-Current Liabilities		50,928	1,185	52,113
Total Liabilities		110,765	1,185	111,950
Net Assets		86,396	(3,749)	82,647
Equity				
Issued Capital	18(a),(f)	69,655	(1,588)	68,067
Reserves		201	-	201
Retained earnings	18(g)	16,540	(2,161)	14,379
Total Equity		86,396	(3,749)	82,647

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Effect of A-IFRS on the Balance Sheet as at 30 June 2005

		30 June 2005		
	Note	Superseded Policies $'000	Effect of Transition to A-IFRS $'000	A-IFRS $'000
Current Assets				
Cash and cash equivalents		3,350	-	3,350
Trade and other receivables		64,134	-	64,134
Inventories		46,905	-	46,905
Current tax assets		-	-	-
Total Current Assets		114,389	-	114,389
Non-Current Assets				
Trade and other receivables	18(a)	2,235	(2,135)	100
Other financial assets		-	-	-
Property, plant and equipment	18(b)	60,228	351	60,579
Goodwill	18(d)	5,753	368	6,121
Other intangible assets	18(b), (c)	25,803	(936)	24,867
Deferred tax assets	18(f)	464	1	465
Other		-		-
Total Non-Current Assets		94,483	(2,351)	92,132
Total Assets		208,872	(2,351)	206,521
Current Liabilities				
Trade and other payables		39,330	-	39,330
Borrowings		8,582	-	8,582
Current tax payables		3,544	-	3,544
Provisions		13,142	-	13,142
Total Current Liabilities		64,598	-	64,598
Non-Current Liabilities				
Borrowings		50,539	-	50,539
Deferred tax liabilities	18(f)	3,732	1,154	4,886
Provisions		2,202	-	2,202
Total Non-Current Liabilities		56,473	1,154	57,627
Total Liabilities		121,071	1,154	122,225
Net Assets		87,801	(3,505)	84,296
Equity				
Issued Capital	18(a),(f)	69,881	(1,814)	68,067
Reserves	18(a)	156	67	223
Retained earnings	18(g)	17,764	(1,758)	16,006
Total Equity		87,801	(3,505)	84,296

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Effect of A-IFRS on the cash flow statement for the half year ended 31 December 2004

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

(a) Share-based payments

For the financial year ended 30 June 2005, share-based payments of $67 thousand (included in employee benefit expenses) which were not recognised under the superseded policies were recognised under A-IFRS, with a corresponding increase in the employee equity-settled benefits reserve. These adjustments had no material tax or deferred tax consequences.

Employee share loans of $660 thousand at 30 June 2004, $1,910 thousand at 31 December 2004 and $2,135 thousand at 30 June 2005 previously recognised under the superseded policies are no longer recognised under A-IFRS. Non-current receivables and issued capital were decreased accordingly.

(b) Property, plant and equipment

The adoption of A-IFRS resulted in an increase in property, plant and equipment of $108 thousand and a reclassification of other non-current assets to property, plant and equipment totalling $357 thousand. In addition, a reclassification of other non-current assets to property, plant and equipment totalling $191 thousand was recognised at 31 December 2004. Additional depreciation and amortisation expense of $57 thousand and $114 thousand is recognised under A-IFRS for the half year ended 31 December 2004 and the financial year ended 30 June 2005 respectively.

(c) Intangible assets

Certain intangible assets were derecognised on transition to A-IFRS at 1 July 2004 as they do not satisfy the relevant recognition criteria.

The cumulative impact on the balance sheet was to decrease intangible assets by $1,108 thousand at 1 July 2004. The impact on the income statement for the half year ended 31 December 2004 was a decrease in depreciation and amortisation expense of $276 thousand and an increase in other expenses from ordinary activities of $7 thousand and for the financial year ended 30 June 2005 was a decrease in depreciation and amortisation expense of $537 thousand and an increase in other expenses from ordinary activities of $7 thousand.

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(d) Goodwill

The consolidated entity has elected not to restate business combinations that occurred before 1 July 2004.

Goodwill, which was amortised under superseded policies, is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by $132 thousand and an increase in net profit before tax of $132 thousand for the half year ended 31 December 2004 and by $368 thousand and an increase in net profit before tax of $368 thousand for the financial year ended 30 June 2005. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(e) Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a gross basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a net basis, and is classified as income or other expenses, rather than revenue. Accordingly, the gross amounts have been reclassified within the income statement for A-IFRS reporting purposes.

As a consequence, revenue decreased by $19 thousand and other expenses decreased by $19 thousand for the half year ended 31 December 2004 while revenue decreased by $303 thousand and other expenses decreased by $303 thousand for the financial year ended 30 June 2005.

(f) Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined 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 their corresponding tax bases.

The effect of the above adjustments on the tax balances due to deferred tax not recognised under superseded policies is a net increase of $1,257 thousand at 1 July 2004, a net increase of $1,183 thousand at 31 December 2004 and a net increase of $1,153 thousand at 30 June 2005. Deferred tax recognised at 1 July 2004 due to temporary differences on brandnames was $1,844 thousand which was adjusted against retained earnings. Deferred tax recognised directly in equity in relation to share issue costs was $201 thousand at 1 July 2004, $322 thousand at 31 December 2004 and $322 thousand at 30 June 2005. The effect on consolidated profit for the half year ended 31 December 2004 and the financial year ended 30 June 2005 was to increase previously reported income tax expense by $48 thousand and $17 thousand respectively.

Notes to the Financial Statements
For the Half Year Ended 31 December 2005

18. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(g) Retained profits

The effect of the above adjustments on retained earnings is as follows:

		Consolidated		
	Note	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Expensing share-based payments	18 (a)	-	-	(67)
Additional depreciation expense	18 (b)	-	(57)	(114)
Fair value as deemed cost	18 (b)	108	108	108
Intangible assets derecognised	18 (c)	(1,108)	(1,115)	(1,115)
Intangible assets no longer amortised	18 (c)	-	276	537
Goodwill no longer amortised	18 (d)	-	132	367
Adjustments to tax balances	18 (f)	(1,457)	(1,505)	(1,474)
Total adjustment to retained earnings		(2,457)	(2,161)	(1,758)

CMI LIMITED
DIRECTORS' REPORT

The directors of CMI Limited submit herewith the financial report for the half-year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Maxwell J. Hofmeister
John J.A. Johnson
Warren V. Hill
Maurice C. Maughan

The above named directors held office during and since the end of the half-year except for Mr M.C. Maughan who was appointed 27 October 2005.

REVIEW OF OPERATIONS

Revenue for the half-year was $147,778 thousand (2004: $144,752 thousand). The company's profit from ordinary activities before tax was $8,264 thousand (2004: $8,208 thousand) and the profit from ordinary activities after tax was $5,642 thousand (2004: $5,641 thousand).

INDEPENDENCE DECLARATION BY AUDITORS

The auditor's independence declaration is included on page 39.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

M.J. Hofmeister
Chairman

Maurice Maughan.

M.C. Maughan
Director

BRISBANE

Dated: 28 February 2006

Deloitte

Deloitte Touche Tohmatsu
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Board of Directors
CMI Limited
Level 4
240 Margaret Street
Brisbane QLD 4000

28 February 2006

Dear Board Members

CMI Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CMI Limited.

As lead audit partner for the review of the financial statements of CMI Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Stavrou
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent review report to the members of CMI Limited

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 3 to 17, pages 19 to 37 and page 41. The consolidated entity comprises both CMI Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year. The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach
We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Stavrou
Partner
Chartered Accountants
Brisbane, 28th February 2005

Member of
Deloitte Touche Tohmatsu

CMI LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001. including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

M.J. Hofmeister
Chairman

M.C. Maughan
Director

BRISBANE

Dated: 28 February 2006