CMI LIMITED

ABN 98 050 542 553

Notice of Annual General Meeting

Monday, 12 November 2007
at 10:00 am Brisbane time

Brisbane Riverview Hotel, Clayfield Albion Room,
Corner of Kingsford-Smith Drive and Hunt Street, Hamilton, Queensland

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Chairman's Letter

10 October 2007

Dear Shareholder

ANNUAL GENERAL MEETING

This booklet contains notice of CMI Limited's 2007 annual general meeting.

On 31 August 2007, the Company announced a loss for the year ended 30 June 2007 of $3.84 million after tax. The result included a pre tax impairment loss of $18.6 million from the write down of the engineering division's fixed and intangible assets.

The Company produced a profit before tax of $13.4 million prior to the $18.6 million impairment write down, a decrease of 16.3% on the prior year and in line with the board's expectations as outlined in the half year announcement.

The Company's electrical division has continued to show an outstanding increase in profitability however the combined result reflects the difficult market conditions that exist in the engineering and finance businesses.

The Directors have resolved not to pay a final half year dividend to Ordinary Shareholders.

Following the retirement of the former CEO, Mr Ray Catelan was appointed managing director. He has substantial experience in operating successful trading businesses and he is working with other management and the Board to finalise and implement the future strategy for the Company.

I look forward to welcoming you at the Company's annual general meeting and thank you for your continuing support as a CMI Limited shareholder.

Yours faithfully

Colin Ryan
Chairman
CMI Limited

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Notice of Annual General Meeting

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Notice is given that the Annual General Meeting of CMI Limited will be held at 10.00am Brisbane time on 12 November 2007 at the Brisbane Riverview Hotel, Clayfield Albion Room, Corner of Kingsford-Smith Drive and Hunt Street, Hamilton, Queensland.

AGENDA

Ordinary Business

Financial Statements and Reports

To receive and consider the Company's financial statements, the related Directors' Report, Directors' Declaration and Independent Audit Report for the financial year ended 30 June 2007.

1. Remuneration Report

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the Corporations Act:

'*That the section of the Directors' Report dealing with the remuneration of the Company's Directors and the 5 most highly remunerated executives be adopted.*'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote does not bind the Directors of the Company.

2. Election of Director – Colin Ryan

To consider and, if thought fit, to pass the following as an ordinary resolution:

'*That Colin Ryan, who was appointed to the Board following the last annual general meeting be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution.*'

3. Election of Director – Danny Herceg

To consider and, if thought fit, to pass the following as an ordinary resolution:

'*That Danny Herceg, who was appointed to the Board following the last annual general meeting be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution.*'

4. Election of Director – Raymond Catelan

To consider and, if thought fit, to pass the following as an ordinary resolution:

'*That Raymond Catelan, who was appointed to the Board following the last annual general meeting be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution.*'

Dated this 10th day of October 2007
By Order of the Board

Mark Laidlaw

Mark Laidlaw

Company Secretary
CMI Limited

NOTES

(a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

(b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.

(d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act 2001 in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(e) The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of Ordinary Shareholders as at 7.00pm (Brisbane time) on 10 November 2007.

If you have any queries on how to cast your votes then call the Company's share registry on (02) 8280 7454 during business hours.

CMI LIMITED

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Explanatory Memorandum

Explanatory Memorandum

CMI Limited ABN 98 050 542 553

The information in this Explanatory Memorandum is provided to shareholders of CMI Limited in compliance with the *Corporations Act 2001*, Listing Rules and the Company's constitution.

INTRODUCTION

This Explanatory Memorandum is despatched with the notice of the Company's 2007 annual general meeting ('**AGM**').

Only Ordinary Shareholders will be entitled to vote at the AGM.

All Ordinary Shareholders should read this Explanatory Memorandum in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to shareholders at the AGM.

FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001* requires that the related Directors' Report, Directors' Declaration, Independent Audit Report and the financial statements of the Company for the year ended 30 June 2007 be presented to the AGM. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the *Corporations Act 2001* nor the Company's constitution requires a vote of shareholders at the AGM on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

(a) the content of the Independent Audit Report to be considered at the meeting; or

(b) the conduct of the audit of the annual financial report to be considered at the meeting.

Any written questions must be submitted to the Company Secretary on or before 5 November 2007 by email, fax or post.

Email: corporate@cmilimited.com.au

Fax: (07) 3004 8180

Mailing Address: PO Box 15844
City East
Brisbane, QLD 4002

Explanatory Memorandum

1. REMUNERATION REPORT

1.1 The Corporations Act 2001 requires that the section of the Directors' Report dealing with the remuneration of Directors and the 5 most highly remunerated executives ('**Remuneration Report**') be put to the vote of shareholders for adoption by way of a non-binding vote.

1.2 The Remuneration Report may be found in the Annual Report.

1.3 Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

2. ELECTION OF DIRECTOR – COLIN RYAN AM

2.1 Colin Ryan AM was appointed to the Board since the last AGM under rule 13.2 of the Company's constitution. In accordance with that rule, he now seeks appointment as a Director by the Shareholders.

2.2 Colin Ryan joined the Board on 28 February 2007 as the non-executive chairman and independent director. Colin is currently chairman of the Brisbane Airport Corporation Ltd, chairman of Capital + Merchant Finance Ltd (New Zealand), chairman of Cymbis Finance Australia Ltd, director of Softlink International Ltd and chairman of the Royal Children's Hospital Foundation.

2.3 Colin is the former Queensland managing partner of Arthur Andersen and former deputy chairman of the Port of Brisbane. He holds bachelor degrees in Commerce and Law, is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors.

2.4 The Directors support the resolution to elect Colin Ryan.

3. ELECTION OF DIRECTOR – DANNY HERCEG

3.1 Danny Herceg was appointed to the Board since the last AGM under rule 13.2 of the Company's constitution. In accordance with that rule, he now seeks appointment as a Director by the Shareholders.

3.2 Danny Herceg joined the board on 9 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.

3.3 Danny is also the chairman and a non-executive director of Bigair Group Limited.

3.4 The Directors support the resolution to elect Danny Herceg.

4. ELECTION OF DIRECTOR – RAYMOND CATELAN

4.1 Raymond Catelan was appointed to the Board since the last AGM under rule 13.2 of the Company's constitution. In accordance with that rule, he now seeks appointment as a Director by the Shareholders.

4.2 Raymond Catelan joined the Board as a Director on 18 May 2007 and as managing director on 3 July 2007. Raymond has extensive commercial and management experience both in public and private company environments including more than 12 years in the IT industry. Raymond founded RP Data in 1991 and was the managing director. RP Data was first listed on the Australian Stock Exchange in May 2000.

4.3 Raymond is also a non-executive director of Bigair Group Limited.

4.4 The Directors support the resolution to elect Raymond Catelan.

Glossary of Terms

In the attached Notice of Meeting and Explanatory Memorandum the following words and expressions have the following meanings:

'AGM'	means the annual general meeting of the Company to be held on 12 November 2007.
'ASIC'	means the Australian Securities and Investments Commission.
'ASX'	means the ASX Limited ACN 008 624 691 and the market that it operates.
'Board'	means the board of Directors of the Company.
'Chairman'	means the Chairman of the Company as approved from time to time and includes an acting Chairman.
'Company' or 'CMI'	means CMI Limited ABN 98 050 542 553.
'Corporations Act'	means the *Corporations Act 2001*.
'Directors'	means the directors of the Company from time to time, and Director means any one of them.
'Explanatory Memorandum'	means the explanatory memorandum to the notice of meeting contained in this booklet.
'Listing Rules'	means the official listing rules of ASX.
'Ordinary Share'	means an ordinary share in the capital of the Company, the terms of which are contained in the Company's constitution.
'Ordinary Shareholders'	means the holders of the Ordinary Shares from time to time.