



CMI Limited ABN 98 050 542 553
150 Robinson Road Geebung Qld 4034 Australia
Postal address: PO Box 716 Virginia Qld 4014 Australia
Telephone: (07) 3865 9865 Facsimile: (07) 3865 3677
Email: corporate@cmilimited.com.au Web: www.cmilimited.com.au

20 August 2008

Ms F Finucan
Senior Adviser, Issuers (Brisbane)
ASX Limited
Level 5
Riverside Centre
123 Eagle Street
Brisbane Qld 4000

email: frances_finucan@asx.com.au

Dear Ms Finucan

CMI Limited ('Company')

I refer to your letter of 19 August 2008. I have addressed ASX's questions in the order they appear.

1. Please explain why the Director Notice was lodged late

The Appendix 3Y was lodged outside the timeframe because the Company initially believed that it had disclosed all share purchases made by Richard Catelan ('Director').

During the last two weeks, the Company had been transitioning its existing email system onto a new system. It transpires that information in the notice lodged on 18 August 2008 had been sent, by mistake, to the Company's old system which was belatedly recovered after the Company's share registry notified the Company of changes. When this information was reported to the Company by the share registry (13 August 2008), action was taken to capture the relevant information for the Directors' Notice lodged 18 August 2008. The oversight therefore was not intentional, and occurred as a result of unusual circumstances.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

The Company has the following processes in place to ensure that it complies with listing rule 3.19A:

- (a) pursuant to the Company's Code of Conduct for Transactions in Securities, directors are required to notify the Company of purchases of shares in the Company. In practice this has been complied with by directors providing copies of contract notes for the purchase or sale as soon as possible;
- (b) to ensure that contract notes are being received by the Company on a rolling three day basis, the share registry (Link Market Services Limited) advises the company secretary of movements in director's shareholdings daily by email (upon settlement), which are then reconciled against the contract notes received from directors; and



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- (c) the Company has a standing agenda item at board meetings that movements in the shareholder register must be reviewed, with particular focus on movements in the holdings of directors.

3. If the current arrangements are inadequate or are not being enforced, what additional steps does the Company intend to take to comply with listing rule 3.19B?

The Company believes that the measures outlined above are adequate to ensure compliance with ASX listing rule 3.19B. In this instance, the change in shareholdings of the Director was not recognised in an Appendix 3Y within the timeframe due to an unusual systems change. The problem was nevertheless picked up by the Company's share registry and dealt with promptly.

Please contact me if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sharyn'.

Sharyn Williams
Company Secretary
CMI Limited



ASX Limited
ABN 98 008 624 691
Level 5
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

PO Box 7055
Riverside Centre
Brisbane QLD 4001

Telephone 61 07 3835 4017
Facsimile 61 07 3832 4114
Internet <http://www.asx.com.au>

19 August 2008

Ms Sharyn Williams
Company Secretary
CMI Limited
150 Robinson Street
GEEBUNG QLD 4034

Dear Ms Williams

**CMI Limited (the "Company")
Appendix 3Y Change of Director's Interest Notice**

We refer to the following.

1. The Appendix 3Y lodged by the Company with ASX on Monday, 18 August 2008 for Richard Denis Catelan (the "Director Notice").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Director Notice indicates that a change in the director's notifiable interest occurred on 7 August 2008. It appears that the Director Notice should have been lodged with ASX by Thursday, 14 August 2008. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances, ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Director Notice was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at **frances.finucan@asx.com.au** or by facsimile on facsimile number **(07) 3832 4114**. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before **9.30 a.m. A.E.S.T.**) on **Thursday, 21 August 2008**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,



Frances Finucan
Senior Adviser, Issuers (Brisbane)

Direct Line: 07 3835 4017