

## **MEDIA RELEASE**

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### **CMI posts 46% rise in profit**

CMI Limited today announced a 46% jump in net profit after tax to \$10.585 million for the 12 months to 30 June 2004 (2003: \$7.229 million).

The company said a buoyant car sector, strong volumes by all business units and first full-year contributions from its most recent acquisitions had increased revenue by 41% from \$196.045 million the previous year to \$275.604 million in fiscal 2004. CMI's record profit result represents basic earnings per share of 26.41 cents, up from 18.29 cents in 2002/03.

Directors of the diversified manufacturing, distribution and financial services group lifted the final half dividend from the prior year's 5 cents per share to 6 cents fully franked, raising the full year dividend 20% to 12 cents fully franked (2004: 10 cents fully franked).

A final quarter dividend of 3.3125 cents per share was also declared for convertible preference shares increasing the full year dividend to 13.25 cents fully franked.

CMI's executive chairman Max Hofmeister said the result reflected the company's July 2003 diversification into financial services through the acquisition of the national finance brokerage Capitalcorp Finance and Leasing Pty Ltd.

Mr Hofmeister said the contribution of a \$3.108 million after tax profit struck on \$24.862 million revenue from Capitalcorp was a "pleasing result".

He said the company's manufacturing margins had been eroded by rising raw material costs in the second half, and particularly from a surge in steel prices following heavy demand in China.

"We also suffered to some degree from adverse currency movements during the year which impacted on the profitability of our US distribution business.

“On a positive note volumes from our 4WD components business TJM were well up over the prior year with solid increases in after market, export and OEM sales.

“Our electrical components business also made a strong contribution to our improved earnings, as a result of cost reductions and a stronger \$A which lowered the cost of imported products,” he said.

Mr Hofmeister said CMI was budgeting for increased profitability in 2004/05 via organic growth of existing businesses and investment in additional capacity at its TJM and Toowoomba Metal Technologies factories.

Mr Hofmeister said “The company was finalising details of a Share Placement Plan to raise between \$10 million and \$15 million to assist funding growth planned for 2004/05”.

Mr Hofmeister said the company was expecting another solid year for its automotive/transport components operations based on car industry output forecasts, but cautioned that raw material costs would again impact on margins.

“While we saw some softening of steel prices in the third quarter we expect to continue paying higher prices than the 2003/04 year throughout 2004/05.

“We’re also budgeting for increased 4WD volumes through TJM based on our move to improved manufacturing premises in the first quarter of 2004/05 and a range of new products planned for release.

“With Capitalcorp now fully integrated and the roll-out of a strategy underway to build a presence in commercial lending, we’re expecting another positive result from our new financial services division,” he said.

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For further information:  
Max Hofmeister  
Executive Chairman  
CMI Limited  
Phone: 07 3004 8188

Released through:  
John Bayly  
Managing Director  
Bayly Willey Holt  
Phone: 07 3368 2355