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28 August 2009

Company Announcements
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sirs,

ANNOUNCEMENT: FY09 Results and Preliminary Final Report

We attach an Announcement for immediate release to the Market.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'T. Schmitt', written over a faint, illegible stamp or background.

**Trevor Schmitt
Company Secretary
CMA Corporation Ltd**

Enc

28 August 2009

CMA result in line with expectations, well positioned for recovery in 2010

Key points:

- Underlying FY09 result in line with expectations
- External market conditions significantly impacting profitability
- Swift Board response to changed market conditions
- Strong support from cornerstone investor, global metal recycler Scholz
- Underwritten Share Purchase Plan (SPP) launched at 10 cents per share
- Encouraging outlook for scrap metal industry
- Rising commodity prices
- Well positioned for recovery in 2010

Integrated recycling group CMA Corporation Limited (ASX: CMV) today announced an underlying net loss of \$56.8 million for the year ended 30 June 2009. The result is in line with guidance provided on 22 July 2009. It compares to a net profit after tax of \$18.1 million recorded in the previous corresponding period.

The 2009 result was impacted by extremely challenging conditions in the scrap metal industry with tight credit markets, falling global demand for scrap material and dramatic pricing declines of commodities in a relatively short timeframe.

Revenue for the period was \$398.6 million (\$503.6 million in FY08) and the net loss of \$72.7 million compared to net profit last year of \$18.1 million.

Following an adjustment of \$15.9 million (post tax) being made up of an impairment of contracting marine assets \$2.8m (post tax), goodwill write down of \$12.6m (post tax) relating to the Contracting Division and a provision for impairment of an investment held in CMA Engineering Pty Limited \$0.5m (post tax), the Company reported a statutory net loss of \$72.7 million.

The Board of Directors believe that the adjustments are appropriate given the slow-down in activity across the contracting industry and the uncertainty that surrounds the future cash flows of the Contracting Division.

CMA Managing Director Doug Rowe said while the loss was disappointing, the company had acted swiftly to deal with changed market conditions.

“We’re disappointed that external market conditions had such a significant impact on our profitability in the 2009 financial year,” said Mr Rowe.

“However, we were quick to adjust inventory levels and introduce cost saving initiatives in response to the changed market and to ensure we are well placed for a recovery once market conditions improved.”

Mr Rowe said he was encouraged by recent improvements to conditions in the scrap metal industry.

“Conditions in the metals trading industry have improved substantially in the past month with firming demand and rising commodity prices,” said Mr Rowe.

“Given the improving market we feel encouraged about the outlook and CMA’s ability to rebound in profit in FY10.”

CMA’s Recycling business was severely impacted by the global financial crisis producing a net loss of \$48.2 million compared to a net profit of \$16.8 million last year.

For the year, CMA sold 678,200 tonnes of ferrous scrap (2008: 748,767 tonnes) and 64,400 tonnes of non-ferrous scrap (2008: 62,119 tonnes), being a decline of 9.4% and an increase of 3.7% respectively.

Through the 2009 year CMA acquired the assets of UK-based Meretec Limited, including patents for the leading de-zincing technology and commissioned the Meretec operating facility in Chicago in the United States of America.

The division also commissioned new shredders at Ringwood, Victoria and Auckland, New Zealand. These shredders, together with an additional shredder due to be commissioned in FY10 at St Mary’s in New South Wales, are expected to significantly expand the group’s operating capacity and broaden its range of value add products.

CMA’s Contracting Division was also impacted by the economic slowdown, producing a net loss of \$17.5 million compared to net profit of \$1.3 million the previous corresponding period.

With conditions in the contracting sector expected to remain challenging in FY10, the company has decided to write down contracting goodwill of \$12.6 million (post tax) at 30 June 2009. The Board has also elected to exit the marine demolition business (a non core business activity) and write off the net book value of the marine assets held by the Contracting Division by \$2.8 million (post tax).

During the year, CMA completed two placements to global metal recycler Scholz Group, raising gross proceeds of \$60.2 million. The capital raised through the placements was applied to debt reduction and working capital.

Mr Rowe said the ongoing support from Scholz was verification of the CMA business model and potential for growth.

CMA announced the launch of an underwritten Share Purchase Plan (SPP) to allow existing shareholders the opportunity to subscribe for additional shares in CMA.

The SPP will allow eligible shareholders to subscribe for up to \$15,000 worth of CMA shares at 10 cents per share. This price represents an 18.70% discount to the CMA closing sale price over the last 5 days on which CMA shares have been traded prior to this announcement.



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The SPP is underwritten to \$15 million by BBY Limited and is due to close on 8 October 2009.

The net assets of the Group at 30 June 2009 were \$181.6 million (2008: \$174.6 million). However, at 30 June 2009, the Group had a net deficiency of Current Assets to Current Liabilities of \$11.7 million.

Based on the cash flow forecasts that indicate that the Group will be profitable for the year ending 30 June 2010, the announced Underwritten Share Purchase Plan and the provision of further funding facilities of \$6 million by the ANZ bank; the Financial Report has been prepared on the basis that the Group can continue to meet their commitments as and when they fall due, and can therefore realize assets and settle liabilities in the ordinary course of business. The directors are satisfied that the going concern basis of preparation is appropriate.

The funds raised through the SPP will be used for working capital and to support the continued growth of the Company's operations.

Mr Rowe said the company has aggressively dealt with the issues faced in FY09 to ensure the company was well positioned for a recovery in 2010.

"We have started FY10 in a significantly strengthened financial position and with a substantially improved outlook in our markets, we look forward to delivering a turn around in revenue and earnings in FY10."

– ends –

For more information:

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