



22 February 2010

CPI Group Limited
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The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4 Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Amended letter

Dear Sir/Madam,

Statement to Australian Stock Exchange and Media Release for the six months ended 31 December 2009

CPI Group Ltd today announced a net profit of \$2,046,000 for the six months ended 31 December 2009. EBITDA after excluding non-recurring items was \$4,852,000. Cash flows during the six months were strong with net cash generated from operations of \$30.5 million.

Earnings Summary

	Dec '09 \$ '000s	Dec '08 \$ '000s
EBITDA underlying	4,852	6,545
Less		
Depreciation	(643)	(731)
EBIT underlying	4,209	5,814
Less non-recurring items	(290)	(560)
EBIT	3,919	5,254
Finance costs	(1,873)	(3,119)
NET PROFIT/(LOSS) before tax for the half year	2,046	2,135

During the six months to 31 December 2009 conditions remained difficult due to the depressed levels of activity in the economy generally, and the printing sector particularly. Volumes were significantly affected with anecdotal evidence suggesting the industry volumes were down by some 20%.

In response to these conditions the Group focussed strongly on cost and balance sheet control. Cost control initiatives which had begun in the previous financial year, were continued and consolidated. Overheads for the six months were 17% below the prior year, exceeding the targets that had been set. The opportunity was taken to further rationalise product ranges and clear out discontinued lines. This process is now well advanced.

Working Capital Management and Cash Flow

The Group focussed very strongly on working capital management and cash flow. Strict control of inventories saw working capital significantly reduced and strong cash flow generation. Net debt stood at \$39.3 million at 31 December 2009, the lowest level in over two years. As a consequence of this action the Group has been able to reduce its required finance facility by some 40%.

The Group's finance facilities have been renewed and now extend to February 2013. The net debt position is summarised below:

	Dec 2009 \$ millions	Dec 2008 \$ millions
Cash and cash equivalents	1.2	2.3
Borrowings	(40.5)	(83.3)
Net Debt	(39.3)	(81.0)

Dividend

In view of the still difficult conditions in the industry the Board determined not to declare a dividend at this time.

Outlook

Trading

Trading conditions remain difficult with volumes still below the levels of two years ago. In response to these conditions we are witnessing some aggressive market pricing as competitors seek to quit stock and maintain volumes. Following our recent re-organisation we believe the Group is now appropriately positioned to meet this competition. Further cost reductions are expected as the warehouse rationalisation program is continued over the next two years. Working capital and overheads control will remain a major focus for the Group going forward.

Yours sincerely,



Bernard P Cassell
Managing Director

For further information please contact:

Bernard Cassell
Managing Director

Lachlan Duncan
Chief Operating Officer & Company Secretary

Ph: (03) 8587 3500

Appendix 4D**Half Year Report for the six months to 31 December 2009**

Name of Entity	CPI GROUP LIMITED
ABN	33 006 364 067

Reporting period

Report for the half year ended	31 DECEMBER 2009
Previous corresponding period	31 DECEMBER 2008

Results for announcement to the market

				\$'000s
Revenues from ordinary activities (Item 2.1)	Down	24.6%	to	209,424
Underlying EBIT from ongoing operations	Down	27.6%	to	4,209
Profit from ordinary activities after tax attributable to members (item 1)	Down	4.2%	to	2,046
Net profit for the period attributable to members (item 1)	Down	4.2%	to	2,046
Dividends (item 2.4)			Amount per security	Franked amount per security
Interim dividend			NIL¢	NIL¢
Final dividend			NIL¢	NIL¢
Previous corresponding period			NIL¢	NIL¢
Record date for determining entitlements to the dividend (item 2.5)			N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): To be read in conjunction with accompanying ASX announcement.				

Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.87	0.84

Details of entities over which control has been gained or lost during the period: (item 4)

Assets acquired during the period

Name of businesses (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the acquired businesses since the date(s) in the current period on which control was acquired (item 4.3)	N/A

Assets disposed during the period

Name of businesses (item 4.1)	N/A
Date(s) of loss of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the disposed business to the date(s) in the current period when control was lost (item 4.3).	N/A
Profit (loss) from ordinary activities after tax of the disposed businesses for the whole of the previous corresponding period (item 4.3)	N/A

Dividends (item 5)

Final dividend – year ended 30 June 2009

Interim dividend – half year ended 31 December 2009

Date of payment	Total amount of Dividend
N/A	N/A
N/A	N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Interim dividend: Current year	NIL¢	NIL¢	NIL¢
Previous year	NIL¢	NIL¢	NIL¢

Interim dividend on all securities

Ordinary securities *(each class separately)*
 Preference securities *(each class separately)*
 Other equity instruments *(each class separately)*
Total

Current period \$A'000	Previous corresponding Period - \$A'000
N/A	-
-	-
-	-
-	-

Details of dividend or distribution reinvestment plans in operation are described below (item 6):

These plans are not currently operating

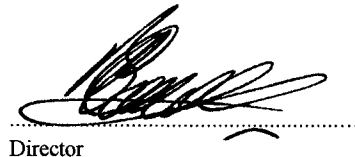
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

The information provided in the Appendix 4D is based on the interim financial report (attached), which has been prepared in accordance with Australian accounting standards.

The financial report has been independently reviewed. The financial report is not subject to a qualified review statement.

Sign here:



Director

Date: 19th February 2010

Print name: B.P. Cassell

CPI GROUP LIMITED
ABN 33 006 364 067

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009

This half-year financial report is to be read in conjunction
with the financial report for the year ended 30 June 2009

**CPI GROUP LIMITED
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2009**

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CPI GROUP LIMITED
ABN 33 006 364 067

DIRECTORS' REPORT

The Directors present their report together with the condensed financial report of the Consolidated Entity consisting of CPI Group Limited and the entities it controlled (the Group), for the half-year ended 31 December 2009 and independent auditors review report thereon. This financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and other applicable Australia Accounting Standards.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Mr Peter Thomas Reilly	Chairman
Mr Bernard Phillip Cassell	Managing Director
Mr Denis William Goodrem	Executive Director
Mr David Gordon Bull	Executive Director
Mr Darryl Abotomey	Non-executive Director

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated profit of the Group for the period was \$2,046,000 after income tax.

During the period, the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Throughout this year, the Board has maintained a strong focus on cost control and working capital management. Ongoing economic advantages have been achieved through the flow on effect from the restructuring and rationalisation of the back office consolidation. The warehouse restructuring plan will be implemented over the next 2 years, where the Group will move to consolidate its current warehouses, and thereby establish in most states, single warehouses for the Group's operations.

The group's level of underlying net debt, represented by the gross debt less cash and cash equivalents, decreased as a result of positive operating cashflows and pay down of debt balances summarised as follows:

	Dec-09	Jun-09
	\$'000s	\$'000s
Cash and cash equivalents	1,208	2,166
Borrowings	(40,529)	(71,957)
	<u>(39,321)</u>	<u>(69,791)</u>

In February 2010, the Group renewed the funding agreement with GE Commercial Corporation (Australia) Pty Ltd for another 3 years. The Group's funding arrangements consists of a \$80.0 million (2009: \$99.0 million) GE revolving credit facility. The facility is secured through the mix of eligible collateral comprising of accounts receivable and inventory to the lesser of the facility limit or the available eligible collateral.

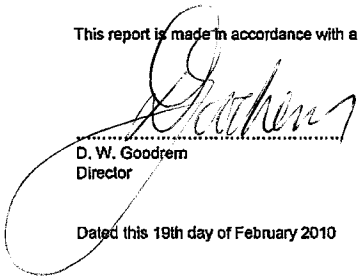
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review of the half-year is provided with this report on page 4 and forms part of this report.

Rounding of Amounts

The parent entity is of a kind referred to in Australian Securities and Investment Commission class order 98/100. In accordance with that class order, amounts in this report and the accompanying financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors:


D. W. Goodrem
Director


B. P. Cassell
Managing Director

Dated this 19th day of February 2010

AUDITOR'S INDEPENDENCE DECLARATION

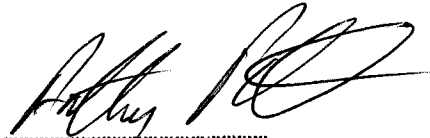
To the Directors of CPI Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of CPI Group Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the Corporation Act 2001 in relation to my review; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.



.....
Grant Thornton Audit Pty Ltd
Chartered Accountants



.....
A.J. Pitiato
Director - Audit & Assurances Services

19th February 2010

CPI GROUP LIMITED
ABN 33 006 364 067
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

		31 December 2009	31 December 2008
	Notes	\$'000s	\$'000s
Sales	3	208,999	277,511
Cost of sales		(170,331)	(230,745)
Gross margin		<u>38,668</u>	<u>46,766</u>
Other revenue	3	425	69
Distribution expenses		(18,311)	(18,634)
Selling and marketing expenses		(11,969)	(14,213)
Administration expenses		(6,893)	(8,381)
Satisfaction of right of first refusal	4	-	691
Redundancies and restructuring	4	(197)	(1,037)
(Loss) on sale of non-current assets	3	(4)	(7)
Profit before finance costs and income tax expense		<u>3,919</u>	<u>5,254</u>
Finance costs		(1,873)	(3,119)
Profit before income tax expense		<u>2,046</u>	<u>2,135</u>
Income tax benefit/(expense)		-	-
Profit for the half-year		<u>2,046</u>	<u>2,135</u>
Other comprehensive income			
Cash flow hedges		(394)	2,954
Exchange differences on translation of foreign operations		8	140
Employee share options expired		(23)	-
Income tax benefit/(expense) relating to components of other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		<u>(409)</u>	<u>3,094</u>
Total comprehensive income for the half-year		<u>1,637</u>	<u>5,229</u>
Earnings per share			
Basic earnings per share		3.4¢	3.7¢
Diluted earnings per share		3.4¢	3.6¢

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

CPI GROUP LIMITED
ABN 33 006 364 067
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	31 December 2009 \$'000s	30 June 2009 \$'000s
Current Assets		
Cash and cash equivalents	1,208	2,166
Receivables	92,947	92,378
Inventories	74,254	90,766
Other	2,364	1,794
Total Current Assets	<u>170,773</u>	<u>187,102</u>
Non Current Assets		
Receivables	1,385	5,015
Other financial assets	100	100
Property, plant & equipment	3,901	4,515
Total Non Current Assets	<u>5,386</u>	<u>9,630</u>
Total Assets	<u>176,159</u>	<u>196,732</u>
Current Liabilities		
Payables	75,304	65,880
Short term borrowings	208	71,677
Provisions	8,432	8,512
Total Current Liabilities	<u>83,944</u>	<u>146,069</u>
Non Current Liabilities		
Long term borrowings	40,321	280
Provisions	215	243
Total Non Current Liabilities	<u>40,536</u>	<u>523</u>
Total Liabilities	<u>124,480</u>	<u>146,592</u>
Net Assets	<u>51,679</u>	<u>50,140</u>
Equity		
Contributed equity	80,393	80,491
Reserves	(681)	(272)
Accumulated losses	(28,033)	(30,079)
Total Equity	<u>51,679</u>	<u>50,140</u>

The consolidated statement of financial position should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

CPI GROUP LIMITED
ABN 33 006 364 067
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Notes	Contributed equity \$'000s	Reserves \$'000s	Retained earnings \$'000s	Total Equity \$'000s
Balance at 1 July 2008		80,043	(1,830)	(27,038)	51,175
Profit for the half-year		-	-	2,135	2,135
Cash flow hedges		-	2,954	-	2,954
Exchange differences on translation of foreign operations		-	140	-	140
Income tax benefit/(expense) relating to components of other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		-	3,094	2,135	5,229
Transactions with owners in their capacity as owners					
Ordinary shares bought back and issuances during the half-year	8	476	-	-	476
Dividends paid		-	-	(579)	(579)
		476	-	(579)	(103)
Balance at 31 December 2008		80,519	1,264	(25,482)	56,301
Balance at 1 July 2009		80,491	(272)	(30,079)	50,140
Profit for the half-year		-	-	2,046	2,046
Cash flow hedges		-	(394)	-	(394)
Exchange differences on translation of foreign operations		-	8	-	8
Employee share options expired		-	(23)	-	(23)
Income tax benefit/(expense) relating to components of other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		-	(409)	2,046	1,637
Transactions with owners in their capacity as owners					
Ordinary shares bought back during the half-year	8	(98)	-	-	(98)
		(98)	-	-	(98)
Balance at 31 December 2009		80,393	(681)	(28,033)	51,679

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

CPI GROUP LIMITED
ABN 33 006 364 067
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009 \$'000s	31 December 2008 \$'000s
Cash Flows From Operating Activities		
Receipts from customers	233,185	291,793
Payments to suppliers and employees	(201,193)	(309,573)
Interest received	383	20
Finance costs	(1,873)	(3,119)
Net operating cash flows	<u>30,502</u>	<u>(20,879)</u>
Cash Flow From Investing Activities		
Payment for purchases of property, plant and equipment	(35)	(317)
Proceeds from sale of property, plant and equipment	2	-
Net investing cash flows	<u>(33)</u>	<u>(317)</u>
Cash Flows From Financing Activities		
Net Proceeds from/ (Repayment of) borrowings	(31,349)	20,782
Repayment of finance leases	(79)	(87)
Dividends Paid	-	(579)
Net financing cash flows	<u>(31,428)</u>	<u>20,116</u>
Net increase/(decrease) in cash and cash equivalents	<u>(959)</u>	<u>(1,080)</u>
Cash and cash equivalents at beginning of period	2,166	3,384
Effects of exchange rate changes on the balances of cash held in foreign currencies	1	(8)
Cash and cash equivalents at end of the half-year	<u>1,208</u>	<u>2,276</u>

The statement of cash flows should be read in conjunction with the accompanying notes which form an integral part of these financial statements.

CPI GROUP LIMITED
ABN 33 006 364 067
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

This half-year financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2009. This report must also be read in conjunction with any public announcements made by CPI Group Limited (the Group) during the half-year in accordance with any continuous disclosure obligations arising under the ASX Listing rules.

(a) Basis of preparation of the half-year financial statements

This general purpose half-year consolidated financial statements have been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

(b) Summary of the significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2009, except as set out below.

(i) AASB101 (Amendment) Presentation of Financial Statements

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity and other terminology changes. The measurement and recognition of the Group's assets, liabilities, income and expenses in the financial statements will not be affected. However, some items that were recognised directly in equity are now recognised in other comprehensive income.

(ii) AASB 8 Operating Segments

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating Segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the strategic steering committee that makes strategic decisions. The strategic committee currently consists of the managing director and the Board.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which CPI Group Limited controlled from time to time during the half-year and at the end of the reporting period.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies with the parent accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d) Rounding of Amounts

The Group is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2. SUBSEQUENT EVENTS

On 4 February 2010, the Group announced the sale of its conventional machinery assets in Australia and New Zealand, effective from 1 March 2010. Ongoing economic advantages are expected to flow from this rationalisation. The Group will continue to offer a range of digital inkjet printers and digital finishing equipment. The financial effects have not been brought to account at 31 December 2009. The assets, liabilities, and the operating result will be brought to account from 28 February 2010, which will include the sale of the Komori Press assets.

The Group also announced in February that it has extended its finance facilities with GE Commercial Corporation (Australia) Pty Ltd for another 3 years. The facility limit has been reduced from \$99.0 million to \$60 million reflecting the successful restructuring program that the Group has executed over the last twelve months.

NOTE 3. OPERATING PROFIT

	31 December 2009 \$'000s	31 December 2008 \$'000s
Revenue from continuing operations:		
Sales Revenue		
Product sales	208,999	277,511
Other revenues		
Interest from other persons	383	20
Foreign exchange gain	7	8
Other income	35	41
Total other revenue	425	69
Total revenue	209,424	277,580
Expenses excluding finance costs from continuing operations:		
Depreciation	643	731
Net loss on sale of plant and equipment	4	7
Bad Debts written off against provision	191	37
Operating lease rentals	6,860	7,152

CPI GROUP LIMITED
ABN 33 006 364 067
NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 4. SIGNIFICANT ITEMS OF REVENUE OR EXPENSE FROM ORDINARY ACTIVITIES

	31 December 2009 \$'000s	31 December 2008 \$'000s
Profit after income tax includes the following items of revenue and expense whose disclosure is relevant in explaining the performance of the Group:		
Revenue		
Satisfaction of right of first refusal	-	691
Expense		
Legal fees and other non-recurring charges	92	214
Redundancies and restructuring	197	1,037

NOTE 5. DIVIDENDS

	31 December 2009 \$'000s	31 December 2008 \$'000s
Final dividend (fully franked) nil (2008:\$0.01) per ordinary share		
Dividends paid	-	679

The Directors have not declared a dividend for the half-year ended 31 December 2009 for the Ordinary Shares.

NOTE 6. SEGMENT REPORTING INFORMATION

Management has determined the operating segment based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. The strategic steering committee currently consists of the managing director and the Board.

The committee considers the business to be the supply of product to the printing industry.

The segment information provided to the strategic steering committee for the reportable segment for the half-year ended 31 December 2009 is as follows:

	31 December 2009 \$'000s	31 December 2008 \$'000s
Segment Revenue		
Total segment revenue	209,366	277,679
Inter-segment revenue (i)	(367)	(168)
Revenue from external customers	<u>208,999</u>	<u>277,511</u>
Adjusted EBITDA (ii)	<u>4,852</u>	<u>6,545</u>
Depreciation and amortisation	643	731
Legal expenses	92	214
Employee redundancies and restructuring	197	1,037
Total segment assets (iii)	<u>176,159</u>	<u>243,305</u>
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax)	35	317
Total segment liabilities (iii)	<u>124,480</u>	<u>187,004</u>

(i) Sales between inter-group are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the strategic committee is measured in a manner consistent with that in the statement of comprehensive income.

(ii) Adjusted EBITDA

The strategic steering committee assesses the performance of the segment based on a measure of adjusted EBITDA. The measurement basis excludes the effects of abnormal income and non-recurring expenditure such as employee redundancies and restructuring costs, legal expenses and goodwill impairment when the impairment is the result of an isolated, non-recurring event.

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

Adjusted EBITDA	4,852	6,545
Finance costs	(1,873)	(3,119)
Depreciation and amortisation	(643)	(731)
Legal fees and other non-recurring charges	(92)	(214)
Employee redundancies and restructuring	(197)	(1,037)
Satisfaction of right of first refusal	-	691
Profit before income tax expense	<u>2,046</u>	<u>2,135</u>

(iii) The amounts provided to the strategic steering committee with respect to total assets and liabilities are measured in a manner consistent with that of the statement of financial position.

CPI GROUP LIMITED
ABN 33 006 364 067
NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 7. CONTINGENT LIABILITIES

Contingent events

There have been no material changes to contingent liabilities since 30 June 2009.

NOTE 8. ISSUANCES, REPURCHASES AND EQUITY SECURITIES

	31 December 2009	31 December 2008
Movements in contributed equity for the half-year (number of shares):		
Ordinary Shares:		
Opening number of shares	59,572	57,882
Executive Share Plan	-	1,800
Share buy-back - Employee Shares (i)	(350)	(10)
Closing number of shares	<u>59,222</u>	<u>59,672</u>
Movements in contributed equity for the half-year:		
Ordinary Shares:		
Opening balance	\$'000s 80,491	\$'000s 80,043
Executive Share Plan	-	504
Share buy-back - Employee Shares	(98)	(28)
Closing balance of shares	<u>80,393</u>	<u>80,519</u>

(i) Employee share buy-back

350,000 ordinary shares were bought back from former employees and cancelled pursuant to an off market buy back and in accordance with the Employee Share Purchase Plan (ESPP) rules. The ESPP shares were bought back at the original issue price.

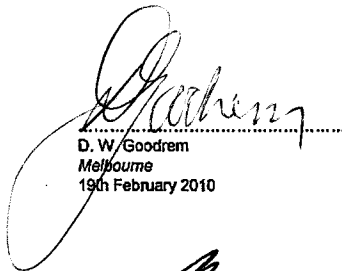
CPI GROUP LIMITED
ABN 33 006 364 067
DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 5 to 11 are in accordance with the Corporations Act 2001:

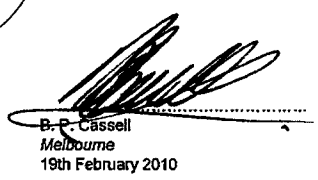
- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that CPI Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



.....
D. W. Goodrem
Melbourne
19th February 2010



.....
D. P. Cassell
Melbourne
19th February 2010

CPI GROUP LIMITED
ABN 33 006 364 067

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CPI GROUP LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CPI Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of CPI Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 CPI Group 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A.J. Pilitto
Director - Audit & Assurance Services

19th February 2010