DoloMatrix International Limited
ACN 009 140 550

2012 Annual Report

Chairman's report

The year just ended has been one of substantial change for DoloMatrix. Starting as a waste materials manager and ending the year as a clean listed shell looking for acquisition opportunities. Along the way the company returned over $57.3m, or 40.6 cents per share to shareholders by way of capital returns and dividends.

Immediately prior to announcing the sale of the group's principal businesses to Tox Free Solutions on 15 December, 2012, the DoloMatrix shares were trading at 26c. In the prior three years the best price achieved on the market was 34 cents. The cash return to shareholders was therefore an outstanding outcome for all shareholders and a credit to the previous board and senior leadership team.

The group's operating performance in the six months to December 2011 was down 8.4% reflecting difficult market conditions and expenses associated with the sale of the businesses.

The full year results outlined in this report reflect the seven and a half months earnings from the group's subsidiaries which were sold with effect from 15 February, the accounting profit on the sale of the subsidiaries, and the earnings (and costs) achieved from the residual assets of the business. As a result, the income and expenditure statement does not provide a clear guide as to the likely performance of the company going forward.

The balance sheet provides a better guide to the current state of affairs of your company. You will see that, at 30 June 2012, we have about $1.5 million in cash and very few other assets or liabilities.

In addition, not shown on the balance sheet, the company retains funds which belong to existing or former shareholders where we have been unable to locate them or the bank account details we have for them are incorrect. Due to the large dividends and capital returns this year, these funds are quite substantial at about $1m. In due course, these funds will be remitted to the Office of State Revenue of the NSW state government as unclaimed monies. In the mean time, DoloMatrix is entitled to the interest earnings from this money. This will amount to about $30,000 per annum. This amount will diminish to $nil over the next 7 years (if not claimed earlier by shareholders).

After the sale of the business, and in parallel with the capital return and dividends, the board has sought to identify a suitable business to be merged into DoloMatrix facilitating a "back door" listing for the merged company – a process known as a reverse takeover. Current equity and corporate market conditions have made the timing of this initiative difficult and although this still remains the intention of the board, progress has been slower than we would have liked.

At the beginning of September of this year the representatives or associates of the four largest shareholders in your company were made directors with the previous directors having completed the task of the sale and capital and dividend return to shareholders. The four shareholders represent a little over 50% of the company's shares and, as such, together have a strong motivation to achieve a successful reverse takeover.

Director rewards are essentially the same as all other shareholders as, reflecting the diminished scope of the business, director's fees have been cut to $20,000 per annum ($5,000 each).

On the six month anniversary of the sale to Tox, the ASX suspended the shares from trading. The suspension is a consequence of Listing Rule 12.3 which requires a company to hold less than 50% of its assets in cash within 6 months of a sale like that made by DoloMatrix. Importantly, your company remains listed, but as things stand you are unable buy or sell as a consequence the suspension. The ASX's inflexibility on this is a point of considerable frustration for your directors and it is our objective to enable shares to be bought or sold again as soon as is practicable to do so.

In the mean time, the shares have value, the company has no borrowings, and it has virtually no liabilities. The cash held at the Commonwealth Bank together with the interest from the unclaimed monies will more than cover costs. At 30 August 2012, the company has a net asset per share of approximately 1 cent.

Going forward, it is the intention of your Board to identify a suitably priced reverse takeover company that can be merged with DoloMatrix, this will enable Listing Rule 12.3 to be addressed. Once identified, the company will need to re-comply with Chapters 1 and 2 of the Listing Rules, and this will probably involve the opportunity for existing shareholders to participate in a capital raising at that time. We are determined to extract a fair value for you and have the company's shares come out of suspension.

In the Notice of Meeting you are asked to vote for each of the members of the reconstituted board. The four directors bring experience in equity capital markets, mergers and acquisitions, reverse takeovers and restructurings. I believe this is a strong and capable board which will be able to progress this strategy.

As part of the sale of the operating businesses of DoloMatrix to Tox, it was agreed to change the name of the company. Given the outlined strategy, it is likely that any name change will only be temporary. Recognising this, and reflecting the heritage of the company, you are invited to vote for the name of the business be changed to DMX Corporation. I encourage you to vote in favour of these five resolutions.

Finally I would like to acknowledge the previous directors Iain Thompson, Tony Ho, John White and Elliott Kaplan for their splendid work on getting the company to where it is today.

Roger Collison

Executive Chairman

Corporate Governance Statement
For the year ended 30 June 2012

The Board of Directors of DoloMatrix International Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of DoloMatrix International Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The following formalises the main corporate governance practices established and in force throughout the financial year to ensure the Board is well equipped to discharge its responsibilities.

Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board should consist of at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- Directors should bring characteristics which allow a mix of qualifications, skills and experience;
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting; and
- The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate, who must stand for election at the next general meeting of shareholders.

The primary responsibilities of the Board include:

- The establishment of the long term goals of the Company and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the Company and monitoring of results on a monthly basis. The establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Ensuring the Consolidated Entity has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- The approval of the annual and half-year financial reports.

The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The performance of all Directors will be reviewed by the Chairman each year using a simple questionnaire.

Independent professional advice

Each Director will have the right to seek independent professional advice at the Company's expense. The prior approval of the Chairman will be required, which will not be unreasonably withheld.

Remuneration

The Board will review the remuneration packages and policies applicable to the Directors and Senior Executives on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board may obtain independent professional advice on the appropriateness of remuneration packages.

Audit Committee

The Board shall maintain an Audit Committee of at least two Directors. Audit Committee meetings may also be attended, by invitation, by the external auditors. The role of the Audit Committee will be to provide a direct link between the Board and the external auditors.

The Audit Committee will also give the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining the matters for inclusion in the financial statements.

The responsibilities of the Audit Committee include the following:

- Monitoring compliance with regulatory requirements;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management; and

- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit Committee will review the performance of the external auditors on an annual basis. Nomination of auditors will be at the instigation of the Audit Committee.

Business risk

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management.

Specific areas of risk identified initially and regularly considered at Board meetings include risks associated with business and investment, new and rapidly evolving markets, technological change, competition and business and strategic alliances, the environment, and continuous disclosure obligations.

Ethical standards

The Board's policy is for the Directors and Senior Executives to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Consolidated Entity.

Trading in DoloMatrix International Limited Securities

The Board's policy with regard to trading in the Company's securities is available for viewing on the Company website.

Authority limits

The Board shall annually review the level of authority limits for the Managing Director and Senior Executives. That review shall coincide with the approval of the annual budgets.

Confidentiality

The Board members are required to ensure that all Company business is kept confidential by each Director and employee and members of staff subject to their supervision.

Dealing with conflicts of interest

If a conflict or potential conflict of interest arises, full disclosure should be made to the Board as soon as the Director becomes aware of the conflict or potential conflict. The Board shall manage the conflict in such a way that the interests of the Company as a whole are safeguarded.

A conflict will arise when the private or other business interests of Directors and officers conflict directly or indirectly with their obligations to the Company or when benefits (including gifts or entertainment) are received from a person doing business which could be seen by others as creating an obligation to someone other than the Company.

Directors and officers shall not act in a way which may cause others to question their loyalty to the Company.

ASX PRINCIPLE	STATUS	REFERENCE/COMMENT
Principle 1: Lay solid foundations for management and oversight.		
Formalise and disclose the functions reserved to the board and those delegated to management.	A	The Company has formalised and disclosed the functions reserved to the Board and those delegated to management (see above). The Company has a small Board consisting of four Directors. The full Board currently meets as required. In addition, strategy meetings and special meetings are held at such other times as may be necessary to address any specific significant matters that may arise.

ASX PRINCIPLE	STATUS	REFERENCE/COMMENT
Principle 2: Structure the board to add value		
2.1 A majority of board members should be independent directors.	N	The current directors, excluding James Chirnside and Greg Soghomonian are representatives or associates of major shareholders. The Board believes that for a company of this size, it is appropriate to restrict the number of directors. There is a corresponding greater need for the expertise and support that is available from substantial shareholders. Under the Company's Constitution, the Chairman has a casting vote.
2.2 The chairperson should be an independent director.	A	Company does not have an independent Chairman.
2.3 The roles of chair person and chief executive officer should not be exercised by the same individual.	A	Mr Roger Collison is the Executive Chairman.
2.4 The board should establish a nomination committee.	A	The board has a Nomination Committee. All Directors are members of the Committee. A copy of the Committee's charter is on the Company's website
2.5 The company should disclose the process for evaluating the performance of the board.	A	The Chairman reviews the performance of the Board, its committees and individual Directors at least annually using a simple questionnaire. The latest review was conducted in September 2010 and the result was satisfactory.
2.6 Provide the information indicated in Guide to reporting on Principle 2.	A	The skills and experience of directors are set out in the Company's Annual Report.
Principle 3: Promote ethical and responsible decision making		
3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity. 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.	A	The Company has formulated a Code of Ethics which governs the conduct of all Directors and employees. The Board continues to review existing procedures over time to ensure adequate processes are in place. All directors, employees and contractors are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance the reputation and performance of the Company.
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	A	The Company has formulated a securities trading policy which can be viewed on its website.

3.3 Provide the information indicated in guide to reporting on Principle 3.	A A Code of Ethics is on the Company's website.
Principle 4: Safeguard integrity in financial reporting	
4.1 The board should establish an audit committee	A The Company has established an Audit Committee.
4.2 Structure the audit committee so that it consist of: ➢ Only Non-Executive Directors ➢ A majority of independent directors ➢ An independent chairperson who is not the chairperson of the board ➢ At least three members.	N The Audit Committee consists of all four directors. The Chairman of the Board is not the chair of the audit committee. All Audit Committee members are financially literate.
4.3 The audit committee should have a formal charter	A The Audit Committee has a formal charter.
4.4 Provide the information indicated in Guide to reporting on Principle 4.	A A copy of the charter is on the Company's website.
Principle 5: Make timely and balanced disclosure	
5.1 Establish written policies and procedures Designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	A The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is acutely aware of the continuous disclosure regime, and there are strong informal systems in place to ensure compliance by Senior Executives.
5.2 Provide the information indicated in Guide to reporting on Principle 5.	A The Company publishes and releases annual and half-yearly results to the ASX. The Company makes timely disclosure to the ASX on all matters of significance.

Principle 6: Respect the rights of shareholders		
6.1 Design and disclose a communications strategy to promote effectiveness communication with shareholders and encourage effective participation at general meetings.	A	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of material developments affecting the Company. Shareholders are encouraged in the Annual report and Notice of Meeting to exercise their right to vote, either by attending meetings, or by lodging a proxy. The Company's auditors attend all shareholders' meetings.
6.2 Provide the information indicated in Guide to reporting on Principle 6.	A	This disclosure is through regular shareholder communications including the Annual Report, and through announcements made to the ASX which are available on the ASX website www.asx.com.au.
Principle 7: Recognise and manage risk		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	A	The Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing those risks. This issue is regularly reviewed at Board meetings. A risk management culture is encouraged amongst employees and contractors.
7.2 The Board should require management to design and implement the risk management and internal control system.	A	Determined areas of risk which are regularly considered include the following: ➢ Performance and funding of commercial activities ➢ Budget control and asset protection ➢ Compliance with government laws and regulations ➢ Safety and the environment ➢ Continuous disclosure obligations.
7.3 The board should disclose that it has received assurance from the CEO/CFO in accordance with section 295A of the *Corporations Act 2001*.	A	The assurance is included in the Directors' report.
7.4 Provide information indicated in Guide to reporting on Principle 7.	A	The requisite information is contained in reports from management and on the Website.

Principle 8: Remunerate fairly and responsibly			
8.1	Provide disclosure in relation to the company's remuneration policies and benefits to these Policies and (i) the link between remuneration paid to directors and key executives and corporate performance.	A	The company discloses remuneration related information in its Annual Report to shareholders in accordance with the Corporations Act 2001. Remuneration levels are determined by the board on an individual basis, the size of the company making individual assessment more appropriate than formal scheme of job titles and pay bands. The board may obtain professional assistance as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
8.2	The board should establish a remuneration committee.	A	The Board has established a remuneration committee
8.3	Clearly distinguish the structure of Non-Executives Directors' remuneration from that of Executives.	A	The policies and practices disclosed in the Remuneration Report clearly distinguish between Non-Executive Directors and Executives.
8.4	Provide information indicated in Guide to reporting on Principle 9.	A	The requisite information is contained in the Annual Report and Financial Statements.

The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of DoloMatrix International Limited and the entities it controlled for the year ended 30 June 2012.

Directors

The following persons were directors of DoloMatrix International Limited during the financial year and up to the date of this report:

Roger Collison	Executive Chairman	Appointed 6 August 2012, Appointed Executive Chairman 23 August 2012
Troy Harry	Non-Executive Director	Appointed 1 September 2012
James Chirnside	Non-Executive Director	Appointed 1 September 2012
Greg Soghomonian	Non-Executive Director	Appointed 1 September 2012 and between 15 January 2010 to 2 April 2012
Iain M Thompson	Chairman	Resigned 23 August 2012
John R White	Managing Director until 9 May 2012 and then Non-Executive Director	Resigned 1 September 2012
Anthony Ho	Non-Executive Director	Resigned 1 September 2012
Elliott Kaplan	Non-Executive Director	Resigned 27 July 2012

Principal activities

The principal activity of the consolidated entity during the financial year was the management of hazardous and other complex waste materials at its facilities and the development and commercialisation of its related technologies. On 15 February 2012 the underlying assets and shares in subsidiaries were sold to Tox Free Solutions Limited. Since this time, the company has been searching for a reverse take-over opportunity.

Dividends – DoloMatrix International Limited

The Board resolved to pay a dividend of 2 (two) cents per share fully franked payable 14 October 2011. A further dividend of 1.8 (one point eight) cents per share fully franked was paid in 18 April 2012.

Review of operations

The net profit for the consolidated entity after providing for income tax and non-controlling interests amounted to $4,284,969 (2011: net profit of $4,011,506). The net loss from continuing operations was $3,674,576 (2011: loss of $3,358,875)

Further information is contained in the Chairman's report.

Significant changes in the state of affairs

Beyond that disclosed elsewhere in this report, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect, the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Legislation

Prior to the sale of the underlying assets and shares in subsidiaries to Tox Free Solutions Ltd, the consolidated entity was subject to environmental regulations under Commonwealth and State laws. No issues were noted in relation to the consolidated entity's compliance with these laws and regulations.

Information on directors

Name:	**Roger Collison**
Title:	Executive Chairman (appointed as a Director 6 August 2012, appointed Executive Chairman 23 August 2012)
Qualifications:	BEc (Hons), MBA, CFA, SA, GradDipAppFin, GradDipACG, FFin, FCIS, FCSA, GAICD
Experience and expertise:	Investment banking, funds management, strategy consulting, not-for-profit.
Other current directorships:	Non-Executive Director - BizPanel; Non-Executive Director - Ozwill; Non-Executive Director - Waterford Retirement Village; Trustee - Anglican Church Property Trust; Councillor - Sydney Church of England Grammar School (Shore); and Councillor - St Catherine's School, Waverley.
Former directorships (in the last 3 years):	None.
Special responsibilities:	Executive Chairman, Member of the Audit Committee, Nomination Committee and Remuneration Committee.
Interests in shares:	28,208,411

Name:	**Troy Harry**
Title:	Non-Executive Director (appointed 1 September 2012)
Qualifications:	
Experience and expertise:	Troy has been involved in stockbroking and investment management for 19 years. He has experience in financial analysis, modelling and structuring, and in advising and managing investment companies. He is currently a director of the ASX listed companies Trojan Equity Limited and Villa World Limited.
Other current directorships:	Currently a director of the ASX listed companies Trojan Equity Limited and Villa World Limited.
Former directorships (in the last 3 years):	
Special responsibilities:	Member of the Audit Committee, Nomination Committee and Remuneration Committee.
Interests in shares:	18,601,586

Name:	**Krikor (Greg) Soghomonian**
Title:	Non-Executive Director (appointed 1 September 2012) (previous Director 15 January 2010 to 2 April 2012)
Qualifications:	Electrical Engineer
Experience and expertise:	Greg Soghomonian has held various senior leadership positions in the industrial automation and aerospace markets in the Asia Pacific region. He has a wide range of working experience including regional and strategic business unit leadership, general management, marketing and sales management, project management, contract management and supervisory roles in engineering services and project delivery processes.
Other current directorships:	Non-Executive Chairman - Weston Aluminium
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Audit Committee, Nomination Committee and Remuneration Committee.
Interests in shares:	Nil **
** Mr Soghomonian is the Non-Executive Chairman of Weston Aluminium which holds 19,027,161 shares.	

Name:	**James Chirnside**
Title:	Non-Executive Director (appointed 1 September 2012)
Qualifications:	
Experience and expertise:	James has been exclusively focussed in emerging markets equities and absolute return investment management for 27 years in Sydney, Hong Kong, London, and Melbourne. James is a shareholder in and Managing Director of Asia Pacific Asset Management Pty Ltd, a specialist emerging market and equities investment firm based in Sydney.
Other current directorships:	Director of the ASX listed companies, WAM Capital Ltd, Mercantile Investment Company Ltd and Cadence Capital Ltd.
Former directorships (in the last 3 years):	
Special responsibilities:	Member of the Audit Committee, Nomination Committee and Remuneration Committee.
Interests in shares:	Nil *
* Mr Chirnside is a Director of Mercantile Investment Company Ltd which holds 1,500,000 shares.	

Directors' Report (continued)

Company secretary

Jon P McArthur (B Com, FCA, MAICD) appointed 5 April 2012 and was previously Company Secretary for the period from 3 July 2008 to 24 June 2010.

Reece A Kline (BBus, CPA, FFin) was appointed joint Company Secretary on 22 March 2011 (on 30 April 2011 becoming sole Company Secretary). Resigned 5 April 2012.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Iain M Thompson	16	16	2	2	1	1	1	1
Elliott Kaplan	16	16	2	2	1	1	1	1
Anthony Ho	14	16	2	2	1	1	1	1
Greg Soghomonian	14	15	2	2	1	1	1	1
John R White	16	16	2	2	-	-	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

The information provided under headings A–D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

A Principles used to determine the nature and amount of remuneration

Non-Executive Directors

The remuneration of Non-Executive Directors is governed by the Company's Constitution, as follows:

The remuneration payable from time to time to Non-Executive Directors shall be in an amount not exceeding in aggregate a maximum sum that is from time to time approved by resolution of the company, currently $350,000 per annum. This resolution was approved at the 2007 Annual General Meeting.

Fees payable to Non-Executive Directors shall be by a fixed sum and not by a commission on or as a percentage of the operating revenue of the company.

For special exertions for the benefit of the company, the directors may approve a payment to a director of special and additional remuneration as the directors think fit having regard to the value to the company of the extra services or special exertions.

In accordance with the Minutes of a Board Meeting held on 10 May 2007, the directors have set the base fees payable with effect from 22 October 2008 as follows:

Non-Executive Chairman	$75,000 per annum
Non-Executive Directors	$50,000 per annum

In accordance with the Minutes of Board Meetings held on 4 June 2007 and 28 September 2007, the directors have set the base fees payable with effect from 4 June 2007 and 18 June 2007 as follows:

Chairman of Audit Committee	$10,000 per annum
Audit Committee members	$5,000 per annum

In addition to the fees above, the company makes compulsory superannuation contributions on behalf of each director in accordance with the Superannuation Guarantee Act.

The company does not have any schemes for retirement benefits for Non-Executive Directors.

As a consequence of the change in the size and scope of the business, the directors, on 1 September, 2012, reset the fees at $5,000 per annum for Directors, including any committee memberships.

Executive Directors and Senior Executives Remuneration Policy

The company’s policy is to ensure the remuneration level is commensurate with the person’s duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating employees of the highest calibre.

The remuneration policy is to ensure that each senior staff member’s remuneration package properly reflects the person’s duties and responsibilities. Current market conditions are also taken into account in determining the appropriate remuneration package.

A component of remuneration is performance based to encourage enhanced performance in line with shareholder expectation.

The remuneration of the Managing Director is determined by the Board. The remuneration of senior executives is determined by the Board on the recommendation of the Managing Director. In determining the level of remuneration the Board has regard to remuneration surveys from independent third parties.

From 1 September 2012, the Executive Chairman’s fees were set at $5,000 per annum.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the consolidated entity (as defined in AASB 124 *Related Party Disclosures*) and specified executives of DoloMatrix International Limited are set out in the following tables.

The key management personnel of the consolidated entity are the directors of DoloMatrix International Limited.

The executive key management personnel are also the most highly paid executive officers of the consolidated entity under review.

		Short-term benefits	Post-employment benefits		Share-based payments			
Name	Salary $	Bonus $	Other** $	Super-annuation $	Options $	Value of Options Proportion of Remun-eration %	Total $	Proportion of Remun-eration Perfor-mance based %
2012								
Non-Executive Directors:								
Iain M Thompson	24,999	-	-	37,500	-	-	62,499	-
Elliott Kaplan*	-	-	-	-	-	-	-	-
Anthony Ho	51,249	-	-	4,612	-	-	55,861	-
Greg Soghomonian	36,664	-	-	4,583	-	-	41,247	-

* During the year the company paid management fees to CVC Managers Pty Ltd totalling $55,000 in relation to director services of Elliott Kaplan.

Name	Salary $	Bonus $	Other** $	Super-annuation $	Options $	Value of Options Proportion of Remun-eration %	Total $	Proportion of Remun-eration Perfor-mance based %
Executive directors:								
John R White	299,643	25,000	692,649	50,000	20,427	2%	1,087,719	2%
Other key management personnel:								
Reece A Kline	133,485	-	174,147	12,013	-	-	319,645	-
TOTAL	546,040	25,000	866,796	108,708	20,427	-	1,566,971	

*** other post-employment benefits include redundancy payments and employee entitlements paid out on redundancy.*

Name	Short-term benefits Salary $	Bonus $	Other $	Post-employment benefits Super-annuation $	Share-based payments Options $	Value of Options Proportion of Remun-eration %	Total $	Proportion of Remun-eration Perfor-mance based %
2011								
Non-Executive Directors:								
Iain M Thompson	75,000	-	-	6,750	-	-	81,750	-
Elliott Kaplan*	-	-	-	-	-	-	-	-
Anthony Ho	60,000	-	-	5,400	-	-	65,400	-
Greg Soghomonian	55,000	-	-	4,950	-	-	59,950	-
Executive directors:								
John R White	347,156	40,000	28,449	34,844	40,854	8%	491,303	16%
Other key management personnel:								
Reece A Kline Appointed 14 March 2011	48,006	-	8,207	3,800	-	-	60,013	-
TOTAL	585,162	40,000	36,656	55,744	40,854		758,416	

* During the year the company paid management fees to CVC Managers Pty Ltd totalling $55,000 in relation to director services of Elliott Kaplan.

C Service agreements

There are no service agreements currently in place. Key management personnel with service agreements, being J White and R Kline, were made redundant during the year with all entitlements paid out under their contracts at that point. Prior to being made redundant, details of the service agreements in place were as follows:

Name:	John R White
Title:	Managing Director
Term of agreement:	to 31 December 2012
Details:	Base annual salary of $400,000 inclusive of superannuation plus short term incentive on achieving KPI's and the group reaching EBITDA targets.

Name:	Reece A Kline
Title:	Chief Financial Officer and Company Secretary
Term of agreement:	to 14 March 2013
Details:	To 30 June 2011, base annual salary of $200,000 inclusive of superannuation. With effect from 1 July 2011 base annual salary of $220,000 inclusive of superannuation plus short term incentive on achieving KPI's and the group reaching EBITDA targets.

D Share-based compensation

Issue of shares

There were no shares issued to key management personnel as part of remuneration during the year ended 30 June 2012.

Shares provided on exercise of remuneration options:

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of the Company and to the key management personnel are set out below:

Name	*Number of Ordinary Shares issued on exercise of Options during the year*
John White	1,750,000
Reece Kline	100,000
Others (non key-management personnel)	2,400,000
Total	4,250,000

E Options

Options granted carry no dividend or voting rights.

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The model inputs for options granted during the year 30 June 2010 included:

(a) Options are granted for no consideration and vested on 19 December 2011 subject to the following conditions:

i. all options are subject to the provision of the ESOP rules adopted 29 November 2007

ii. options will vest if earnings per share (EPS) increases by 10% or more per annum from financial year ended 30 June 2009 through financial year ended 30 June 2011. If EPS increase is between 5% and 10% per annum, the options will vest proportionately

iii. if an Eligible Person ceases to be an Eligible Person before the options vest, the options will lapse

iv. all options will vest immediately if the Company is taken over (defined as the unconditional acquisition by an external party of at least 50.1% of the Company's issued equity)

(b) Exercise price $0.30

(c) Grant date 12 November 2009

(d) Vesting date 19 December 2011

(e) Expiry date 19 December 2013

(f) Expected price volatility of the company's shares 20%

(g) Risk free rate 3.5%

(h) Share price at 12 November 2009 - $0.30

Details of options over ordinary shares issued to directors, key management personnel and employees during the year ended 30 June 2012 and 30 June 2011 are set out below:

	Number of options granted during the year		Number of options lapsed during the year	
Name	2012	2011	2012	2011
John R White *	-	-	-	-
Jon P McArthur	-	-	-	-
Other staff and management personnel	-	-	-	-
Total	-	-	-	-

* Options approved at Annual General Meeting 12 November 2009

Directors' Report (continued)

Shares under option

Unissued ordinary shares of DoloMatrix International Limited under option at the date of this report are nil.

Insurance of officers

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability as such a director to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 in the financial report.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial report do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Roger Collison
Executive Chairman

Dated 12 October 2012

Sydney

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of DoloMatrix International Limited:

As lead auditor for the audit of DoloMatrix International Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DoloMatrix International Limited and the entities it controlled during the period.

A G Smith
Partner

Sydney
12 October 2012

DoloMatrix International Limited
Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Discontinued operations			
Profit from discontinued operations	4	7,959,545	7,329,381
Continuing activities			
Audit, accounting and tax		(285,091)	(178,380)
Employee benefits		(1,655,459)	(1,592,820)
Transaction costs		(1,284,013)	(353,031)
Depreciation and amortisation expense		(55,483)	(87,741)
Borrowing cost expense		(23,432)	(22,805)
Interest received		446,312	217,750
Other expenses		(817,410)	(1,341,848)
(Loss) from continuing activities before income tax expense		(3,674,576)	(3,358,875)
Income tax expense	6	-	-
(Loss) from continuing activities after income tax expense for the year		(3,674,576)	(3,358,875)
Profit from discontinued operations and continuing activities		**4,284,969**	**3,970,506**
Other comprehensive Income		-	-
Total comprehensive Income for the year		4,284,969	3,970,506
Profit/ after income tax attributable to;			
Members of DoloMatrix International Limited		4,284,969	4,011,506
Non-controlling Interest	24	-	(41,000)
		4,284,969	3,970,506
Total comprehensive Income for the year attributable to;			
Members of DoloMatrix International Limited		4,284,969	4,011,506
Non-controlling Interest	24	-	(41,000)
		4,284,969	3,970,506
Earnings (loss) per share from continuing operations attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings (loss) per share	37	(2.66)	(2.46)
Diluted earnings (loss) per share	37	(2.66)	(2.38)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share	37	3.10	2.93
Diluted earnings per share	37	3.10	2.84

The statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

DoloMatrix International Limited
Balance Sheet
at 30 June 2012

	Note	Consolidated 2012 $	2011 $
Current assets			
Cash and cash equivalents	7	1,521,123	8,071,527
Trade and other receivables	8	63,364	6,357,020
Inventories	9	-	535,302
Total current assets		1,584,487	14,963,849
Non-current assets			
Receivables	10	-	226,134
Investments accounted for using the Equity method	11	-	34,749
Property, plant and equipment	12	-	22,594,855
Intangibles	13	-	31,926,512
Deferred tax assets	14	-	1,469,741
Total non-current assets		-	56,251,991
Total assets		1,584,487	71,215,840
Current liabilities			
Trade and other payables	15	114,125	3,189,559
Borrowings	16	25,245	2,283,072
Income tax	17	-	1,747,139
Provisions	18	-	3,543,029
Total current liabilities		139,370	10,762,799
Non-current liabilities			
Borrowings	19	-	7,064,462
Provisions	20	-	345,781
Total non-current liabilities		-	7,410,243
Total liabilities		139,370	18,173,042
Net assets		1,445,117	53,042,798
Equity			
Contributed equity	21	19,507,863	70,136,341
Reserves	22	-	61,281
Accumulated losses	23	(18,062,746)	(17,154,824)
Parent entity interest		1,445,117	53,042,798
Non-controlling interest	24	-	-
Total equity		1,445,117	53,042,798

The balance sheet should be read in conjunction with the accompanying notes to the financial statements.

DoloMatrix International Limited
Statement of Changes in Equity

for the year ended 30 June 2012

	Contributed equity $	Reserves $	Accumulated losses $	Total parent interest $	Non-controlling interest $	Total equity $
CONSOLIDATED						
Balance 1 July 2010	**70,136,341**	**20,427**	**(19,798,409)**	**50,358,359**	**106,000**	**50,464,359**
Foreign currency translation differences	-	(14,000)	-	(14,000)	-	(14,000)
Exchange differences transferred from foreign currency translation reserve to profit or loss	-	14,000	-	14,000	-	14,000
Total comprehensive income/(loss) for the year	-	-	4,011,506	4,011,506	(41,000)	3,970,506
Loss on control of subsidiary	-	-	-	-	(65,000)	(65,000)
Share-based payments	-	40,854	-	40,854	-	40,854
Dividend paid	-	-	(1,367,921)	(1,367,921)	-	(1,367,921)
Transactions with owners in their capacity as owners	-	40,854	(1,367,921)	(1,327,067)	(65,000)	(1,392,067)
Balance 30 June 2011	**70,136,341**	**61,281**	**(17,154,824)**	**53,042,798**	**–**	**53,042,798**

	Contributed equity $	Reserves $	Accumulated losses $	Total parent interest $	Non-controlling interest $	Total equity $
CONSOLIDATED						
Balance 1 July 2011	**70,136,341**	**61,281**	**(17,154,824)**	**53,042,798**	**-**	**53,042,798**
Total comprehensive income/(loss) for the year	-	-	4,284,969	4,284,969	-	4,284,969
Return of Capital	(51,903,478)	-	-	(51,903,478)	-	(51,903,478)
Shares Issued on Exercise of Options	1,275,000	-	-	1,275,000	-	1,275,000
Share-based payments	-	20,426	-	20,426	-	20,426
Options expired	-	(81,707)	81,707	-	-	-
Dividend paid	-	-	(5,274,598)	(5,274,598)	-	(5,274,598)
Transactions with owners in their capacity as owners	(50,628,478)	(61,281)	(5,192,891)	(55,882,650)	-	(55,882,650)
Balance 30 June 2012	**19,507,863**	**-**	**(18,062,746)**	**1,445,117**	**-**	**1,445,117**

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

DoloMatrix International Limited
Statement of Cash Flows

for the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		20,156,820	37,576,403
Payments to suppliers (inclusive of GST)		(18,761,554)	(28,472,695)
		1,395,266	9,103,708
Interest received		447,617	217,788
Interest and other finance costs paid		(400,570)	(783,489)
Income tax paid		(930,881)	(386,256)
Net cash inflow/(outflow) from operating activities	36	511,432	8,151,751
Cash flows from investing activities			
Payments for property, plant and equipment		(506,163)	(1,465,420)
Proceeds from sale of property, plant and equipment		-	152,072
Payment for intangibles		-	-
Proceeds from sale of discontinued operations	33	58,677,990	-
Purchase of businesses net of cash acquired		-	(5,000)
Disposal of cash on sale of controlling interest in DoloMatrix Asia Ltd		-	(131,128)
Net cash inflow/(outflow) from investing activities		58,171,827	(1,449,476)
Cash flows from financing activities			
Repayment of borrowings		(9,841,077)	(2,183,165)
Proceeds from exercise of options		1,275,000	-
Return of Capital to Shareholders	21	(51,903,478)	-
Loan proceeds received		510,490	1,021,549
Dividend paid	25	(5,274,598)	(1,367,921)
Net cash inflow/(outflow) from financing activities		(65,233,663)	(2,529,537)
Net increase/(decrease) in cash and cash equivalents		(6,550,404)	4,172,738
Cash and cash equivalents at the beginning of the financial year		8,071,527	3,898,789
Cash and cash equivalents at the end of the financial year	8	1,521,123	8,071,527

The statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2012

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The consolidated financial statements of the DoloMatrix International Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report is presented in Australian currency. The financial report was authorised for issue by the Directors on 12 October 2012. The directors have the power to amend and reissue the financial report.

Historical cost convention

This financial report has been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report are disclosed in note 2.

Principles of consolidation

The consolidated financial report incorporate the assets and liabilities of all subsidiaries of DoloMatrix International Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. DoloMatrix International Limited and its subsidiaries together are referred to in this financial report as the 'consolidated entity' or 'group'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the company and the company's subsidiaries are eliminated.

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and balance sheet of the consolidated entity.

Joint Ventures

Interests in joint venture entities are accounted for using equity accounting principles. The equity accounted share of the joint venture entity's net profit or loss is recognised in the consolidated statement of comprehensive income from the date joint control commences to the date joint control ceases.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Prior to the disposal of certain assets and subsidiaries during the year (note 33), the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, was identified as the managing director. Subsequent to the disposal, the chief operating decision makers have been identified as the Board of Directors.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the date of the balance sheet. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates for the period. All resulting foreign exchange translation differences are recognised in the foreign currency reserve in equity.

Revenue recognition

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products and services to entities outside the Group. Sales revenue on supply of materials is recognised when the control of goods and services passes to the customer. Sales revenue on processing of waste materials is recognised following completion of work performed and issue of certification of destruction or disposal except in relation to revenue recognition in the Chemsal business, where revenue is recognised upon collection of waste and estimated costs of treating the waste are accrued.

Interest revenue

Interest income is recognised as it accrues.

Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

DoloMatrix International Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime from 1 July 2003. DoloMatrix International Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their tax payable.

Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement by no more than 60 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of receivables is raised when some doubt as to collection exists.

Inventories

Raw materials and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

Investments and other financial assets

Non-current investments are measured on the cost basis. The carrying amount of each investment is reviewed annually by directors to ensure that it is not in excess of its recoverable amount. The recoverable amount is assessed from the underlying net assets for non-listed corporations.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment is depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition. Land is not depreciated.

The depreciation rates used are as follows:

Plant and equipment	10–25% straight line
Office furniture and equipment	10–40% straight line
Motor vehicles	10–25% straight line
Buildings	$2\frac{1}{2}$–$3\frac{1}{3}$% straight line
Leasehold improvements	20% straight line

The assets' residual values and estimates useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

Intangible assets

Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Plascon patents and licences

Patents and licences acquired as part of a business combination have a finite useful life and are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the costs of patents and trademarks over their useful lives, estimated at 8 years.

Customer related intangibles

Customer related intangibles acquired as part of a business combination have a finite useful life and are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 4-25 years.

Management systems

The management systems acquired as part of a business combination have a finite useful life and are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on an estimated useful life of 15 years.

Intellectual property

Intellectual property is amortised over a straight line basis over ten years, being the period over which benefits are expected to arise. The carrying value of the intellectual property is reviewed by the directors at least annually to ensure that the carrying amount does not exceed its recoverable amount.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current payables.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs in relation to qualifying assets are capitalised. Finance costs include interest on:

- short term and long term borrowings
- finance leases

Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as other payables and provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in provisions and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Share-based payments

Share-based compensation benefits are provided to employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If these amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of and that represents a separate major line of business or geographical operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The Directors' assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised and disclosed in the financial statements.

Note 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in notes 14 and 38.

Note 3. Segment information

The consolidated entity operates in one geographical segment, being the Asia Pacific Region.

Prior to the disposal of certain assets and subsidiaries during the year (note 33) the Group had four reportable segments as described below.

- ``*Chemical Collection and Recycling.* Includes the collection, processing, recycling and sale of chemicals, paints and oils.
- ``*Waste Destruction.* Includes the collection, processing and destruction of hazardous waste
- ``*Corporate.* Includes corporate overheads
- ``*Other Operating Segments.* Includes the consulting and project business units

Financial information on these segments is also disclosed in Note 33.

Subsequent to this disposal, the Group has one reportable segment, being corporate.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Comparative segment information has been represented in conformity with the requirement of AASB 8 *Operating Segments*.

	Corporate 30 June 2012 $	Corporate 30 June 2011 $	Discontinued Operations 30 June 2012 $	Discontinued Operations 30 June 2011 $	Total Reportable Segments 30 June 2012 $	Total Reportable Segments 30 June 2011 $
External revenues	-	-	21,301,052	33,846,123	21,301,052	33,846,123
Interest received	446,312	217,750	1,305	-	447,617	217,750
Interest expense	23,432	22,805	385,437	783,482	408,869	806,287
Depreciation and amortisation	55,483	87,741	1,728,851	2,815,445	1,784,334	2,903,186
Reportable segment profit (loss) before Income Tax	(3,674,576)	(3,358,875)	8,613,028	8,771,238	4,938,452	5,412,363

	Corporate 30 June 2012 $	Corporate 30 June 2011 $	Discontinued Operations 30 June 2012 $	Discontinued Operations 30 June 2011 $	Total Reportable Segments 30 June 2012 $	Total Reportable Segments 30 June 2011 $
Reportable segment assets	1,584,487	10,701,062	-	60,514,778	1,584,487	71,215,840
Reportable segment liabilities	139,370	2,089,023	-	16,084,019	139,370	18,173,042
Capital expenditure	119,000	10,342	401,000	1,845,189	520,000	1,855,531

	Consolidated	
	2012 $'000	2011 $'000
Revenues		
Total revenue for reportable segments	21,301,052	33,846,123
Interest revenue	447,617	217,750
Consolidated revenue	21,748,669	34,063,873
Profit or (Loss)		
Total profit or (loss) for reportable segments	4,938,452	5,453,363
Share of loss of non-controlling interest	-	(41,000)
Consolidated profit before income tax	4,938,452	5,412,363
Assets		
Total assets for reportable segments	1,584,487	71,215,840
Consolidated total assets	1,584,487	71,215,840
Liabilities		
Total liabilities for reportable segments	139,370	18,173,042
Consolidated total liabilities	139,370	18,173,042

		Consolidated	
		2012	2011
	Note	$	$
Note 4. Discontinued Operations			
Revenue		21,302,357	33,846,123
Expenses		(16,338,169)	(25,074,885)
Profit before income tax		4,964,188	8,771,238
Income tax expense	6	(653,483)	(1,441,857)
Profit for the period		**4,310,705**	**7,329,381**
Profit on sale of discontinued operations (note 33)		**3,648,840**	**-**
Profit from discontinued operations		**7,959,545**	**7,329,381**
Note 5. Expenses			
Loss before income tax includes the following specific expenses:			
Finance costs expensed		408,869	806,287
Rental expenses related to operating leases		145,079	197,697
Note 6. Income tax expense			
Numerical reconciliation of income tax benefit to prima facie tax payable			
Profit / (Loss) before income tax – continuing operations		(3,674,576)	(3,358,875)
Profit / (Loss) before income tax – discontinuing operations		8,613,028	8,771,238
Profit / (Loss) before income tax – total		4,938,452	5,412,363
Tax at the Australian tax rate of 30%		1,481,536	1,623,709
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Amortisation of intangibles		-	32,400
Acquisition incidentals		-	-
Accounting profit on sale of certain assets and subsidiaries		(1,094,652)	-
Transaction costs not deductible for tax		385,204	-
Incremental R&D deductions		(165,776)	-
Franking deficit tax expense		98,917	-
Other		9,594	53,426
R&D tax concession refund		-	(229,675)
Overprovision in prior year		7,259	-
Other		-	12,780
Investment allowance		-	(21,034)
		722,082	1,471,606
Recognition (write off) of deferred tax assets not previously (previously) recognised		(68,599)	(29,749)
Income tax (benefit) / expense		653,483	1,441,857
Attributable to:			
Continuing operations		-	-
Discontinued operations		653,483	1,441,857

	Consolidated	
	2012	2011
	$	$
Note 7. Current assets – cash and cash equivalents		
Cash on hand	-	4,116
Cash at bank	1,521,123	1,164,625
Cash on deposit	-	6,902,786
	1,521,123	8,071,527
Note 8. Current assets – trade and other receivables		
Trade receivables	-	6,052,032
Less: Allowance for impairment	-	(25,000)
	-	6,027,032
Other receivables	63,364	329,988
	63,364	6,357,020

Bad and doubtful trade receivables
The consolidated entity has recognised a recovery of $nil (2011: $6,630 recovery) in respect of bad and doubtful trade receivables during the year ended 30 June 2012. The recovery has been included in “other expenses” in profit or loss.

Impairment of receivables
The ageing of the impairment of receivables recognised above is as follows:

	Consolidated	
	2012	2011
	$	$
1 to 3 months	-	25,000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	25,000	25,000
Additional provisions recognised	-	-
Unused amounts reversed	(25,000)	
Closing balance	-	25,000

Past due but not impaired
Customers with balances past due but without allowance for doubtful debts amount to $nil at 30 June 2012 ($414,481: 30 June 2011). Management did not consider a credit risk on the aggregate balances after reviewing agency credit information and recognising a tacit extension to the recorded credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables is as follows:

	Consolidated	
	2012	2011
	$	$
1 to 3 months	-	379,711
3 to 6 months	-	34,771
	-	414,482

	Consolidated	
	2012	2011
	$	$

Note 9. Current assets – inventories

Work in progress – at cost	-	535,302
	-	535,302

Note 10. Non-current assets – receivables

Security bonds	-	42,508
Loan – DoloMatrix Asia Ltd	-	183,626
	-	226,134

Note 11. Investments accounted for using the equity method

On 15 February 2012 the underlying assets and shares in subsidiaries and associates were sold to Tox Free Solutions Ltd. As at balance date there were no investments accounted for using the equity method.

Note 12. Non-current assets – property, plant and equipment

	Consolidated	
	2012 $	2011 $
Land and buildings – at cost	-	14,411,698
Less: Accumulated depreciation	-	(885,528)
	-	13,526,170
Leasehold improvements – at cost	-	303,294
Less: Accumulated depreciation	-	(99,407)
	-	203,887
Plant and equipment – at cost	-	14,896,045
Less: Accumulated depreciation	-	(6,790,943)
	-	8,105,102
Motor vehicles – at cost	-	477,284
Less: Accumulated depreciation	-	(155,044)
	-	322,240
Office furniture and equipment – at cost	-	1,736,100
Less: Accumulated depreciation	-	(1,298,644)
	-	437,456
	-	22,594,855

Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Office equipment $	Consolidated $
CONSOLIDATED						
Balance						
30 June 2010	13,715,660	203,713	8,461,888	229,232	632,763	23,243,256
Additions	16,783	19,790	1,463,534	257,324	98,101	1,855,532
Transfers	-	-	-	-	833	833
Disposals	-	-	(54,035)	(59,899)	(1,542)	(115,476)
Depreciation expense	(206,273)	(19,616)	(1,766,285)	(104,417)	(292,699)	(2,389,290)
Balance						
30 June 2011	13,526,170	203,887	8,105,102	322,240	437,456	22,594,855
Additions	-	164,774	276,972	21,859	42,558	506,163
Depreciation expense	(129,594)	(9,603)	(1,118,057)	(72,186)	(132,953)	(1,462,393)
Disposals on sale of certain assets and subsidiaries	(13,396,576)	(359,058)	(7,264,017)	(271,913)	(347,061)	(21,638,625)
Balance 30 June 2012	-	-	-	-	-	-

	Consolidated 2012 $	Consolidated 2011 $
Note 13. Non-current assets – intangibles		
Goodwill – at cost	-	27,748,265
Plascon patents, licences & design – at cost	-	2,952,986
Less: Accumulated amortisation	-	(2,020,122)
	-	932,864
Customer related intangibles – at cost	-	10,494,000
Less: Accumulated amortisation	-	(8,293,000)
	-	2,201,000
Management systems – at cost	-	479,000
Less: Accumulated amortisation	-	(152,589)
	-	326,411
Intellectual property – at cost	-	12,361,000
Less: Accumulated amortisation	-	(11,861,000)
	-	500,000
Capitalised development costs	-	217,972
	-	31,926,512

Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Plascon $	Customer Related $	Manage't Systems $	Intellect'l Property $	Capital Developm't Costs $	Consolidated $
CONSOLIDATED							
Balance							
30 June 2010	27,736,960	1,304,861	2,711,000	358,344	500,000	435,944	33,047,109
Disposals	-	-	-	-	-	(217,972)	(217,972)
Impairment	(16,695)	-	-	-	-	-	(16,695)
Additions through business combinations	28,000	-	-	-	-	-	28,000
Amortisation expense	-	(371,997)	(510,000)	(31,933)	-	-	(913,930)
Balance							
30 June 2011	27,748,265	932,864	2,201,000	326,411	500,000	217,972	31,926,512
Disposal on sale of certain assets and subsidiaries (note 33)	(27,748,265)	(689,288)	(2,139,044)	(310,003)	(500,000)	(217,972)	(31,604,571)
Impairment	-	-	-	-	-	-	-
Amortisation expense	-	(243,577)	(61,956)	(16,408)	-	-	(321,941)
Balance							
30 June 2012	-	-	-	-	-	-	-

All intangible assets were disposed of during the year as part of the sale of certain assets and subsidiaries (note 33).

Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation. All goodwill relates to the acquisition, development and commercialisation of technologies specialising in the treatment of hazardous and other complex waste materials, in Australia.

In prior years, the recoverable amount of a Cash Generating Unit (CGU) was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by management covering a five year period, using earnings before interest, tax, depreciation and amortisation ('EBITDA') as a proxy for future cash flows, including a terminal value based on a multiple with reference to current market expectations, and an appropriate discount rate.

Plascon patent, licences and design

The Plascon patent and licences relate to the patent and sub-licences held by SRL Plasma Pty Limited and BCD Technologies Pty Limited for the manufacture, sale and delivery of the Plascon plant, which includes the patented technology, power supply and software which operates the process control system.

The Plascon patent and licences are allocated to the Group's CGUs identified according to business segment and country of operation. All of the Plascon patent and licences relate to the acquisition, development, design and commercialisation of technologies specializing in the treatment of hazardous and other complex waste materials, in Australia.

In prior years, the recoverable amount of a CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by management covering a one year period, using earnings before interest, tax, depreciation and amortisation ('EBITDA') as a proxy for future cash flows, including a terminal value based on a multiple with reference to current market expectations, and an appropriate discount rate.

Customer related intangibles

Customer related intangibles consisted of a database of historical and current customers from which revenue was expected to be derived in future.

Customer related intangibles are allocated to the Group's CGUs identified according to business segment and country of operation. All customer contract related intangibles relate to the acquisition, development and commercialisation of technologies specialising in the treatment of hazardous and other complex waste materials, in Australia.

In prior years, the recoverable amount of a CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by management covering a two year period, using earnings before interest, tax, depreciation and amortisation ('EBITDA') as a proxy for future cash flows, including a terminal value based on a multiple with reference to current market expectations, and an appropriate discount rate.

Management systems

The Chemsal Management System was a documented quality control system which had been developed in-house.

	Consolidated	
	2012	2011
	$	$
Note 14. Non-current assets – deferred tax		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Site remediation provisions	-	908,949
Employee benefits	-	264,194
Borrowing and takeover costs	-	133,523
Accrued expenses	-	43,140
Patent attorney costs	-	118,935
Deferred tax asset	-	1,469,741
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax asset to be recovered after more than 12 months	-	1,469,741
	Movements:	
Opening balance	1,469,741	1,322,780
Credited/(charged) to the income statement	(1,469,741)	146,961
Closing balance	-	1,469,741
Note 15. Current liabilities – trade and other payables		
Trade payables and accruals	114,125	3,189,559

	Consolidated 2012 $	Consolidated 2011 $
Note 16. Current liabilities – borrowings		
Secured		
Bank loans	-	1,570,000
Insurance premium funding finance	25,425	127,362
Lease liability (note 31)	-	585,710
Unsecured		
Loan from other parties	-	-
	25,425	2,283,072
Note 17. Current liabilities – income tax		
Current tax liabilities	-	1,747,139
Note 18. Current liabilities – provisions		
Provisions – employee benefits	-	538,199
Provisions – processing of untreated waste	-	3,004,830
	-	3,543,029

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Untreated waste $	Con-solidated $
Balance 30 June 2010	2,083,830	2,083,830
Additional provisions recognised	921,000	921,000
Unused amounts reversed	-	-
Balance 30 June 2011	**3,004,830**	**3,004,830**
Disposal on sale of certain assets and subsidiaries (note 33)	(3,004,830)	(3,004,830)
Balance 30 June 2012	**-**	**-**

Notes to the Financial Statements (continued)

	Consolidated	
	2012	2011
	$	$

Note 19. Non-current liabilities – borrowings

Secured		
Bank loans	-	5,785,000
Lease liability (note 31)	-	1,279,462
	-	7,064,462

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Bank loans	-	7,355,000
Lease liability (note 31)	-	1,865,172
Insurance premium funding	25,425	127,362
	25,425	9,347,534

Financing arrangements

As at balance date, all finance facilities were terminated and paid out in full.

Unrestricted access was available at balance date to the following lines of credit:

Total facilities		
Bank overdraft	-	800,000
Bank loans	-	7,355,000
Lease liability	-	1,865,172
		10,020,172
Used at balance date		
Bank overdraft	-	-
Bank loans	-	7,355,000
Lease liability	-	1,865,172
	-	9,220,172

	Consolidated	
	2012	2011
	$	$
Unused at balance date		
Bank overdraft	-	800,000
Bank loans	-	-
Lease liability	-	-
	-	800,000

	Consolidated 2012 $	Consolidated 2011 $
Note 20. Non-current liabilities – provisions		
Provisions – employee benefits	–	345,781

	2012 Shares	2011 Shares	2012 $	2011 $
Note 21. Equity – contributed				
Ordinary shares – fully paid	141,042,059	136,792,059	19,507,863	70,136,341

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	30 June 2011	136,792,059		70,136,341
Allotment on exercise of options	14 February 2012	4,250,000	0.30	1,275,000
Return of Capital	29 February 2012			(49,364,721)
Return of Capital	18 April 2012			(2,538,757)
Balance	**30 June 2012**	**141,042,059**		**19,507,863**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

	Consolidated 2012 $	Consolidated 2011 $
Note 22. Equity – reserves		
Share based payments	-	61,231

	$
CONSOLIDATED	
Balance 30 June 2010	20,427
Share based payments	40,854
Balance 30 June 2011	**61,281**
Share based payments	20,426
Transferred to accumulated losses	(81,707)
Balance 30 June 2012	**-**

Options reserve
The options reserve is used to record the fair value of equity benefits provided to employees and directors as part of their compensation. Amounts recorded in the options reserve may be transferred to accumulated losses.

	Consolidated	
	2012 $	2011 $
Note 23. Equity – accumulated losses		
Accumulated losses at the beginning of the financial year	17,154,824	19,798,409
(Profit)/Loss after income tax benefit attributable to members	(4,284,969)	(4,011,506)
Transferred from options reserve	(81,707)	-
Dividend paid	5,274,598	1,367,921
Accumulated losses at the end of the financial year	18,062,746	17,154,824
Note 24. Equity – non-controlling interest		
Share capital	-	106,000
Retained losses	-	(41,000)
Loss of control of subsidiary	-	(65,000)
	-	-
Note 25. Dividends		
Ordinary shares		
Final dividend for the year ended 30 June 2012 of nil (2011 – 1 cent per fully paid share paid on 29 October 2010)		
Fully franked based on tax paid @ 30% - 1 cents per share	-	1,367,921
Dividends Paid during the 2012 year:		
Fully franked dividend paid 14 October 2011 – 2 cents per share	2,735,841	-
Fully franked dividend paid 10 April 2012 – 1.8 cents per share	2,538,757	-
	5,274,598	1,367,921
Franking credits available for subsequent financial years based on a tax rate of 30% (2011 – 30%)	402	34,942

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

Notes to the Financial Statements (continued)

Note 26. Parent entity disclosures

The following sets out certain disclosures in relation to the parent entity, DoloMatrix International Limited:

	2012	2011
	$	$
Assets		
Current assets	1,584,487	7,055,848
Non current assets	-	22,049,725
Total assets	1,584,487	29,105,573
Liabilities		
Current liabilities	(139,370)	(2,073,866)
Non current liabilities	-	(15,157)
Total liabilities	(139,370)	(2,089,023)
Equity		
Issued capital	19,507,863	70,136,341
Accumulated losses	(12,788,148)	(41,813,101)
Dividend paid	(5,274,598)	(1,367,921)
Options reserve	-	61,231
Total equity	1,445,117	27,016,550
Loss after income tax for the year	4,284,969	3,281,620
Other comprehensive income	–	–
Total comprehensive loss	4,284,969	3,281,620

The parent entity has not made any guarantees in relation to the debts of its subsidiaries, has no contingent liabilities and has no contractual commitments for the acquisition of property, plant and equipment at year end.

Note 27. Financial instruments

Financial risk management objectives

The consolidated entity's previous activities exposed it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity considers using derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Derivatives are exclusively used for hedging purposes, ie. not as trading or other speculative instruments. During the years ended 30 June 2011 and 30 June 2012, the consolidated entity did not use any derivative financial instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed.
These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Prior to the disposal of certain assets and subsidiaries (note 33), risk management was carried out by senior finance executives (finance) under policies approved by the board of directors. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Subsequent to the disposal, risk management is performed by the Board of Directors.

Market risk

Foreign currency risk
Prior to the disposal of certain assets and subsidiaries (note 33), the consolidated entity undertook certain transactions in denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2012 $	2011 $	2012 $	2011 $
CONSOLIDATED				
US Dollar	-	16,000	–	–
Fijian Dollar	-	18,000	–	–
	-	34,000	–	–

Price risk
The consolidated entity and parent entity are not exposed to price risk.

Interest rate risk
Prior to the disposal of certain assets and subsidiaries (note 33), the consolidated entity's main interest rate risk arose from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity and parent entity to interest rate risk. Borrowings issued at fixed rates exposed the consolidated entity and parent entity to fair value interest rate risk. Subsequent to the disposal the consolidated entity's main interest rate risks are from cash held at bank. Exposure to this risk is not considered material for the year ended 30 June 2012.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	2012		2011	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
CONSOLIDATED				
Bank loans	-	-	8.29	7,355,000
Net exposure to cash flow interest rate risk		-		7,355,000

An analysis by remaining contractual maturities in shown in "liquidity and interest rate risk management" below.

As at the reporting date, the parent entity had no borrowings.

Credit risk
Credit risk is management on a consolidated entity basis. Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit and obtains guarantees where appropriate to mitigate credit risk. Repayment schedules including substantial deposits are required on larger contract revenue items. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

Liquidity risk
The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Undrawn borrowing facilities at the reporting date to which the consolidated entity had access to are disclosed in note 19.

Liquidity and interest rate risk management
The following tables detail the consolidated entity's and parent entity's remaining contractual maturity for its derivative and non-derivative financial instruments.

	Weighted average interest rate %	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Total $'000
CONSOLIDATED – 2011						
Non-derivatives						
Non-interest bearing						
Trade payables	-	3,189,559	-	-	-	3,189,559
Interest bearing – variable rate						
Bank loans	8.29	1,570,000	1,570,000	2,222,000	1,993,000	7,355,000
Interest bearing – fixed rate						
Other loans		127,362	-	-	-	127,362
Lease liability	10.90	585,710	848,098	194,057	237,307	1,865,172
Total non-derivatives		5,472,631	2,418,098	2,416,057	2,230,307	12,537,093
CONSOLIDATED – 2012						
Non-derivatives						
Non-interest bearing						
Trade payables	-	114,125	-	-	-	114,125
Interest bearing – variable rate						
Bank loans	-	-	-	-	-	-
Interest bearing – fixed rate						
Other loans	-	25,245	-	-	-	25,245
Lease liability	-	-	-	-	-	-
Total non-derivatives	-	-	-	-	-	-

Fair value of financial instruments
The carrying amounts of financial instruments reflect their fair value.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the balance sheet) less 'cash and cash equivalents' as shown in the balance sheet. Total capital is calculated as 'total equity' as shown in the balance sheet (including non-controlling interest) plus net debt.

The gearing ratio at year end was as follows:

	Consolidated 2012 $	2011 $
Current liabilities – trade and other payables (note 15)	114,125	3,189,559
Current liabilities – borrowings (note 16)	25,425	2,283,072
Non-current liabilities – borrowings (note 19)	-	7,064,462
Total borrowings	139,550	12,537,093
Current assets – cash and cash equivalents (note 7)	(1,521,123)	(8,071,527)
Net debt/(cash)	(1,381,753)	4,465,566
Total equity	1,445,117	53,042,798
Total capital	63,364	57,508,364
Gearing ratio – actual	na	8%
Gearing ratio – target	na	25%

Note 28. Key management personnel disclosures

Directors

The following persons were directors of DoloMatrix International Limited during the financial year:

Iain M Thompson	Non-Executive Chairman	Resigned 23 August 2012
Elliott Kaplan	Non-Executive Director	Resigned 27 July 2012
Greg Soghomonian	Non-Executive Director	Resigned 2 April 2012
Anthony Ho	Non-Executive Director	Resigned 1 September 2012
John R White	Managing Director*	Resigned 1 September 2012

**Managing Director until 9 May 2012 and then Non-executive Director.*

Subsequent to year end, the following persons were appointed as Directors:

Roger Collison	Executive Chairman	Appointed 6 August 2012 Appointed Executive Chairman 23 August 2012
Troy Harry	Non-Executive Director	Appointed 1 September 2012
James Chirnside	Non-Executive Director	Appointed 1 September 2012
Greg Soghomonian	Non-Executive Director	Re-appointed 1 September 2012

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Reece A Kline (resigned 5 April 2012)	Chief Financial Officer and Company Secretary

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2012 $	2011 $
Short-term employee benefits	571,040	661,818
Post-employment benefits	975,504	55,744
Share-based payments	20,427	40,854
	1,566,971	758,416

Notes to the Financial Statements (continued)

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
2012					
Ordinary shares					
Iain M Thompson	400,000	-	-	-	400,000
Anthony Ho	600,000	-	-	-	600,000
Elliott Kaplan	87,194	-	12,806	(100,000)	-
John R White	100,000	-	1,750,000	(850,000)	1,000,000
Reece Kline+	450,000	-	115,200	(379,608)	185,592
2011					
Ordinary shares					
Iain M Thompson	400,000	–	–	–	400,000
Anthony Ho	550,000	–	50,000	–	600,000
Elliott Kaplan	–		87,194	–	87,194
John R White	100,000	–	–	–	100,000
Reece Kline+	–	–	450,000	–	450,000

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
2012					
Ordinary shares					
John R White	1,750,000	–	(1,750,000)	–	-
Reece Kline +	100,000 ^	–	(100,000)	–	-
2011					
Ordinary shares					
John R White	1,750,000	–	–	–	1,750,000
Reece Kline +	100,000 ^	–	–	–	100,000

* Options approved at Annual General Meeting 12 November 2009

+ Promoted to Chief Financial Officer on 14 March 2011

^ Options granted 19 December 2008

Further disclosures

The consolidated entity has applied the relief outlined in AASB 2008-4, by disclosing the full key management personnel disclosures in the directors' report only, thus not duplicating that information in the financial report. These transferred disclosures have been audited.

Note 29. Remuneration of auditors

During the year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the company, and its related practices:

	Consolidated	
	2012 $	2011 $
Audit services – HLB Mann Judd		
Audit and review of the financial report	89,312	113,880
	89,312	113,880
Other services – HLB Mann Judd		
Tax advice in relation to sale of subsidiaries, and subsequent returns of capital to shareholders	86,825	4,000
Tax compliance services	27,251	49,310
	114,076	53,310
	203,388	167,190

Note 30. Contingent liabilities

Environmental compliance

In prior years BCD Technologies Pty Limited was given notice by the EPA to test, rectify and remediate aspects of its Narangba premises which showed up low levels of environmental contamination. This remediation and rectification work has been completed. The site remains on the Queensland Department of the Environmental Resource Management Environmental Management Register (EMR) but is not listed on the Contaminated Land Register (CLR). BCD Technologies Pty Limited was sold during the year ended 30 June 2012. Accordingly, the directors do not believe that the Group has any additional liabilities, contingent or otherwise, in relation to this matter.

	Consolidated	
	2012 $	2011 $
Bank guarantees		
Bank guarantees	-	840,000

Note 31. Commitments for expenditure

Lease commitments – operating		
Committed at reporting date but not recognised as liabilities, payable:		
Within one year	-	145,189
One to five years	-	153,238
	-	298,427

Lease commitments – finance

Committed at reporting date and recognised as liabilities, payable:

	Consolidated	
	2012 $	2011 $
Within one year	-	703,787
One to five years	-	1,388,771
Total commitment	-	2,092,558
Less: Future finance charges	-	(227,386)
Net commitment recognised as liabilities	-	1,865,172
Representing:		
Lease liability – current (note 16)	-	585,710
Lease liability – non-current (note 19)	-	1,279,462
	-	1,865,172

Note 32. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

Consulting Fees		
Consulting fees charged to Dolomatrix Asia Limited and controlled entities	-	5,000
Superannuation Contributions		
Contributions to superannuation funds on behalf of employees	367,951	621,589

Loans to/from related parties		
Loans to Dolomatix Asia Limited and its controlled entities		
Balance at beginning of the year	184,000	156,000
Loans advanced during the year	-	28,000
Loans repaid	(184,000)	-
Balance at end of year	-	184,000

Receivables from and payables to related parties

There were no receivables from and payables to related parties at the reporting date (2011: Amount owing by DoloMatrix Asia Limited of $1,000).

Loans to/from related parties

During the year, the Company advanced funds to certain employees, including key management personnel, to assist with the exercise of options. Details of funding provided to key management personnel is as follows:

Employee	Date amounts advanced by Company to employee	Amount ($)	Date amounts repaid by employee to Company
John White	14 February 2012	525,000	29 February 2012
Reece Kline	14 February 2012	30,000	29 February 2012

No interest was charged by the Company on amounts advanced.

Other than the above, there were no other loans to or from related parties during the year, and there were no loans to or from related parties at year end.

Terms and conditions

Other than disclosed above, all transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Business combinations and disposals

Disposal of certain assets and subsidiaries

2012

On 15 February 2012, shares in subsidiaries and certain assets and liabilities of DoloMatrix International Limited were sold to Tox Free Solutions Limited. Financial information relating to discontinued operations is set out in Note 4 and below. All subsidiaries of the company were disposed of, with the exception of Camden Limited. A list of these subsidiaries is at note 34.

Assets sold at date of disposal:

Trade and other receivables	7,437,709
Inventories	574,002
Other	876,847
Property, plant & equipment	21,638,625
Intangibles	31,604,571
	62,131,754

Liabilities sold at date of disposal:

Trade and other payables	3,715,706
Provisions	3,386,898
	7,102,604
Net Assets	55,029,150

Details of the sale:

Consideration received	58,677,990
Carrying amount of net assets sold	(55,029,150)
Gain on sale before income tax	3,648,840
Income tax expense	-
Gain on sale after income tax	**3,648,840**

Cash flows from discontinued operations:

Net cash inflow from operating activities	4,236,769
Net cash inflow from investing activities	58,171,827
Net cash outflow from financing activities	(9,330,587)
Gain on sale after income tax	**53,078,009**

2011

Thermal Treatment Solutions Pty Ltd

Prior to 8 October 2010, BCD Technologies Pty Limited (a 100% owned subsidiary of DoloMatrix International Limited) owned 50% of Thermal Treatment Solutions Pty Ltd ("TTS"), On 8 October 2010 BCD Technologies Pty Ltd purchased the remaining 50% balance of TTS from Mobile Treatment Solutions Pty Limited for $7,500.

Prior to 8 October 2011, TTS was accounted for as a joint venture in the financial statements of DoloMatrix International Limited. Subsequent to 8 October 2011, TTS is accounted for as a 100% owned subsidiary.

Details of the acquisition are as follows:

	Fair value $
Cash at bank	5,272
Trade receivables	243,752
Loans to associates	(465,995)
Plant and equipment	781,555
Factory vehicles	17,687
Trade payables	(83,495)
Borrowings	(535,180)
Net assets	(36,404)
Less: Purchase consideration	(7,500)
Goodwill	28,904

Goodwill on of TTS was impaired to $7,500 during the year ended 30 June 2011.

Note 34. Subsidiaries and joint ventures

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Equity holding	
Name of entity	Country of incorporation	2012 %	2011 %
DoloMatrix Australia Pty Limited	Australia	nil	100.00
DoloMatrix Environmental Solutions Pty Limited	Australia	nil	100.00
BCD Technologies Pty Limited	Australia	nil	100.00
Dolocorp Pty Limited	Australia	nil	100.00
Dolocrete WA Pty Limited	Australia	nil	100.00
Camden Limited	Fiji	100.00	100.00
Entech Industries Pty Limited	Australia	nil	100.00
Hazwaste Pty Limited	Australia	nil	100.00
SRL Plasma Pty Limited	Australia	nil	100.00
Thermal Treatment Solutions Pty Limited	Australia	nil	100.00
Waste Audit and Consultancy Services (Aust) Pty Limited	Australia	nil	100.00

Name of entity	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
DoloMatrix Asia Limited	Hong Kong	nil	50.00
MD Environmental Solutions Pty Limited	Australia	nil	50.00

Note 35. Events occurring after balance date

Other than the resignation and appointment of directors (note 28), no matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Note 36. Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated 2012 $	Consolidated 2011 $
Profit after income tax expense	4,284,969	4,011,506
Depreciation and amortisation	1,784,334	2,903,222
Net loss/(profit) on sale of non-current assets	-	(36,596)
Net loss/(profit) on loss of controls of subsidiary	-	13,694
Profit on disposal of discontinued operations	(3,648,840)	-
Share options expenses	20,426	40,854
Share of loss in joint venture (Equity Method)	-	19,800
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(883,169)	(326,860)
(Increase)/decrease in inventories	535,302	219,566
Increase/(decrease) in other provisions	(3,004,830)	928,397
(Increase)/decrease in deferred tax assets and income taxes payable	(277,398)	1,055,601
Increase/(decrease) in trade and other payables	2,576,320	(763,207)
Increase/(decrease) in employee benefits	(883,981)	62,978
Increase/(decrease) in borrowings	8,229	22,796
Net cash inflow/(outflow) from operating activities	511,432	8,151,751

Note 37. Earnings per share

	Consolidated 2012 $	Consolidated 2011 $
Profit after income tax	4,284,969	4,011,506
Profit attributable to non-controlling interests	-	(41,000)
Profit after income tax attributable to members of DoloMatrix International Limited	4,284,969	3,970,506
Weighted average number of ordinary shares used in calculating basic earnings per share	138,255,895	136,792,059
Weighted average number of ordinary shares used in calculating diluted earnings per share	138,255,895	141,042,059

Notes to the Financial Statements (continued)

Note 38. Share-based payments

On 29 November 2007 the company adopted an Employee Share Option Plan (''Plan'') pursuant to which the company can issue options to eligible participants in order to provide them with an incentive to deliver growth and value to all shareholders.

The Board introduced the Plan for the purpose of providing participants with an additional incentive to work to improve the performance of the company, attracting and retaining personnel essential for the continued growth and development of the company, promoting and fostering loyalty and support amongst company personnel for the benefit of the company and enhancing the relationship between the company and participants for the long term mutual benefit of all parties.

The Plan satisfies certain ASIC class order conditions, relieving the company from the obligation to issue a prospectus for the offer of options to eligible participants under the Plan. Consultants may be considered by ASIC to be an eligible participant under the Plan on a case-by-case basis.

The following is a summary of the key terms of the plan:

(a) each option entitles the holder, on exercise, to one share;

(b) shares issued on exercise of options will rank equally with other shares;

(c) an option may only be exercised after its issue date and before its expiry date. On the grant of an option the Board may, in its absolute discretion, impose other conditions on the exercise of an option;

(d) the exercise price of each option issued under the Plan will be determined by the Board when it resolves to offer the options and will be not less than the market price of the shares on ASX over the 5 trading days immediately preceding the day of the announcement of the issue of options by the Board;

(e) the expiry date of an option will be 5 years after the date of issue;

(f) an option will lapse immediately upon its expiry date or three months after the option holder ceases to be an eligible person, whichever is the first to occur;

(g) an option will lapse 3 months after voluntary resignation from employment or engagement by the holder; and

(h) options may not be transferred without Board approval or, if at any time prior to the expiry date of any options, an eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death.

Quotation of options on ASX will not be sought. However, the company will apply to ASX for official quotation of shares issued on the exercise of options. In addition:

(a) holders may only participate in new issues of securities to holders of shares if an option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The company must give at least 9 business days' notice (or such greater period of notice (if any) as may be required by the ASX Listing Rules) to holders of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules;

(b) if there is a bonus share issue (''Bonus Issue") to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue (''Bonus Shares"). Upon issue the Bonus Shares will rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares; and

(c) if, prior to the expiry or lapse of any options, there is a reorganisation of the issued capital of the company, those options will be reorganised to the extent necessary to comply with the ASX Listing Rules.

Set out below are summaries of options granted under the Plan:

2012 & 2011
No Options were granted.

	Number of options granted during the year		Number of options lapsed during the year	
Name	2011	2010	2011	2010
John R White *	–	1,750,000	–	–
Jon P McArthur	–	–	–	750,000
Other staff and management personnel	–	–	–	750,000
Total	–	1,750,000	–	1,500,000

* John R White options approved at Annual General Meeting 12 November 2009

Shares under option

Unissued ordinary shares of DoloMatrix International Limited under option at the date of this report are nil.

Directors' Declaration

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 18 to 48 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations *2001* and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2012 required by section 295A of the Corporations Act 2001.

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

Roger Collison
Executive Chairman

Dated this 12 October 2012

Sydney

DOLOMATRIX INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of DoloMatrix International Limited:

Report on the Financial Report

We have audited the accompanying financial report of DoloMatrix International Limited ("the company"), which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity, as set out on pages 18 to 49. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of DoloMatrix International Limited on 12 October 2012, would be in the same terms if provided to the directors as at the time of this auditor's report.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

DOLOMATRIX INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Opinion

In our opinion:

(a) the financial report of DoloMatrix International Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of DoloMatrix International Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of DoloMatrix International Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

A Smith

A G Smith
Partner

Sydney
12 October 2012

The shareholder information set out below was applicable as at 21 September 2012.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares
1 to 1,000	923
1,001 to 5,000	391
5,001 to 10,000	182
10,001 to 100,000	259
100,001 and over	100
	1,855
Holding less than a marketable parcel	1,685

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Seed Capital Pty Ltd	28,208,411	20.00
Weston Aluminium Pty Ltd	19,027,161	13.49
Rocket Science Pty Ltd	18,601,586	13.18
RBC Investor Services Australia Nominees Pty Ltd	14,619,602	10.36
ABN Amro Clearing Sydney Nominees Pty Ltd	4,999,409	3.54
J P Morgan Nominees Australia Limited	4,593,310	3.27
Geoffrey William Glew	1,754,386	1.24
Mr Stefan Metanomski	1,750,000	1.21
Mercantile Investment Company Ltd	1,500,000	1.06
Monex Boom Securities (HK) Ltd	1,489,530	1.05
Coltrange Pty Ltd	1,000,000	0.70
Mrs Janine White	1,000,000	0.70
Mr Erik & Mrs Jarnah Metanomski	1,000,000	0.70
Mr Alexanda Metanomski	995,000	0.70
Mr Adam Palmer	965,658	0.68
Mr Hugh Morgan & Mrs Elizabeth Morgan	900,000	0.63
George Engineering Pty Ltd	900,000	0.63
Mr Robert Looby	861,678	0.61
Mr John Leslie Carroll & Mrs Sandra Leslie Carroll	806,666	0.57
Mr & Mrs Doecke	800,000	0.56
	105,772,397	74.99

Shareholder Information (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	nil	nil

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Seed Capital Pty Ltd	28,208,411	20.00
Weston Aluminium Pty Ltd	19,027,161	13.49
Rocket Science Pty Ltd	18,601,586	13.18
Wilson Asset Management Group	14,619,602	10.37

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

30 June 2012

Directors:	Roger Collison (Executive Chairman) Troy Harry James Chirnside Greg Soghomonian
Secretary:	Jon P McArthur
Notice of annual general meeting:	The annual general meeting of DoloMatrix International Limited will be held at: Stature Financial Group Level 4 92 Pitt Street Sydney NSW 2000 Time: 10:00 AM (AEDST) Date: Tuesday 27 November 2012
Principal registered office in Australia:	Level 4 92 Pitt Street Sydney NSW 2000
Share register:	Advanced Share Registry Services Pty Ltd 110 Stirling Highway Nedlands WA 6090 Phone: (618) 9389 8033
Auditor:	HLB Mann Judd Level 19 207 Kent Street Sydney NSW 2000
Solicitors:	Addisons Level 12 60 Carrington Street Sydney NSW 2000
Bankers:	Commonwealth Bank 363 George Street Sydney NSW 2000
Stock exchange listing:	DoloMatrix International Limited shares are listed on the Australian Securities Exchange (ASX: DMX)
Website address:	www.dolomatrix.com