

**ASX ANNOUNCEMENT**

**12 August, 2013**

**DMX CORPORATION LIMITED'S PROPORTIONAL  
TAKEOVER OFFER FOR CONTINUATION  
INVESTMENTS LIMITED**

Pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth), enclosed is a copy of:

- a Bidder's Statement (including the offer document) issued by DMX Corporation Limited (ABN 90 009 140 550) (**DMX**) and dated 12 August, 2013 in relation to a proportional takeover offer by DMX for 2 out of every 3 ordinary shares in Continuation Investments Limited (ABN 91 106 854 175) (**COT**); and
- a pro forma Acceptance Form in respect of that takeover offer.

The Bidder's Statement, together with personalised Acceptance Forms, will be dispatched to shareholders of COT today. The Bidder's Statement was lodged with the Australian Securities and Investments Commission and served on COT earlier today.



Roger Collison  
**Executive Chairman**

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE CONSIDERATION. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT OR DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

# ACCEPT

**OFFER by DMX Corporation Limited (DMX)**  
(formerly known as DoloMatrix Limited)

to acquire 2 of every 3 of your shares in

**Continuation Investments Limited (COT)**  
(formerly known as Van Eyk Three Pillars Limited)

**For either** 7.00 cents CASH per COT Share; or  
5.83 DMX SHARES per COT Share

To accept this Offer, complete and sign the enclosed Acceptance Form and return it to the address set out in that form prior to expiry of this Offer.

**The Offer is now open and closes at 7:00pm (AEST) on 26 September 2013 unless otherwise extended.**

For enquiries relating to this offer, please call Roger Collison on 1300 656 162

# CORPORATE DIRECTORY

## **Directors**

Roger Collison (Executive Chairman)  
John Welsh (Non-Executive Director)  
Michael Haddad (Non-Executive Director)

## **Shareholder Contact**

Roger Collison  
Phone: 1300 656 162  
Email: roger@collison.com

## **Share Registry**

Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000  
Phone: +61 1300 554 474  
Fax: +61 2 9287 0303  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## **Registered Office**

Level 4, 92 Pitt St  
Sydney NSW 2000  
Phone: 02 8256 2100  
Fax: 02 9231 2199  
[www.dolomatrix.com](http://www.dolomatrix.com)

## **Legal Adviser to DMX Corporation**

Etienne Lawyers  
Level 56  
MLC Centre  
19 – 29 Martin Place  
Sydney NSW 2000  
Phone: 02 8845 2400  
[www.etiennelaw.com](http://www.etiennelaw.com)

## **Auditor of DMX Corporation**

HLB Mann Judd (NSW Partnership)  
Chartered Accountants  
Level 19, 207 Kent Street  
Sydney NSW 2000  
Phone: 02 9020 4000  
Fax: 02 9020 4190  
[www.hlb.com](http://www.hlb.com)

## Important Dates\*

Bidder's Statement lodged with ASIC:	12 August, 2013
Register Date <sup>^</sup> :	12 August, 2013
Date of Offer (Offer opens):	12 August, 2013
Closing Date of Offer:	7.00 pm (AEST) on 26 September 2013

\* These dates may change as permitted by the Corporations Act. Any such change will be announced to ASX.

<sup>^</sup> The Register Date is the date of determination of those COT Shareholders to whom this Bidder's Statement will be sent. The Offer does not extend to any COT Shares that come within the bid class during the Offer Period, by way of conversion, an exercise of a right or otherwise.

# CHAIRMAN'S LETTER

Dear Continuation Investments Shareholder,

## **RE: Proportional Takeover Offer by DMX Corporation for Continuation Investments**

This Bidder's Statement contains an Offer by DMX Corporation to acquire **2 of every 3** (ie 66.67%) of your shares in Continuation Investments (COT) for:

- cash consideration of 7.00 cents per COT Share; or
- scrip consideration of 5.83 DMX Corporation Shares per COT Share.

The completion of the Offer is subject to a limited number of Bid Conditions, which are detailed in Section 5.6 of this Bidder's Statement, including a requirement that DMX Corporation acquires a relevant interest in at least 30% of all COT Shares by the end of the Offer Period. If any of the Bid Conditions are not satisfied in accordance with their terms, DMX Corporation may elect to waive those Bid Conditions or withdraw the Offer.

Each of the directors of DMX Corporation strongly recommends that you accept the Offer. The primary reasons why DMX Corporation believes that you should accept this Offer are:

1. **Significant premium to rights issue price:** the consideration offered under this Offer represents a 40% premium to the issue price offered in respect of your Shares in Continuation Investment's rights issue completed last year.
2. **Significant premium to the recent trading in the shares:** The offer is a 14% premium to the volume weighted average price of the shares over the last six months and a 5% premium over the last twelve months.
3. **Continued long term underperformance:** Since 2009, the net tangible assets (NTA) per COT Share have declined by 70%. The NTA per COT Share is declining at a current rate of over 10% per annum.
4. **Lack of strategy, confidence and transparency:** since Continuation Investments conducted its buy-back of COT Shares in late 2011:
  - the COT Directors have failed to set forth any clear business strategy for maximising the economic interests of COT Shareholders.
  - Continuation Investments' former manager and substantial shareholder, Tidewater Investments Limited, has sold its entire interest in Continuation Investments – which was at 52.63% on completion of the buy-back – to unrelated parties
5. **Director remuneration:** If exercised, the option based remuneration of the current board of directors of Continuation Investments will increase the Director's shareholding by more than 10% of the total shares outstanding in the company – for one year's work. Director fees are more than 3x that of DMX Corporation.
6. **Benefit to small shareholders:** If, as a result of accepting this Offer, you will be left with a shareholding in Continuation Investments which has a market value of less than \$500, the Offer will apply to, and you will be entitled to receive the Bid Consideration in respect of, your entire shareholding in Continuation Investments.

7. **Immediate return and opportunity to participate in the future direction of Continuation Investments under the direction of DMX Corporation:** by accepting a proportional takeover offer of your shareholding in Continuation Investments, you will be able to:
  - (a) realise a substantial part of your investment in Continuation Investments – a stock that has had very low trading liquidity in recent years – at a substantial cash premium (by accepting the Offer under the cash alternative); and
  - (b) retain your investment in the underlying commercial assets of Continuation Investments (by virtue of your remaining shares in Continuation Investments and your new shares in DMX Corporation, if you accept the Offer under the scrip alternative) and have exposure to the potential long term benefits of an investment in a company with a clearer strategy, stronger management team, enhanced balance sheet and potentially more liquid securities.
8. **Experienced management team:** DMX Corporation will bring to Continuation Investments an experienced management team focused on achieving long term investment returns.
9. **Minimal Bid Conditions:** this Offer is subject to a limited number of defeating conditions, which minimises the risk of this Offer not being completed after being accepted by COT Shareholders.
10. **No brokerage fees or stamp duty:** you will not incur any stamp duty and, in most cases, no brokerage charges as a result of accepting this Offer, unless you are a Foreign COT Shareholder.

**The Offer is now open and is currently scheduled to close at 7:00pm (AEST) 26 September 2013, unless otherwise varied.**

**I encourage you to accept this Offer. Further details in relation to this Offer and about DMX Corporation are provided in this Bidder's Statement which you should read in full.**

**To accept this Offer, complete and sign the enclosed Acceptance Form and return it to the address set out in that form.**

Should you have any enquiries about this Offer, please consult your financial, legal or other adviser, or call DMX Corporation on 1300 656 162.

Sincerely,



Roger Collison  
**Executive Chairman**

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# 1. IMPORTANT NOTICES

## 1.1 Nature of this document

This document is a Bidder's Statement issued by DMX Corporation Limited (ABN 90 009 140 550) dated 12 August, 2013 and is given by DMX Corporation to Continuation Investments Limited (ABN 91 106 854 175) under Part 6.5 of the Corporations Act. This Bidder's Statement includes an offer dated 12 August, 2013 to acquire 2 out of every 3 of your COT Shares and also sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 12 August, 2013. Neither ASIC nor any of its officers take responsibility for the contents of this Bidder's Statement.

## 1.2 Investment advice

In preparing this Bidder's Statement, DMX Corporation has not taken into account your individual investment objectives, financial situation or other particular needs. Accordingly, you may wish to consult your financial, legal, tax or other professional adviser before deciding whether or not to accept this Offer.

## 1.3 Disclaimer as to information relating to Continuation Investments

The information on Continuation Investments contained in this Bidder's Statement has been prepared by DMX Corporation using publicly available information which has not been independently verified by DMX Corporation. Accordingly, DMX Corporation does not, subject to the Corporations Act, make any express or implied representation or warranty with respect to the accuracy or completeness of such information.

## 1.4 Forward looking statements

This Bidder's Statement contains forward looking statements which have not been based solely on historical facts, but are rather based on current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. These risks, uncertainties and factors may cause actual events, results, performance or achievements to differ – possibly to a material extent – from those expressed or implied in the forward looking statements in this Bidder's Statement.

Although DMX Corporation believes that the expectations reflected in the forward looking statements included in this Bidder's Statement are reasonable, none of DMX Corporation, its directors and officers, or any person named in this Bidder's Statement or involved in the preparation of this Bidder's Statement, can give any assurance or guarantee that the assumptions upon which the forward-looking statements in this Bidder's Statement were based will prove to be correct or exhaustive beyond the date of its making, or that the business and operations of Continuation Investments will not be affected by other factors not currently foreseeable by DMX Corporation or its directors and officers or that are beyond DMX Corporation's control. DMX Corporation is not responsible for providing updated information to any COT Shareholder.

None of DMX Corporation, its directors and officers, or any person named in this Bidder's Statement or involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any event, outcome or result expressed or implied in any forward looking statement, except to the extent required by law.



## 1.5 Privacy

For the purposes of this Offer, DMX Corporation has obtained personal information relating to your shareholding in Continuation Investments pursuant to its rights under the Corporations Act. By completing and returning an Acceptance Form, you authorise DMX Corporation to disclose any such information as well as any personal information contained in your Acceptance Form on a confidential basis to its related bodies corporate and service providers (**Collecting Parties**) where necessary for the purposes of this Offer in accordance with the *Privacy Act 1988* (Cth). If obliged to do so by law or any Public Authority, personal information collected from COT Shareholders will be passed on to third parties strictly in accordance with legal requirements. Once personal information is no longer needed, it will be destroyed or de-identified.

Collecting Parties will use personal information collected in the course of conducting this Offer solely for purposes relating to this Offer. You may have access to the information that the Collecting Parties hold about you subject to certain exemptions under law. Access requests must be made in writing to DMX Corporation at its registered address. A fee may be charged for access.

If you do not provide the information required on the Acceptance Form, the Collecting Parties may not be able to accept or process your acceptance of this Offer.

## 1.6 Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 16 of this Bidder's Statement unless stated otherwise.

## 2. SUMMARY OF THE OFFER

Set out below is a summary of the Offer. This is qualified by detailed information in the rest of the Bidder's Statement. You should read the Bidder's Statement in its entirety prior to deciding whether to accept the Offer.

Question	Answer	Further info
<b>What is the Offer?</b>	<p>DMX Corporation Limited (<b>DMX</b>) (ABN 90 009 140 550) is offering to acquire <b>2 of every 3</b> (ie 66.67%) of your ordinary shares in Continuation Investments Limited (<b>COT</b>) (ABN 91 106 854 175) for either:</p> <ul style="list-style-type: none"><li>• a cash consideration of 7.00 cents; or</li><li>• a scrip consideration of 5.83 DMX Shares,</li></ul> <p>for each of your COT Shares the subject of a valid acceptance of the Offer.</p> <p>Therefore, if you accept the Offer, you will:</p> <ul style="list-style-type: none"><li>• in return for transferring to DMX Corporation 2 out of every 3 COT Shares you currently hold, receive either:<ul style="list-style-type: none"><li>○ if you elect to receive cash consideration under the Offer, 7.00 cents for each COT Share transferred; or</li><li>○ if you elect to receive scrip consideration under the Offer (or do not make any election on your Acceptance Form), 5.83 DMX Shares for each COT Share transferred; and</li></ul></li><li>• retain 1 out of every 3 COT Shares you currently hold to deal with as you wish,</li></ul> <p>assuming that each of the Bid Conditions is satisfied in accordance with their terms or waived by DMX Corporation.</p> <p>This Offer may <b>only</b> be accepted for 66.67% of your shareholding in Continuation Investments unless if, by accepting this Offer, you will be left with a shareholding in COT with a market value of less than \$500. In that case, the Offer will be deemed to apply to your entire shareholding in COT.</p> <p>For the full terms and conditions of the Offer, please see Section 5.</p>	Section 5.1
<b>What is the value of the scrip alternative of the Bid Consideration?</b>	<p>Based on the most recent off-market share trades in DMX Corporation prior to the announcement of the Offer, the value of the scrip alternative of the Bid Consideration was 6.996 cents per COT Share. Shares in DMX Corporation were suspended from trading on 14 August 2012. Based on the last on-market share trades in DMX corporation prior to the announcement of the offer, the value of the script alternative of the Bid Consideration was 6.413 cents per COT share<sup>1</sup>. DMX has announced its intention to raise up to \$2,000,000 at 1.2 cents per DMX share which would value the COT consideration at 6.996 cents.</p>	

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<sup>1</sup> For the purposes of calculating the value of the scrip alternative of the Bid Consideration, DMX Shares are valued at 1.2 cents which is the price of the proposed DMX Capital raising. The implied value of the scrip alternative of the Bid Consideration will change as a consequence of changes in the price of DMX Shares from time to time.

Question	Answer	Further info
<b>When does the Offer open and close?</b>	The Offer is open now and is currently scheduled to close at 7:00pm (AEST) on 26 September 2013, subject to DMX Corporation extending or withdrawing the Offer in accordance with the Corporations Act.	Section 5.3
<b>Can DMX Corporation extend the Offer Period?</b>	Yes, the Offer can be extended by DMX Corporation or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, and any extension will be announced to ASX.	
<b>Who can accept the Offer?</b>	<p>Any person who:</p> <ul style="list-style-type: none"> <li>• is capable of, during the Offer Period, giving good title to a parcel of COT Shares that were on issue as at the Register Date; and</li> <li>• has not already accepted the Offer for those COT Shares.</li> </ul> <p>The Register Date, being the date of determination of those COT Shareholders to whom this Bidder's Statement will be sent, is 12 August, 2013.</p>	Section 5.5
<b>Can I accept the Offer if I am a Foreign COT Shareholder?</b>	<p>If you are a Foreign COT Shareholder, you <b>are</b> entitled to accept the Offer in respect of two-thirds of your COT Shares.</p> <p>However, if you elect to receive scrip consideration – as opposed to cash consideration – for your COT Shares in your Acceptance Form, you will <b>not</b> be entitled to receive the DMX Shares that you would otherwise be entitled to receive as consideration for your acceptance of the Offer, unless DMX Corporation determines otherwise as contemplated in Section 5.13 of this Bidder's Statement. Instead, you will receive, from the Sale Nominee, the net cash proceeds arising from the sale of those DMX Shares.</p>	Section 5.12
<b>When can I accept the Offer?</b>	At any time during the Offer Period, which is currently scheduled to close at 7:00pm (AEST) on 26 September 2013, unless extended or withdrawn in accordance with the Corporations Act.	Section 5.13
<b>How do I accept this Offer?</b>	<p>To accept this Offer, you must:</p> <ul style="list-style-type: none"> <li>• complete the enclosed Acceptance Form; and</li> <li>• return it to the address set out in that form,</li> </ul> <p>prior to the expiry of the Offer Period, which is currently schedule to close at 7:00pm (AEST) on 26 September 2013.</p> <p>You must elect one form of Bid Consideration on your Acceptance Form – that is:</p> <ul style="list-style-type: none"> <li>• the cash consideration of 7.00 cents for each of your COT Shares; or</li> <li>• the scrip consideration of 5.83 DMX Shares for each of your COT Shares.</li> </ul> <p>If you accept the Offer but do not make an election, you will be deemed to have elected to receive the scrip consideration in respect of two-thirds of your COT Shares.</p>	Section 5.4

Question	Answer	Further info
	<p>If you are a COT Shareholder who:</p> <ul style="list-style-type: none"> <li>• accepts the Offer and elects to receive the scrip consideration under the Offer; and</li> <li>• normally resides in a jurisdiction outside Australia and New Zealand,</li> </ul> <p>(i.e. a Foreign COT Shareholder), then, unless DMX Corporation determines otherwise as contemplated in Section 5.13 of this Bidder's Statement, you will receive from the Sale Nominee the proceeds of sale of that number of DMX Shares to which you would otherwise be entitled to receive pursuant to your acceptance of the Offer, <b>less</b> your proportionate share of the expenses of the appointment of the Sale Nominee and the sale of DMX Shares by the Sale Nominee on behalf of all Foreign COT Shareholders (including brokerage, stamp duty and other selling costs, taxes and charges).</p>	
<p><b>Will I incur any brokerage or stamp duty if I accept?</b></p>	<p>You will not incur any stamp duty on accepting the Offer, unless you are a Foreign COT Shareholder.</p> <p>If your COT Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to DMX Corporation, you will not incur any brokerage connected with accepting the Offer.</p> <p>If your COT Shares are in a CHESS Holding or you hold your COT Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.</p> <p>If you are a Foreign COT Shareholder or Unmarketable Parcel Shareholder and you elect to receive scrip consideration, the proceeds of sale of the DMX Shares to which you would otherwise have become entitled to receive as a consequence of accepting the Offer will be net of sale costs, including brokerage.</p>	<p>Section 5.12</p>
<p><b>When will I receive my Bid Consideration?</b></p>	<p>If you validly accept the Offer and provide all necessary documents at the time of that acceptance, you will be paid or issued with your Bid Consideration (as the case may be) for your COT Shares to which DMX Corporation acquires good title by the end of whichever of the following periods ends earlier:</p> <ul style="list-style-type: none"> <li>• 1 month after your acceptance of this Offer or, if at the time of your acceptance, the Offer is subject to one or more outstanding Bid Conditions, 1 month after all the Bid Conditions have been fulfilled or waived; and</li> <li>• 21 days after the end of the Offer Period.</li> </ul>	<p>Section 5.11</p>

Question	Answer	Further info
<b>What rights will attach to the DMX Shares issued to me as Bid Consideration?</b>	<p>The DMX Shares to be issued as Bid Consideration in accordance with the Offer will be fully paid and will, from the time of issue, rank equally in all respects with all other existing DMX Shares for dividends and all other rights.</p> <p>A detailed description of the rights and liabilities attaching to DMX Shares is set out in Section 11.2 of this Bidder's Statement.</p>	Section 6.3.5
<b>Will the DMX Shares issued to me as Bid Consideration be listed on the ASX?</b>	<p>In accordance with the Corporations Act, DMX Corporation will apply for quotation of all DMX Shares to be issued as Bid Consideration within 7 days after the commencement of the Offer Period. Quotation of DMX Shares issued under the Offer will depend on ASX exercising its discretion to admit them to the official list. However, DMX Corporation is already admitted to the official list of the ASX and shares in DMX Corporation in the same class or on the same terms as those to be issued under this Offer are already quoted</p>	Section 5.13
<b>What happens if DMX Corporation increases the Bid Consideration?</b>	<p>If DMX Corporation increases the Bid Consideration, all COT Shareholders who have accepted an Offer by the close of the Offer Period – including those who have accepted the Offer prior to the Bid Consideration having been increased – will be entitled to the increased Bid Consideration, assuming that the Offer is completed successfully.</p>	Section 5.10(k)
<b>Are there any conditions to the Offer?</b>	<p>Yes. The completion of this Offer is subject to a number of defeating conditions, including:</p> <ul style="list-style-type: none"> <li>• DMX Corporation acquiring a minimum of 30% relevant interest in Continuation Investments;</li> <li>• no other person having 40% or more voting power in Continuation Investments;</li> <li>• DMX Corporation acquiring a majority of director positions;</li> <li>• No "Prescribed Occurrences";</li> <li>• no event occurs during the Offer Period that is likely to have a material adverse effect on the assets, liabilities or prospects of Continuation Investments; and</li> <li>• no event occurs during the Offer Period that reduces, or is reasonably likely to reduce, the net assets of Continuation Investments by more than \$0.25 million.</li> </ul> <p>For a complete list and description of the Bid Conditions, please see Section 5.6 of this Bidder's Statement.</p> <p>DMX Corporation may choose to waive any of the Bid Conditions in accordance with this Offer.</p>	Section 5.6
<b>When will the Offer become unconditional?</b>	<p>The Offer will become "unconditional" upon all Bid Conditions being either satisfied in accordance with their terms or waived by DMX Corporation in accordance with the terms outlined in Section 5.8 of this Bidder's Statement.</p>	Section 5.6 and 5.8

Question	Answer	Further info
<b>What happens if the Bid Conditions are not satisfied or waived?</b>	<p>If the Bid Conditions are not satisfied before the Offer closes or waived within the prescribed period, then the Offer will lapse and your acceptance will be void.</p> <p>You will continue to hold your COT Shares and be free to deal with them as if the Offer had not been made, unless you have already sold your COT Shares to someone else.</p>	
<b>What if I do not accept the Offer?</b>	<p>If you do not accept the Offer, you will retain all of your COT Shares and will not be entitled to receive any cash or scrip consideration for those COT Shares under the Offer.</p> <p>The structure of the Offer means that DMX Corporation will not become entitled to compulsorily acquire your COT Shares because the maximum holding that DMX Corporation can achieve under the Offer is approximately 66.67% of the capital of Continuation Investments.<sup>2</sup></p>	
<b>Intentions for Continuation Investments after completion of the Offer</b>	<p>If the Offer is completely successfully, DMX Corporation intends to operate Continuation Investments as an operating subsidiary with a similar investment approach as DMX Corporation itself.</p> <p>DMX Corporation's investment approach is outlined in Section 7 of this Bidder's Statement.</p>	Section 8
<b>What are the material risks of accepting the Offer?</b>	<p>If you elect the scrip alternative of the Bid Consideration for your COT Shares, you should carefully consider the risk factors that could affect the performance of DMX Corporation and the price of DMX Shares before deciding whether to accept the Offer and/or elect the scrip alternative of the Bid Consideration. You should also be noted that Shares in DMX Corporation were suspended from trading on the ASX on 14 August 2012.</p> <p>A summary of the key risks is set out in Section 10.</p>	Section 10
<b>What are the tax implications of accepting the offer</b>	<p>You should consult a financial, tax or other professional adviser on the tax implications of accepting the Offer. A general summary of the tax consequences for COT Shareholders as a result of accepting the Offer is set out in Section 9 of this Bidder's Statement.</p>	Section 12
<b>Further enquiries</b>	<p><b>Should you have any queries about the Offer, please contact DMX Corporation on 1300 656 162.</b></p>	

<sup>2</sup> Assuming that all COT Shareholders accept the Offer

### 3. HOW TO ACCEPT THE OFFER

To accept this Offer, please complete the Acceptance Form enclosed with this Bidder's Statement and return it to the address as set out in the form prior to expiry of the Offer.

Alternatively, follow the instructions below.

<b>How to accept</b>	This will depend on whether your COT Shares are held in an <b>Issuer Sponsored Holding</b> or <b>CHESS Holding</b> .
<b>Issuer Sponsored Holding</b>	<p><i>Your COT Shares are held on Continuation Investments' issuer sponsored sub-register if your security holder reference number starts with an "I".</i></p> <p>If your COT Shares are in an Issuer Sponsored Holding, you may accept this Offer by completing and signing the enclosed Acceptance Form and returning it to the address set out on the Acceptance Form such that it is received before the Offer closes.</p>
<b>CHESS Holding</b>	<p>Your COT Shares are held in a CHESS Holding if your holder identification number starts with an "X".</p> <p>If your COT Shares are in a CHESS Holding, you may accept this Offer by:</p> <ul style="list-style-type: none"><li>• instructing your broker or Controlling Participant to accept the Offer on your behalf; or</li><li>• completing and signing the Acceptance Form and returning it to the address set out on the form such that it is received before the Offer closes. This will authorise DMX Corporation to instruct your broker or Controlling Participant to accept the Offer on your behalf.</li></ul>

**COT Shareholders should allow sufficient time for Acceptance Forms to be received by or on behalf of DMX Corporation by the close of the Offer Period, which is currently scheduled to close at 7:00pm (AEST) on 26 September 2013.**

## 4. REASONS TO ACCEPT THE OFFER

### 4.1 Significant premium to the recent rights issue price

In July last year, Continuation Investments had a 1:2.4 renounceable rights issue at 5.00 cents per COT Share. The effect of that rights issue was that for every 15 COT Shares held by a participating COT Shareholder, that COT Shareholder would have received 36 new COT Shares at a cost of 5 cents each. This would have resulted in a total of 51 shares being held up from the initial 15 shares held

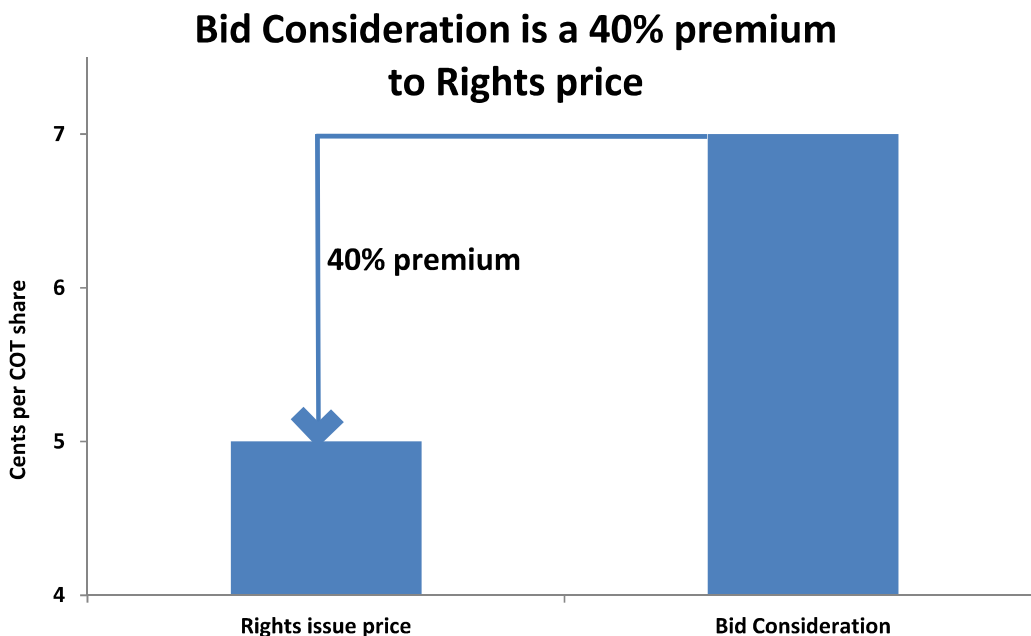
DMX Corporation is offering to buy 2 of every 3 of your COT Shares (being 34 of the 36 new shares issued to you in the rights issue, or would have been issued to you had you participated in the rights issue) for either:

- 7.00 cents cash for each COT Share; or
- 5.83 DMX Shares for each COT Share.

The last recorded sale price of DMX Shares on the ASX before the date of this Bidder's Statement was 1.1 cents on 20 August 2012. The most recent off-market trade price for DMX shares is 1.2 cents on 22 February 2013.

The cash consideration alternative of the Bid Consideration represents a **40% premium** to the issue price under the rights issue.

The scrip consideration alternative of the Bid Consideration, based on a COT Share price of 7.00 cents, represents a **40% premium** to the issue price under the rights issue. The value of the scrip consideration alternative will fluctuate during the Offer Period with the DMX Share price.

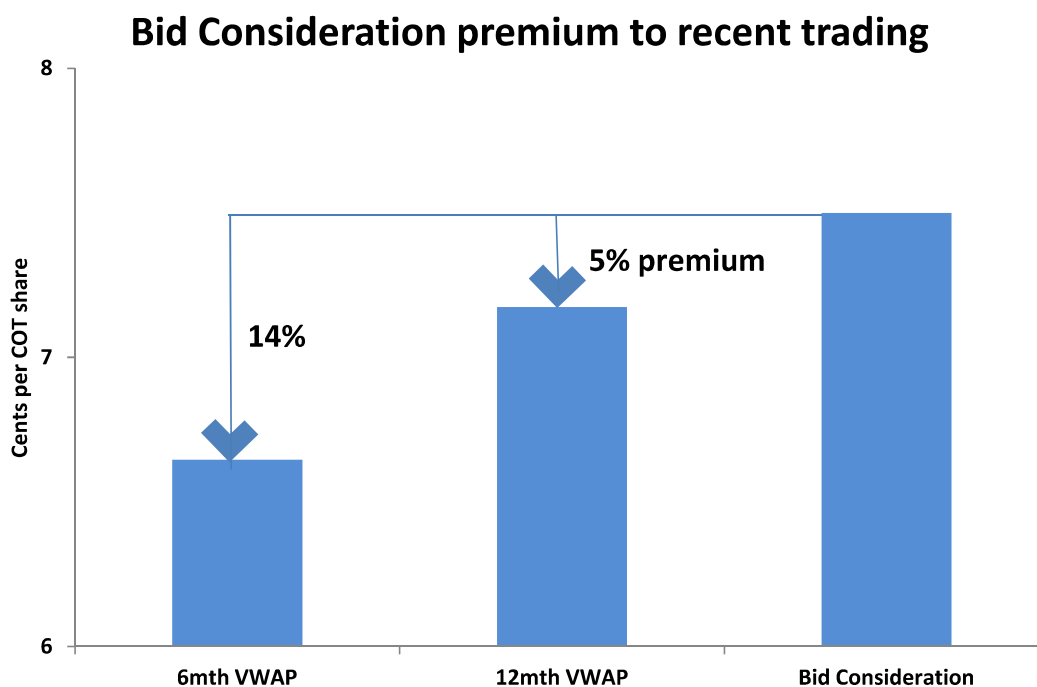


The significant premium being offered by DMX Corporation allows COT Shareholders to realise potential future value for 66.67% of their COT Shares today.



## 4.2 Significant premium to the recent trading in the shares

Although trading in COT shares is limited, the volume weighted average price (VWAP) has been declining since the rights issue. The DMX Corporation Bid Consideration is an 14% premium to the 6 month VWAP, and a 5% premium to the 12 month VWAP.



## 4.3 Continued long term underperformance

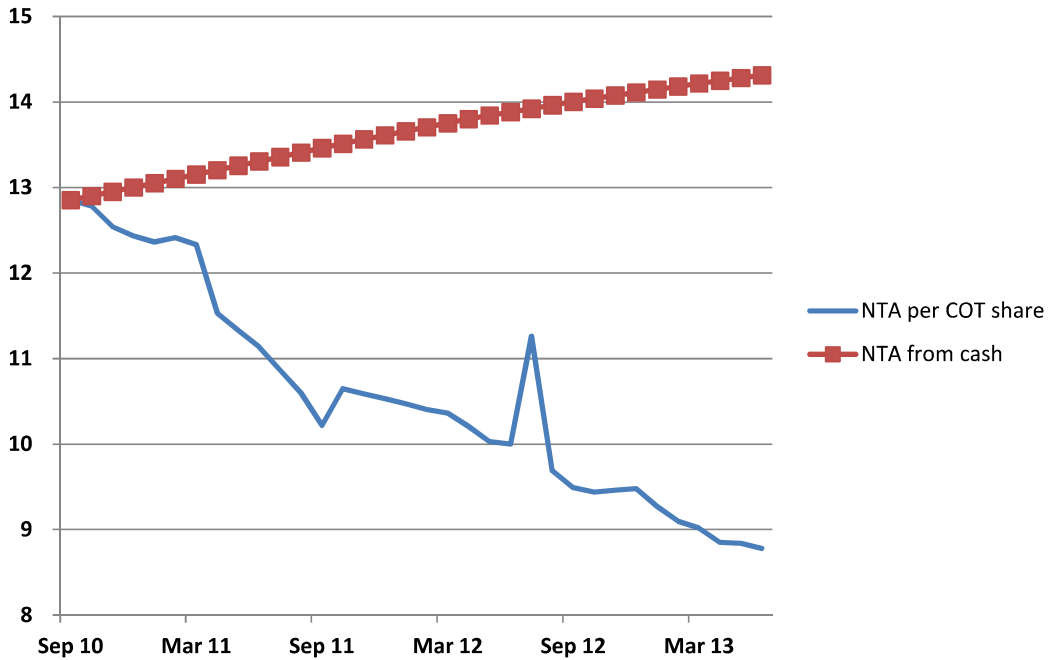
The net tangible asset (NTA) per COT Share has declined by 70% since December 2009<sup>3</sup>. As at 30 June 2013, the NTA per COT Share had dropped to 8.78 cents per COT Share, from approximately 102.5 cents per COT Share as at 22 December 2009.

The NTA per COT Share continues to decline at more than 10% per annum.

This represents significant loss to COT Shareholders when compared to investing an equivalent amount of money at the Reserve Bank of Australia's cash rate.

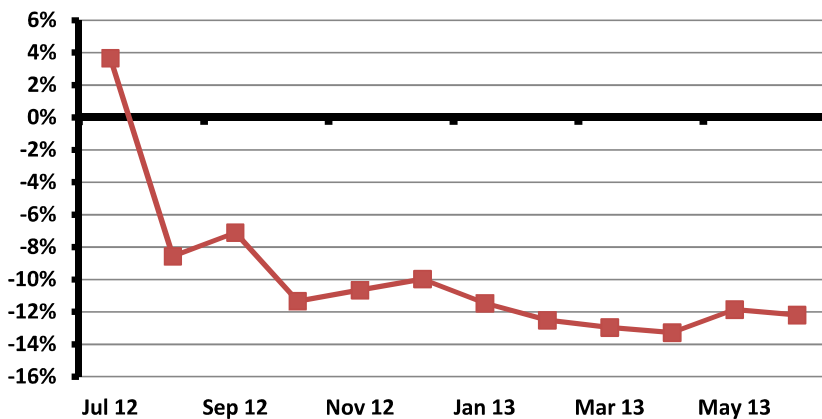
<sup>3</sup> The reported decline in NTA per COT shares between December 2009 and June 2013 is 91.4%. Allowing for the 20:1 share consolidation in August 2010, the 25c special dividend declared in November 2010, and the COT share split in April 2012, NTA per COT share has declined from 29.51c cents in December 2009 to 8.78 cents in June 2013. That is a decline of 70.2%.

## Decline in NTA per COT Share over time



Note: the reported NTA per COT Share has been adjusted to take account of Continuation Investments' share split (in April 2012) and rights issue in (in July 2012) and the special dividends declared by Continuation Investments (in November 2010). Reported NTA per COT Share declined by over 90% during this period. Cash returns are from investing an equivalent amount at the Reserve Bank of Australia's cash rate.

## Rate of decline in COT net asset value



Note: the rate of decline in COT's NAV is as reported, adjusted for the Continuation Investments' share split (in April 2012) and rights issue in (in July 2012). The rate of decline compares the month's reported NAV to the prior corresponding period NAV.

#### **4.4 Lack of strategy, direction, confidence and transparency**

Since Continuation Investments conducted its off-market buy-back in September/October 2011:

- the COT Directors have failed to set forth any clear business strategy for maximising the economic interests of COT Shareholders. The strategy statements made by the company are limited to:

*“actively examining various investment opportunities”* 2012 annual report page 2

and

*“examining various investment opportunities in the natural resource sector”* 2013 half yearly report page 1

- Continuation Investments’ former manager and substantial shareholder, Tidewater Investments Limited, sold its entire interest in Continuation Investments – which was at 52.63% on completion of the Buy-Back – to unrelated parties in March 2012

#### **4.5 Director remuneration**

If exercised, the option based remuneration of the current board of directors of Continuation Investments will increase the Director’s shareholdings by more than 10% of the total shares outstanding in the company – for one years work.

Although COT shareholders have not been told what the latest Director of COT, David Church, will be paid, the other two directors of COT will be paid \$33,467. The DMX board, as a whole, is paid \$10,000.

#### **4.6 Benefit to smaller shareholders**

If, as a result of accepting the Offer, you are left with a shareholding in Continuation Investments which is less than a “Marketable Parcel”, then the Offer will be deemed to apply to the entirety of your shareholding in Continuation Investments.

A shareholding is less than a “Marketable Parcel” if it has an aggregate market value of less than \$500. An unmarketable parcel is anyone holding 21,428 COT shares or fewer at the register date.

#### **4.7 Immediate return and opportunity to continue to participate in the future of Continuation Investments as a part of a DMX Corporation.**

The proportional nature of the Offer means that:

- regardless of whether you accept the Offer in consideration for cash or DMX Shares, you will retain 1 of every 3 of your COT Shares (provided that you are not left with less than a “Marketable Parcel” in which case the Offer applies to your entire shareholding) and as such, you will maintain a continuing interest in the underlying commercial assets of Continuation Investments and have the opportunity to participate in the future prospects of Continuation Investments as part of DMX Corporation;
- if you elect to receive the scrip consideration under the Offer, you will have exposure to the potential benefits of investing in a larger company with a long-term investment strategy with greater portfolio diversity; and
- if you elect to receive the cash consideration under the Offer, you will realise a substantial part of your investment in Continuation Investments – a stock that has had very low trading liquidity in recent years – at a substantial cash premium.

#### **4.8 Experienced management team**

DMX Corporation offers a credible alternative to the current management of Continuation Investments. DMX Corporation has an experienced team focused on achieving long term investment returns. DMX Corporation will charge considerably less for management and directors' fees.

By accepting the Offer and electing to accept DMX Shares in consideration for your COT Shares, you will have exposure to the potential long term benefits of investing in a company with a clearer strategy, stronger management team and enhanced balance.

#### **4.9 Improved scale and enhanced market liquidity**

By combining the assets of Continuation Investments with those of DMX Corporation, overhead and administrative costs will be spread over a larger asset base with the result that the average administrative cost per share will be reduced. It is expected that the reduction will approximately half this cost on a per share basis.

Continuation Investments has historically had extremely low trading liquidity on ASX. If you elect to receive the scrip consideration under the Offer your investment will remain in an ASX listed company. DMX Corporation is itself going through re-compliance with Chapters 1 and 2 of the ASX listing rules and it is expected that once this is complete the market liquidity for the larger company will be superior to that of COT alone.

#### **4.10 You will not incur any stamp duty or brokerage charges**

COT Shareholders (other than Foreign COT Shareholders and Unmarketable Parcel Shareholders) should not incur any brokerage charges or stamp duty by accepting this Offer.

# 5. TERMS OF THE OFFER

## 5.1 THE OFFER

- (a) DMX Corporation is offering to acquire 2 out of every 3 (ie 66.67%) of your COT Shares on the terms and conditions set out in this Offer.

You may **only** accept this Offer for 66.67% (by number) (ie 2 out of every 3) of your COT Shares, and not a greater or lesser proportion, unless paragraph 5.1(c) applies.

If you accept this Offer for 66.67% of your COT Shares, you are not entitled to subsequently accept this Offer for the remainder of your COT Shares (**Remaining Shares**), nor can any transferee of your Remaining Shares accept this Offer for those COT Shares. Your Remaining Shares will be “tagged” to prevent you or your transferee from accepting this Offer.

- (b) Subject to paragraph 5.1(a) above, this Offer extends to any person who is capable of, during the Offer Period, giving good title to a parcel of COT Shares that were on issue as at the Register Date and has not already accepted the Offer for those COT Shares.
- (c) Despite anything in paragraphs 5.1(a) and (b), if the effect of accepting this Offer leaves you with less than a Marketable Parcel of COT Shares, this Offer will be deemed to have been made in respect of (and you will receive consideration for) 100% of your COT Shares. However, if DMX Corporation is of the opinion that any COT Shareholder has attempted to split or otherwise manipulate their shareholding in Continuation Investments in order to benefit from this provision, DMX Corporation may give notice to that COT Shareholder (and other persons whom DMX Corporation deems to have participated in the split or manipulation) to the effect that, for the purposes of this Offer:
- (i) that COT Shareholder shall be deemed to hold all COT Shares registered in its name and the names of all other persons set out in that notice (**Specified Persons**);
  - (ii) each Specified Person shall be deemed as holding no COT Shares; and

any acceptance of the Offer made by that COT Shareholder or any Specified Person shall be deemed as an acceptance of this Offer in respect of 2 out of 3 of the total number of COT Shares registered in the name of that COT Shareholder and the Specified Persons.

- (d) This Offer extends to COT Shares which were on issue as at close of business on the Register Date, and not to COT Shares issued at any time during the period from the Register Date to the expiry of the Offer Period, as a result of the conversion or exercise of rights attached to other securities on issue in the capital of Continuation Investments as at the Register Date or otherwise.
- (e) If DMX Corporation acquires 2 out of every 3 of your COT Shares under this Offer, DMX Corporation will be entitled to all Rights (including those accruing after the date of this Offer) attaching to those COT Shares. If for any reason whatsoever, DMX Corporation does not receive any such Rights, DMX Corporation will, to the extent permitted by applicable law, be entitled to reduce the amount of the Bid Consideration to which you would otherwise be entitled in accordance with this Offer by the amount or value (as reasonably determined by DMX Corporation) of the relevant Right. This may include reducing the number of DMX Shares to which you may otherwise be entitled. If DMX Corporation does not, or cannot, make such a deduction, you must pay that amount to DMX Corporation, except where and to the extent DMX Corporation elects to waive its entitlement to those Rights.
- (f) If the number of COT Shares to which this Offer relates is not a whole number, it will be rounded down to the nearest whole number.

(g) This Offer is dated 12 August, 2013

## 5.2 CONSIDERATION

- (a) The Bid Consideration offered for each COT Share to which this Offer applies, is either:
- (i) 7.00 cents cash for every one COT Share; or
  - (ii) 5.83 DMX Shares for every one COT Share.
- (b) Any DMX Share issued in accordance with this Offer will be fully paid and will rank equally in all respects for dividends and all other rights with all other existing DMX Shares on issue at the Register Date.
- (c) For the avoidance of doubt, your entitlement to DMX Shares under this Offer (if you elect the scrip alternative of the Bid Consideration) will be calculated by multiplying the number of your COT Shares to which this Offer relates by 5.83. If this calculation results in an entitlement to a fraction of a DMX Share, the number of DMX Shares you are entitled to pursuant to this Offer will be rounded up to the next whole number of DMX Shares. If DMX Corporation reasonably believes that a COT Shareholder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the next whole number of DMX Shares.
- (d) If at the time this Offer is made to you, you are a Foreign COT Shareholder then, despite any other provision of this Offer, you will not be entitled to receive DMX Shares. Instead, your DMX Shares will be sold by the Sale Nominee and you will receive the net cash proceeds arising from the sale of those DMX Shares. Details of the sale process are detailed in Section 5.12 below.
- (e) If the total number of DMX Shares which you are entitled to receive as Bid Consideration under this Offer (if you elect the scrip alternative of the Bid Consideration) is less than a Marketable Parcel of DMX Shares, you will be an Unmarketable Parcel Shareholder and you will not be entitled to receive DMX Shares as consideration for your COT Shares pursuant to this Offer. The DMX Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee and be sold by the Sale Nominee. You will receive the net cash proceeds arising from the sale of those DMX Shares. Details of the sale process are detailed in Section 5.12 below.

## 5.3 OFFER PERIOD

This Offer commences on 12 August, 2013 and is currently scheduled to close at 7:00pm (AEST) on 26 September 2013, unless withdrawn. DMX Corporation reserves the right to extend the Offer Period in accordance with the Corporations Act. Any change to the Closing Date will be released to ASX.

If, within the last 7 days of the Offer Period, either:

- (a) the Offer is varied to improve the Bid Consideration offered (whether in relation to the cash consideration, scrip consideration or both);
- (b) the Bid Consideration is taken to be increased under section 651A(2) of the Corporations Act because DMX Corporation purchases COT Shares outside the proportional takeover bid constituted by this Offer at a cash price higher than the Bid Consideration; or
- (c) DMX Corporation's voting power in Continuation Investments increases to more than 50%,

then the Offer Period will be automatically extended in accordance with the Corporations Act so that it ends 14 days after the date of the occurrence of the event referred to in paragraphs (a), (b) or (c) immediately above, as is applicable. If this occurs, DMX Corporation will give to Continuation Investments and all COT Shareholders who have not yet accepted the Offer, a written notice that the extension in the Offer Period. DMX Corporation will give this notice as soon as possible after the relevant event occurs.

## 5.4 HOW TO ACCEPT THIS OFFER

The required steps to accept this Offer will differ depending on whether your COT Shares are in an Issuer Sponsored Holding or CHESS Holding.

If your COT Shares are in an Issuer Sponsored Holding, you will have been sent a personalised Issuer Acceptance Form which will show a security holder reference number (SRN) beginning with "I".

If your COT Shares in a CHESS Holding, you will have been sent a personalised CHESS Acceptance Form showing a holder identification number (HIN) beginning with "X".

Your Acceptance Form (sent to you with this Offer) will also have specific details of your holding printed on it. The personalised Acceptance Form sent to you will be the acceptance form to use to accept your COT Shares into this Offer.

### (a) Issuer Sponsored Holdings

If any of your COT Shares are in an Issuer Sponsored Holding, to accept this Offer, you must complete, sign and send the Acceptance Form in accordance with the instructions set out in that Acceptance Form, along with all other documents as may be required by DMX Corporation from time to time, so that they are received by or on behalf of DMX Corporation before the expiry of the Offer Period.

You may send the completed Acceptance Form (together with any associated documents required) in the envelope provided (which is pre-paid in Australia).

### (b) CHESS Holdings

If your COT Shares are in a CHESS Holding, to accept this Offer, you may:

- (i) instruct your Controlling Participant (normally, your broker) to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or
- (ii) alternatively, complete, sign and send the Acceptance Form for those of your COT Shares the subject of this Offer which are in a CHESS Holding in accordance with the instructions set out in that Acceptance Form, along with all other documents as may be required by DMX Corporation from time to time. This will authorise DMX Corporation to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf.

You must ensure that after the Acceptance Form is received by DMX Corporation, there is sufficient time for DMX Corporation to instruct your Controlling Participant and for your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of this Offer when your Controlling Participant initiates acceptance in accordance with Rule 14.14 of the ASTC Settlement Rules.

You bear any risk for the transmission of any Acceptance Form and other documents by you or on your behalf.

### (c) ASTC Participant

If you are an ASTC Participant, to accept this Offer you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules in sufficient time for this Offer to be accepted before the end of the Offer Period.

(d) **Nominee holdings**

If your COT Shares are registered in the name of a broker, bank, investment dealer, trust company or other nominee, you should contact that nominee for assistance in accepting this Offer.

(e) **Different holdings**

If your COT Shares are held in different holdings, your acceptance of this Offer will require action under paragraphs 5.4(a) to (d) in relation to the separate portions of your COT Shares.

(f) **Status of Acceptance Form**

The Acceptance Form forms part of this Offer.

If you elect to accept this Offer by completing and submitting an Acceptance Form, the requirements specified on the Acceptance Form must be followed for the acceptance to be valid and effective.

An acceptance of this Offer will only be effective when (subject to paragraph 5.4(h), the properly completed Acceptance Form (along with any document as required) has been received prior to the end of the Offer Period.

(g) **Power of attorney, deceased estate**

When accepting this Offer, you should also forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased COT Shareholder, a certified copy of the relevant grant of probate or letters of administration.

(h) **Discretion of DMX Corporation**

Notwithstanding paragraphs 5.4(a) to (g) above, DMX Corporation may (at its sole discretion) treat any Acceptance Form received:

- (i) before the end of the Offer Period; or
- (ii) after the end of the Offer Period but where that Acceptance Form is sent by post and the envelope in which it is posted is postmarked before the end of the Offer Period,

as valid and/or waive any of the requirements set out in the Acceptance Form or in this Section 5.4. However, DMX Corporation will not be obliged to pay or issue any Bid Consideration to a COT Shareholder until any irregularity has been resolved or waived and any other documents required to procure registration of that COT Shareholder's relevant COT Shares in the name of DMX Corporation have been received by DMX Corporation.

Where the requirements set out in this Acceptance Form and this Section 5.4 have been complied with in respect of some but not all of your COT Shares, DMX Corporation may also, at its sole discretion, deem your acceptance of this Offer complete in respect of those COT Shares for which the requirements have been complied with but not in respect of the remainder.



## 5.5 PERSONS TO WHOM THE OFFER IS MADE

- (a) An Offer on the terms and conditions set out in this Bidder's Statement and bearing the same date is being made to and will be sent to each holder of COT Shares that is registered as at the close of business (AEST) on the Register Date.
- (b) Subject to paragraph 5.1(a), a person who:
- (i) is able to give good title to a parcel of COT Shares during the Offer Period; and
  - (ii) has not already accepted an Offer for those COT Shares,
- may accept this Offer, in accordance with section 653B(1) of the Corporations Act, as if an Offer on terms identical with the Offer had been made to that person in relation to those COT Shares.
- (c) If at any time during the Offer Period, another person is able to give good title to some or all of your COT Shares, and that person has not already accepted the Offer for those COT Shares, then, subject to paragraph 5.1(a):
- (i) that person will be deemed to have been made a new Offer by DMX Corporation in respect of those transferred COT Shares and will be entitled to accept that Offer as if it had been made to them in respect of those COT Shares;
  - (ii) a new Offer will be deemed to have been made to you for the balance of the COT Shares you hold or continue to hold and you will be entitled to accept that Offer in respect of those COT Shares; and
  - (iii) the original Offer to you in respect of your COT Shares as referred to in paragraphs (i) and (ii) above, will be treated as having been immediately withdrawn.
- (d) If at any time during the Offer Period, your COT Shares consist of two or more distinct parcels as contemplated by section 653B(1) of the Corporations Act (for example, because you hold your COT Shares as trustee or nominee for, or otherwise on account of, several distinct beneficial owners), then this Offer is deemed to be made in respect of each of those parcels of your COT Shares.

You may accept this Offer as if:

- (i) a separate Offer has been made to you for each distinct parcel of your COT Shares; or
- (ii) a single Offer had been made in respect of two or more distinct parcels of your COT Shares.

However, if you accept an Offer in respect of a parcel of your COT Shares, no one else may accept the Offer in respect of those COT Shares.

Your acceptance of the Offer for any distinct parcel or parcels of your COT is ineffective unless:

- (i) you have given to DMX Corporation a notice stating that your COT Shares consists of distinct parcels, which must be:
  - if any of your COT Shares is in a CHESS Holding, in an electronic form approved by the ASTC Settlement Rules; or
  - if any of your COT is in an Issuer Sponsored Holding, in writing; and

- (ii) your acceptance of the Offer specifies the number of COT Shares is in the distinct parcel to which that acceptance relates.

If this applies to you, please call Jon McArthur on 02 8256 2100 for additional copies of this Bidder's Statement and Acceptance Form as are necessary.

## 5.6 DEFEATING BID CONDITIONS

This Offer and any contract that results from your acceptance of this Offer is subject to the fulfilment or waiver by DMX Corporation of each of the following conditions:

**(a) Minimum acceptance**

At or before the end of the Offer Period, DMX Corporation has a relevant interest in at least 30% (by number) of COT Shares on issue at that time.

**(b) Majority of directors appointed**

Before the end of the Offer Period, a majority of directors on the board of Continuation Investments are appointed by DMX Corporation.

**(c) No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period, none of the following occurrences (**Prescribed Occurrences**) occurs:

- (i) Continuation Investments converts any of its shares into a larger or smaller number of shares;
- (ii) Continuation Investments or any of its subsidiaries resolves to reduce its share capital in any way;
- (iii) Continuation Investments or any of its subsidiaries enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Continuation Investments or any of its subsidiaries issues shares (other than as a result of exercising an option to acquire a COT share existing as at the date of this Bidder's Statement) or grants an option over its shares, or agrees to do so;
- (v) Continuation Investments or any of its subsidiaries issues, or agrees to issue, convertible notes;
- (vi) Continuation Investments or any of its subsidiaries disposes, or agrees to dispose, of all, or a substantial portion, of its business or property;
- (vii) Continuation Investments or any of its subsidiaries charges, or agrees to charge, all, or a substantial portion, of its business or property;
- (viii) Continuation Investments or any of its subsidiaries resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Continuation Investments or any of its subsidiaries is appointed;
- (x) a court makes an order for the winding up of Continuation Investments or any of its subsidiaries;

- (xi) an administrator of Continuation Investments or any of Continuation Investments' subsidiaries is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Continuation Investments or any of its subsidiaries executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed for the whole, or a substantial portion, of the property of Continuation Investments or any of its subsidiaries.

**(d) No material adverse change**

Between the Announcement Date and the end of the Offer Period:

- (i) no event, matter or circumstance occurs that will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses, or prospects of Continuation Investments and its subsidiaries as a whole;
- (ii) DMX Corporation does not become aware of any event of the kind referred to in subparagraph (i) which occurred before the Announcement Date but that was not disclosed by Continuation Investments or was not apparent from publicly available information;
- (iii) without limitation to any other part of this condition, there is no outbreak of hostilities, political unrest, labour disturbance, fire or other natural disaster which affects the financial position of Continuation Investments; and
- (iv) without limitation to any other part of this condition, no event, matter or circumstance occurs that either individually or when considered in combination with other events, matters or circumstances reduces, or is reasonably likely to reduce, the net assets of Continuation Investments by more than \$0.15 million.

**(e) No other person having 40% or more voting power**

At any time before the end of the Offer Period, no person (other than DMX Corporation or its Associates) has voting power of 40% or more in Continuation Investments.

**(f) Net asset value does not decline by more than \$150,000**

At any time before the end of the Offer Period, no event occurs that reduces, or is reasonably likely to reduce, the net assets of Continuation Investments by more than \$150,000.

## 5.7 NATURE OF CONDITIONS

- (a) Each of the Bid Conditions is a condition subsequent and will not prevent the formation of a contract to sell your COT Shares to DMX Corporation in accordance with the terms and conditions set out in this Offer, upon a valid acceptance by you of this Offer. However, any non-fulfilment of any of the Bid Conditions will, unless waived by DMX Corporation in accordance with Section 5.8, entitle DMX Corporation to rescind any contract that results from your acceptance of this Offer as if that contract had not been formed.
- (b) Each of the Bid Conditions will constitute and be construed as separate, distinct and several conditions. No Bid Condition which applies will be taken to limit the meaning or effect of any other Bid Condition.
- (c) Subject to the Corporations Act, DMX Corporation alone is entitled to the benefit of the Bid Conditions and any breach or non-fulfilment of any such Bid Condition may be relied upon only by DMX Corporation.

## 5.8 WAIVER OF CONDITIONS

Subject to the Corporations Act, DMX Corporation may free the Offer and any contract resulting from an acceptance of the Offer from any of the Bid Conditions, either generally or for a specific occurrence, by providing written notice to Continuation Investments and ASX in accordance with section 650F and section 630 of the Corporations Act. Any such notice may be given:

- (a) in the case of each of the Bid Conditions other than the Prescribed Occurrences – not less than seven days before the expiry of the Offer Period, which is currently scheduled to occur on 26 September, 2013; and
- (b) in the case of the Prescribed Occurrences in paragraph 5.6(c) – not less than three business days after the end of the Offer Period, which is currently scheduled to occur on 23 September, 2013.

If the Closing Date of the Offer is extended by a particular period, the date for giving the abovementioned notices will be postponed by an equivalent period.

If, by the end of the Offer Period (or in respect of the Prescribed Occurrences, by the end of the third business day after the end of the Offer Period), any of the Bid Conditions have not been fulfilled and DMX Corporation has not freed the Offer from those outstanding Bid Conditions, all contracts resulting from any acceptance of the Offer will thereupon be deemed to be automatically void. In that event, DMX Corporation will, if you have accepted the Offer, return to you by post your Acceptance Form and any other documents sent with it by you, at your last known address as shown on the most recent copy of the COT Shareholders' register provided to DMX Corporation and notify ASTC of the lapse of the Offer in accordance with Rule 14.9 of the ASTC Settlement Rules.

## 5.9 NOTICE OF STATUS OF CONDITIONS

The date for giving the notice on the status of the Bid Conditions as required by section 630(1) of the Corporations Act is 18 September 2013 (subject to any variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

## 5.10 EFFECT OF ACCEPTANCE

By accepting this Offer in accordance with Section 5.4, you will have:

- (a) accepted this Offer for that number of your COT Shares to which this Offer relates (**Accepted Shares**) and have agreed to sell the Accepted Shares to DMX Corporation;
- (b) (subject to the Offer being declared free from the Bid Conditions or the fulfilment of those Bid Conditions) assigned the beneficial interest in the Accepted Shares to DMX Corporation, conveyed beneficial title to the Accepted Shares to DMX Corporation and agreed to convey legal title to the Accepted Shares to DMX Corporation, and agree that DMX Corporation will be immediately entitled to register the transfer of the Accepted Shares;
- (c) irrevocably authorised DMX Corporation (by its directors, servants or agents) to complete the Acceptance Form by inserting omitted details in respect of the Accepted Shares and to amend errors or omissions in the relevant Acceptance Form (including altering the number of COT Shares stated to be held by you and making any consequential changes to the number of the Accepted Shares) as may be required to make the Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of the Accepted Shares to DMX Corporation;
- (d) represented and warranted to DMX Corporation that the Accepted Shares will, at the date of the transfer of the Accepted Shares to DMX Corporation, be fully paid and free from all legal or other Encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity to accept this Offer and to sell and transfer the legal ownership and beneficial ownership of the Accepted Shares to DMX Corporation;

- (e) if you are the legal owner but not the beneficial owner of the Accepted Shares, represented and warranted to DMX Corporation that:
- (i) the beneficial holder has not sent a separate acceptance of the Offer in respect of the Accepted Shares;
  - (ii) the number of COT Shares you have specified as being the entire holding of COT Shares you hold on behalf of a particular beneficial holder is in fact the entire holding; and
  - (iii) that you are irrevocably and unconditionally entitled to transfer the Accepted Shares, and to assign all of the beneficial interest therein to DMX Corporation;
- (f) irrevocably appointed DMX Corporation and each of its directors, secretaries and officers severally as your true and lawful attorney, with effect from the date that each of the Bid Conditions are satisfied or that this Offer or any contract resulting from its acceptance becomes free from each of the Bid Conditions, with the power to do all things which you could lawfully do regarding the Accepted Shares or exercising any right derived from the holding of the Accepted Shares, including:
- attending and voting at any meeting of Continuation Investments;
  - demanding a poll for any vote to be taken at any meeting of Continuation Investments;
  - proposing or seconding any resolution to be considered at any meeting of Continuation Investments;
  - requisitioning the convening of any meeting of Continuation Investments and convening a meeting pursuant to any such requisition;
  - notifying Continuation Investments that your address in the records of Continuation Investments for all purposes, including the despatch of notices of meeting, annual reports and dividends, should be altered to an address nominated by DMX Corporation; and
  - doing all things incidental or ancillary to any of the above,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of DMX Corporation as the intended registered holder and beneficial holder of the Accepted Shares.

This appointment, being given for valuable consideration to secure the interest acquired in the Accepted Shares, is irrevocable, and terminates upon registration of a transfer to DMX Corporation of all of the Accepted Shares.

DMX Corporation will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which you might otherwise incur or undertake as a result of the exercise by an attorney of any powers under this paragraph;

- (g) whilst the appointment in paragraph (f) above continues, agreed not to attend or vote in person or by proxy, attorney or corporate representative at any meeting of Continuation Investments, or to exercise or purport to exercise (in person or by proxy, attorney, corporate representative or otherwise) any of the powers conferred by the power of attorney in paragraph (f) above;
- (h) irrevocably authorised DMX Corporation to apply for the issue to your account of that number of DMX Shares corresponding to your entitlement under this Offer (if you elect the scrip alternative of the Bid Consideration) at the date of application unless you are an COT Foreign Shareholder or Unmarketable Parcel Shareholder in which case you will have irrevocably authorised DMX

Corporation to apply for the issue to the account of the Sale Nominee of that number of DMX Shares corresponding to your entitlement under this Offer at the date of application;

- (i) agreed to accept the DMX Shares to which you have become entitled by acceptance of this Offer (if you elect the scrip alternative of the Bid Consideration) subject to the constitution of DMX Corporation and have authorised DMX Corporation to place your name on its register of security holders in respect of those DMX Shares;
- (j) irrevocably authorised and directed Continuation Investments to pay DMX Corporation or to account to DMX Corporation for all Rights in respect of the Accepted Shares subject to any such Rights received by DMX Corporation being accounted for by DMX Corporation to you if this Offer is withdrawn or the contract formed by your acceptance of this Offer is rescinded or rendered void;
- (k) except where Rights have been paid or accounted for under paragraph (h), irrevocably authorised DMX Corporation to deduct from or adjust the Bid Consideration payable to you in accordance with the terms of this Offer, such amounts as contemplated in paragraphs 5.1(e);
- (l) if you signed the Acceptance Form in respect of any of your COT Shares in a CHESS Holding, irrevocably authorised DMX Corporation:
  - to instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such relevant COT Shares per the ASTC Settlement Rules; and
  - to give any other instructions concerning those COT Shares to your Controlling Participant on your behalf pursuant to the sponsorship agreement between you and that Controlling Participant;
- (m) if paragraph 5.11(d) applies to you, agreed that you will provide DMX Corporation at your cost with all information and assistance required in order for DMX Corporation to apply for requisite authorities or clearances from the Reserve Bank of Australia, the Australian Taxation Office or any other Public Authority;
- (n) agreed that the contract formed by your acceptance of this Offer will be governed by the laws of the State of New South Wales and agreed to submit to the non-exclusive jurisdiction of courts exercising jurisdiction in that State; and
- (o) agreed to indemnify DMX Corporation and each of its officers, agent and nominees in respect of any claim, demand, action, suit or proceedings against it, or any loss, damage, expense or liability whatsoever incurred by it, as a direct or indirect result of any representation or warranty made by you in this Section 5.10 not being true or complete in all material respects.

The representations, warranties, authorisations and indemnity referred to in this Section 5.10 will (unless otherwise stated) remain in force after you receive the Bid Consideration for the Accepted Shares and after DMX Corporation becomes the registered holder of them.

## **5.11 OBLIGATIONS OF DMX CORPORATION**

- (a) Subject to the remainder of this Section 5.11, Section 5.12 and the Corporations Act, if you accept this Offer for your COT Shares, and the contract resulting from your acceptance of this Offer becomes unconditional, then:
  - (i) when the acceptance is for cash, DMX Corporation will arrange for a cheque to be drawn in Australian dollars in your favour for the amount of cash payable to you in accordance with this Offer and post the cheque to you at the address shown in the Acceptance Form;

- (ii) when the acceptance is for DMX Shares, DMX Corporation will arrange for new DMX Shares to be issued to you in accordance with this Offer to your nominated CHES account or in issuer sponsored form to the registered holder of your Continuation Investments shareholding (as the case maybe),

in each case by the end of the earlier of the following periods:

- (iii) 1 month after the date this Offer is validly accepted by you or, if at the time of your acceptance this Offer is subject to one or more outstanding Bid Conditions, within 1 month after the contract formed by your acceptance of this Offer becomes unconditional; and
  - (iv) 21 days after the end of the Offer Period.
- (b) Where additional documents are required to be given to DMX Corporation with your acceptance of this Offer, either by the Acceptance Form or otherwise, to enable DMX Corporation to become the holder of your COT Shares (such as a power of attorney):
- (i) if those documents are given to DMX Corporation with your acceptance, DMX Corporation will pay or issue to you the Bid Consideration to which you are entitled in accordance with paragraph (a) above;
  - (ii) if those documents are given to DMX Corporation after your acceptance of this Offer but before the end of the Offer Period, DMX Corporation will pay or issue to you the Bid Consideration to which you are entitled by:
    - if at the time DMX Corporation is given those documents, this Offer is subject to one or more outstanding Bid Conditions, the earlier to occur of the expiry of 1 month after the Offer becomes unconditional and the expiry of 21 days after the end of the Offer Period; or
    - if at the time DMX Corporation is given those documents, all Bid Conditions have been satisfied or waived, the earlier to occur of the expiry of 1 month after the date upon which DMX Corporation is given those documents and the expiry of 21 days after the end of the Offer Period; and
  - (iii) if those documents are given to DMX Corporation after your acceptance of this Offer and after the end of the Offer Period, DMX Corporation will pay or issue to you the Bid Consideration to which you are entitled within 21 days after the later to occur of the date upon which those documents are given to DMX Corporation and the date on which this Offer becomes unconditional.

DMX Corporation may, at its sole discretion, rescind any contract resulting from your acceptance of this Offer if DMX Corporation is not given the necessary additional documents required to be given with your acceptance of this Offer, within 1 month after the end of the Offer Period.

- (c) All costs and expenses associated with the preparation and circulation of this Bidder's Statement and the implementation and completion of the Offer, and any stamp duty payable on the transfer of COT Shares to DMX Corporation pursuant to this Offer, will be paid by DMX Corporation.
- (d) If, at the time of the acceptance of this Offer, any authority or clearance of the Reserve Bank of Australia, the Australian Taxation Office or any other Public Authority is required for you to receive any consideration under this Offer or you are resident in or of a place to which, or you are a person to whom a law of Australia would make it unlawful for DMX Corporation to provide consideration under this Offer, then your acceptance of this Offer will not create, transfer to or confer upon you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained.

## 5.12 FOREIGN COT SHAREHOLDERS AND UNMARKETABLE PARCEL SHAREHOLDERS

If, at the time you accept this Offer, you are, or are acting on behalf of, a Foreign COT Shareholder or Unmarketable Parcel Shareholder, you will not be entitled to receive DMX Shares as consideration for your COT Shares as a result of accepting this Offer and electing the scrip alternative of the Bid Consideration. Instead, DMX Corporation will:

- (a) arrange for the issue to the Sale Nominee of that number of DMX Shares to which you are entitled to receive under this Offer but for this Section 5.12;
- (b) cause those DMX Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable after the Closing Date, at such price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith;
- (c) promptly pay, or procure the Sale Nominee to pay, to you the amount calculated in accordance with the following formula (on an average basis so that all Foreign COT Shareholders and Unmarketable Parcel Shareholders who accept this Offer will receive the same value for each of their COT Shares, subject to rounding (Net Proceeds of Sale):

$$NP \times (A / B)$$

Where:

**NP** means the total proceeds of sale of that number of DMX Shares to which you and all other Foreign COT Shareholders and Unmarketable Parcel Shareholders who accept this Offer and elect the scrip alternative of the Bid Consideration would have been entitled to receive under this Offer, less the expenses of that sale (including but not limited to stamp duty, brokerage and other selling costs, taxes and charges)

**A** means the number of DMX Shares which, but for this Section 5.12, would have been issued to you as consideration for your acceptance of this Offer.

**B** means the aggregate number of DMX Shares that is issued to the Sale Nominee under this Section 5.12.

- (d) You will be paid your share of the Net Proceeds of Sale by the Sale Nominee in Australian currency or, if this is unlawful, in the currency of the jurisdiction of your residence (as shown in the most up to date copy of the register of COT Shareholders that is provided to the Sale Nominee or on the Acceptance Form).
- (e) Payment will be made by cheque posted to you as soon as practicable, and in any event within the period required by the Corporations Act, by pre-paid mail at your risk to your address as recorded in the most up to date copy of the register of COT Shareholders that is provided to the Sale Nominee before your cheque is produced.
- (f) Under no circumstances will interest be paid on your share of the Net Proceeds of Sale by the Sale Nominee, regardless of any delay in remitting those proceeds to you or your receipt of those proceeds.

## 5.13 QUOTATION

- (a) DMX Corporation has been admitted to the Official List and shares of the same class as those to be issued as consideration under this Offer will be applied for official quotation by ASX.
- (b) An application will be made within 7 days after the start of the Bid Period for the granting of Official Quotation of the DMX Shares that are to be issued under this Offer. Official Quotation is not granted automatically on application.



- (c) In accordance with section 625(3) of the Corporations Act, this Offer is subject to a statutory condition that:
  - (i) application for admission to Official Quotation of the DMX Shares that are to be issued under this Offer is made within 7 days of the start of the Bid Period; and
  - (ii) permission for admission to Official Quotation of those DMX Shares that are to be issued under this Offer will be granted no later than 7 days after the end of the Bid Period.

This Offer may not be freed from this condition.

- (d) Shares in DMX were suspended from trading on 14 August 2012. The company retains its continuous disclosure obligations. Once the obligations of Chapters 1 and 2 of the Listing Rules are met DMX Corporation will apply to the ASX for reinstatement.

#### **5.14 VARIATION OF OFFER**

DMX Corporation may vary this Offer in accordance with the Corporations Act.

#### **5.15 WITHDRAWAL OF OFFER**

DMX Corporation may withdraw unaccepted Offers at any time with the consent in writing of the ASIC, who may specify conditions for its consent. If so, DMX Corporation will give notice of the withdrawal to the ASX and to Continuation Investments and will comply with any other conditions imposed by the ASIC.

#### **5.16 OTHER MATTERS**

- (a) Subject to the Corporations Act, a notice or other communication given by DMX Corporation to you in connection with this Offer shall be deemed to be duly given if it is in writing and:
  - (i) is delivered at your address as recorded on the register of COT Shareholders or the address shown in the Acceptance Form; or
  - (ii) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.
- (b) If:
  - (i) the Offer is withdrawn after your Acceptance Form has been sent to DMX Corporation, but before it has been received; or
  - (ii) for any other reason DMX Corporation does not acquire the Accepted Shares to which your Acceptance Form relates,

you may request DMX Corporation by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary post. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

- (c) Under no circumstances will any interest be paid on any money paid by you pursuant to your acceptance of this Offer, in the event this Offer is extended or not completed for any reason.
- (d) This Offer and any contract resulting from acceptance of it are governed by the laws in force in New South Wales.

## 6. PROFILE OF DMX CORPORATION

### 6.1 OVERVIEW

On 15 February 2012, the assets and shares of DMX Corporation and its subsidiaries were sold to Tox Free Solutions Limited (TOX) for \$58 million. Albeit with no operating businesses, DMX Corporation remains a listed entity on the ASX. Adequate funding has been maintained to meet its obligations and seek other opportunities to enhance shareholder value.

Prior to the above transaction, DMX Corporation was a specialised provider of environmental and waste management solutions based in Australia. DMX Corporation provided a range of waste services including consultancy, project management, fixation and encapsulation, treatment and destruction of hazardous waste and contaminated site remediation. DMX Corporation primarily operated throughout Australia and also provided services in China, Mexico and the USA.

Going forward, DMX Corporation intends to become a listed investment vehicle focused on making long term and strategic investments in ASX listed companies. Investments will be made following a value investment style which is set out in Section 9 of this Offer Document.

If the Offer is successfully completed, Continuation Investments will be a key asset of DMX Corporation and will have a similar mandate.

### 6.2 ASX-LISTED

DMX Corporation listed on the ASX in 26 May 2000 as Phoenix Mining Limited and changed its name to DoloMatrix Limited on 3 August 2001 and DMX Corporation on 27 November 2012. As at the last trading day prior to the Announcement Date (being 12 August 2013), DMX Corporation's market capitalisation was approximately \$1.69 million, with the most recent (off market) being 1.2 cents.

### 6.3 INFORMATION ON DMX SECURITIES

#### 6.3.1 Capital structure

As at the date of this Bidder's Statement, DMX Corporation had 141,042,059 shares on issue. There were no options or other dilutive securities on issue.

#### 6.3.2 Distribution of DMX Shares

As at the date of this Bidder's Statement, there were 1,851 DMX Shareholders. The distribution of DMX Shares is as set out in the following table:

Number of shares held	Number of shares	Number of holders	% of issued capital
1 – 1,000	251,120	923	0.18%
1,001 – 5,000	1,086,917	391	0.77%
5,001 – 10,000	1,434,467	181	1.02%
10,001 – 100,000	9,520,423	258	6.75%
100,001 +	128,747,132	98	91.28%
<b>TOTAL</b>	<b>141,042,059</b>	<b>1,851</b>	<b>100.00%</b>

Note: As at 23 July, 2013

### 6.3.3 Major DMX shareholders

As at the date of this Bidder's Statement, the top 10 DMX Shareholders are:

Shareholder	Number of shares	% of issued capital
Seed Capital Pty Ltd	32,439,671	23.00%
John Welsh & Lisa Welsh	20,297,707	14.39%
RBC Investor Services Aust. Nom.	14,619,602	10.37%
Michael Haddad	11,016,445	7.81%
ABN Amro Clearing	4,999,409	3.54%
Mr Stefan Metanomski	2,000,000	1.42%
Geoffrey Glew	1,754,386	1.24%
RNAJ Pty Ltd	1,666,667	1.18%
Mercantile Investment Company	1,500,000	1.06%
Monex Boom Securities (HK) Ltd	1,489,530	1.06%

Based on the information lodged with ASX or known to DMX Corporation, DMX Corporation has the following substantial shareholders as at the date of this Bidder's Statement:

Shareholder	Shareholding	Percent ownership
Seed Capital Pty Ltd	32,439,671	23.00%
John Welsh and Lisa Welsh	20,297,707	14.39%
Wilson Asset Management	14,619,602	10.37%
Michael Karam Haddad	11,596,445	8.22%

### 6.3.4 Recent trading history of DMX Shares

The last recorded sale price of DMX Shares on the ASX before the date of this Bidder's Statement was 1.1 cents on 20 August 2012.

The highest and lowest recorded sale price of DMX Shares in 2011 and 2012 were as follows:

	2011	2012
Highest share price	38.0	39.0
Lowest share price	17.0	0.7

During 2012 DMX returned 40.6 cents by way of capital returns and dividends.

Since 20 August 2012, DMX shares have been suspended from trading. As a consequence all share trading since this date has been off market. In this time 26.7% of the share capital has changed hands at an average price of 1.25 cents per DMX share. The most recent traded price for DMX is 1.2 cents.

### 6.3.5 Rights and liabilities attaching to DMX Corporation Shares

All DMX Shares issued as Bid Consideration will be fully paid ordinary shares in the capital of DMX Corporation and will rank equally with all other DMX Shares already on issue as at the date of this Bidder's Statement.

The following is a summary of the rights and liabilities attaching to DMX Shares under the Constitution. This summary is not intended to be exhaustive. A full copy of the Constitution is available for inspection free of charge at DMX Corporation's registered office. The rights and liabilities attaching to the DMX Shares may also be regulated by the Corporations Act, Listing Rules, ASTC Settlement Rules and the common law in certain circumstances.

(a) **Share capital**

Subject to the Constitution, Corporations Act and Listing Rules, the directors of DMX Corporation may issue, or grant options in respect of, shares in DMX Corporation (including DMX Shares) on such terms as the directors think fit. DMX Corporation may issue preference shares, including preference shares that are liable to be redeemed.

(b) **Voting rights**

At a general meeting of DMX Corporation, every DMX Shareholder present in person, by an attorney, representative or proxy has 1 vote on a show of hands and 1 vote on a poll for each fully-paid DMX Share that that DMX Shareholder holds. A partly paid share in the issued capital of DMX Corporation will entitle its holder to, on a poll, a fraction of a vote equal to the proportion that the total amount paid, or credited as paid on that share bears to the total amount paid, credit and payable on that share.

Where, in respect of a resolution, there is an equality of votes, the Chairperson of the meeting will have the casting vote.

(c) **Dividend rights**

Subject to the Corporations Act, the directors of DMX Corporation may resolve to pay interim and final dividends on the DMX Shares as the financial position of DMX Corporation justifies.

Dividends in respect of any partly-paid share issued in the capital of DMX Corporation will be paid proportionately to the amount(s) paid (not credited) on that share.

(d) **Rights on winding-up**

If DMX Corporation is wound up:

- any surplus assets of DMX Corporation will, subject to the Constitution and any rights or restrictions attached to any shares issued by DMX Corporation, be divided among the shareholders of DMX Corporation in proportion to the number of shares held by them in DMX Corporation (reduced by any amount unpaid on those shares); and
- the liquidator may, with the authority of a special resolution, divide the property of DMX Corporation amongst its shareholders in kind and determine how the division is to be carried out as between the shareholders or different classes of shareholders.

(e) **Transfer of shares**

Shares in DMX Corporation may be transferred freely, subject to the requirements of the Constitution, the Corporations Act, the Listing Rules and the other market and clearing rules of the ASX.

The directors of DMX Corporation however may refuse to register a transfer of DMX Shares where the transfer would result in a breach of the Listing Rules or where otherwise permitted or required under the Listing Rules.

(f) **Variation of rights attaching to shares**

The rights attaching to any class of shares in DMX Corporation may only be varied or cancelled by a special resolution passed at a separate meeting of the holders of the shares of that class, or, with the written consent of the holders of 75% of the shares of that class.

(g) **General meeting**

Each shareholder, director and the auditor of DMX Corporation is entitled to receive notice of, and to attend, general meetings of DMX Corporation.

## 6.4 DMX DIRECTORS

(a) **Profiles**

**Roger Collison (Executive Chairman)**

Roger is an experienced company director working for both not for profit and for profit organisations. Current board positions include: Sydney Church of England Grammar School (Shore): Councillor, St Catherine's School, Waverley: Councillor, Anglican Church Property Trust, diocese of Sydney: Trustee, and Waterford Retirement Village Limited: Director.

Full details of Roger's investment expertise are detailed in paragraph 9.5.2.

**John Welsh (Director)**

John has extensive operational and investment banking experience. He was a highly rated industrial analyst while working at BBY, Australia's 4th largest domestic stockbroking firm. With its global reach in equity capital markets and M&A, BBY maintained a core focus on the resource and industrial sectors. He is a graduate of the Institute of Company Directors. Mr Welsh continues to maintain an extensive and direct exposure with manufacturing and healthcare end-users globally.

**Michael Haddad (Director)**

Michael has over 12 years' funds management industry experience, commencing his career with New Zealand-based Fisher Funds Management as an Investment Analyst focusing on NZ domestic equities. In 2002 Michael joined Sydney-based Peters MacGregor Capital Management as an Investment Analyst focused on global equities. He remains with Peters MacGregor as a shareholder and Principal of the firm, working closely with the firm's founder in overseeing strategic and operational matters in addition to maintaining a key role in the investment research and management function.

(b) **Remuneration and entitlements**

DMX Corporation's Directors receive a combined \$10,000 per annum

(c) **Personal interests of DMX Corporation Directors in DMX and COT**

<b>Director</b>	<b>Shareholding in DMX<sup>4</sup></b>	<b>Shareholding in COT<sup>4</sup></b>
Roger Collison	32,439,671	10,983
John Welsh	20,297,707	
Michael Haddad	11,596,445	

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<sup>4</sup> Beneficial interest

## 6.5 FINANCIAL INFORMATION

DMX Corporation reported a net loss of \$110,484 for the year ended 30 July 2013. At the end of June 2013, DMX Corporation had \$2,431,171 of assets including \$2,429,779 of cash.

In the half year ended 30 June 2013, DMX Corporation reported a net loss of \$20,795.

Throughout the year DMX has continued to trim its expenses with monthly management accounts indicating the company briefly returned to profitability in April. In the absence of investments undertaken throughout the year, the Directors of DMX expect the overall result for 2014 will be about break-even.

The acquisition of Continuation Investments will be funded out of the existing cash resources of DMX. Further information in relation to the funding arrangements in place to enable completion of the Offer is set out in Section 11 of this Bidder's Statement.

A copy of the 12 month results to 30 June 2013 of DMX Corporation, which have been subject to audit review, are included in Section 13 of this Bidder's Statement.

DMX is not intending to use any debt.

## 6.6 DMX CORPORATION AFTER COMPLETING THE PROPORTIONAL ACQUISITION OF CONTINUATION INVESTMENTS

DMX Corporation's balance sheet will differ depending on:

- the number of new DMX Shares issued pursuant to acceptance of the Offer and to fund the completion of the Offer; and
- the percentage ownership of Continuation Investments achieved by DMX Corporation on completion of the Offer.

Generally, if DMX Corporation:

- acquires a relevant interest in less than 20% of Continuation Investments, the investment will be disclosed as an investment in the DMX Corporation accounts;
- acquires a relevant interest in more than 20% and less than 50% of the total issued capital in Continuation Investments, but without control of the board of directors of Continuation Investments, the DMX Corporation balance sheet will account for its interest in Continuation Investments through proportional consolidation;
- acquires a relevant interest in more than 20% and less than 50% of the total issued capital in Continuation Investments, as well as control of the board of directors of Continuation Investments, the DMX Corporation balance sheet will account for its interest in Continuation Investments through full consolidation;
- acquires a relevant interest in more than 50% of the total issued capital in Continuation Investments, the DMX Corporation balance sheet will account for its interest in Continuation Investments through full consolidation.

Ultimately, the "per share" measures of the financial position and performance of DMX Corporation will be influenced by:

- the actual number of COT Shares in respect of which DMX Corporation receives valid acceptances;
- the magnitude of cash paid by DMX Corporation as Bid Consideration; and

- the number of DMX Shares issued by DMX Corporation as Bid Consideration.

Generally, all other things being equal, the higher the proportion of DMX Shares issued pursuant to the Offer, the lower the reported "per share" net tangible asset (**NTA**) backing of DMX Corporation, and vice versa. However, the issue of a higher number of DMX Shares as Bid Consideration will result in a lower level of cash being paid out under the Offer, and as such, lower demand on the cash holdings (and therefore NTA) of DMX Corporation. These two influences will tend to be off-setting such that the level of DMX's NTA backing after completion of the Offer will not differ substantially depending on whether more COT Shareholders elect to receive the cash consideration or the scrip consideration under the Offer.

## **6.7 DMX CORPORATION MID AND LONGER TERM INTENTIONS**

Currently both DMX and COT are both very small companies to be listed on the ASX. In both cases the intention is to raise new equity capital to achieve a more economic scale. It is unclear at this stage as to how successful this will be as this will depend on many factors outside of the control of the company such as equity market conditions, the willingness of existing shareholders to participate and contribute to the new direction of each of the companies, and the type of investment opportunities identified.

It is the intention of DMX to either issue new shares at a price no less than the net asset value of the business, or, on an equal basis to all shareholders at a discount.

## **6.8 DMX CORPORATION'S ASX ANNOUNCEMENTS**

DMX Corporation is a company listed on the ASX (ASX code: DMX) and is subject to the continuous and periodic disclosure requirements of both the ASX and the Corporations Act. A list of announcements made by DMX Corporation to the ASX between 1 January 2012 and the date of this Bidder's Statement is set out in Section 17. This information may be relevant to your assessment of this Offer. Copies of the announcements are also available from the ASX at [www.asx.com](http://www.asx.com).

## **6.9 WEBSITE ACCESS**

For further information about DMX Corporation, please visit: [www.dolomatrix.com](http://www.dolomatrix.com)

## **7. PROFILE OF CONTINUATION INVESTMENTS**

### **7.1 OVERVIEW**

In April 2010 the company that was to become Continuation Investment, van Eyk Three Pillars, voted to liquidate its investment portfolio and return the capital to shareholders by way of dividends and capital returns. This process was largely completed by the middle of 2011.

In September 2011 the company undertook a share buyback as a further mechanism to return cash to shareholders. Following this buy-back the listed investment company, Tidewater Investments, became the single largest shareholder with 52.63% of the shares outstanding.

In December 2011 the company changed its name to Continuation Investments.

By that time the only assets held by COT were in the form of cash holdings.

In March 2012 Tidewater Investments sold its entire shareholding in COT with no single recipient becoming a substantial shareholder. Two new directors were appointed: Andrew Worland and Jeremy King with Tidewater's Directors resigning.

In April 2012 the company undertook a 3:1 share split and in July undertook the 2.4:1 rights issue at 5 cents per share.

At the 2012 Annual General Meeting COT shareholders awarded 2,250,000 unlisted options to Directors Andrew Worland and Jeremy King with an exercise price of 20c on or before 31 December 2015.

In April 2013, the only independent Director, Richard Ochojski resigned and David Church was appointed as a Director.

### **7.2 ASX-LISTED**

Continuation Investments listed on the ASX on 23 January 2004 as van Eyk Three Pillars Limited and changed its name to Continuation Investments Limited on 19 December 2011. As at the last trading day prior to the Announcement Date, Continuation Investment's market capitalisation is approximately \$1.25 million.

### **7.3 INFORMATION ON COT SECURITIES**

#### **7.3.1 Capital structure**

As at the date of this Bidder's Statement, Continuation Investments had 19,865,377 shares and 2,250,000 unlisted options on issue. There were no other dilutive securities on issue.

#### **7.3.2 Distribution of COT Shares**

Based on the information lodged with ASX COT has no substantial shareholders

### **7.4 CONTINUATION INVESTMENTS' ASX ANNOUNCEMENTS**

Continuation Investments is a company listed on the ASX (ASX code: COT) and is subject to the continuous and periodic disclosure requirements of both the ASX and the Corporations Act. A list of announcements made by Continuation Investments to the ASX between 1 July 2012 and the date of this Bidder's Statement is set out in Section 18. This information may be relevant to your assessment of this Offer. Copies of the announcements are also available from the ASX at [www.asx.com](http://www.asx.com).



## **8. INTENTIONS AS TO THE FUTURE OF CONTINUATION INVESTMENTS**

### **8.1 OVERVIEW**

If DMX Corporation achieves operational control of Continuation Investments, it is intended to run the business along similar lines as DMX Corporation itself. That is, as a listed investment company making both portfolio and strategic investments. Details of the DMX value style investment approach are outlined in Section 9 of this Offer Document. Due to the small size of COT, DMX would seek to increase the size of the business by way of capital raisings such as rights issues, placements, share purchase plans and underwritten dividend reinvestment plans. DMX would seek to maintain its percentage ownership throughout this process.

To ensure proper governance is maintained, and minority shareholder interests are looked after, an independent Director would be appointed, ideally from the existing board.

### **8.2 INVESTMENT APPROACH AND FUTURE BUSINESS DIRECTION**

DMX's intention is to operate COT on the same basis as DMX - that is as a listed investment company. Two types of investment would be sought – strategic and portfolio.

Strategic investments are ones which are intended to grow the size and scale of the business. DMX's COT investment is a good example of a strategic investment.

Portfolio investments will be focused on a small number – probably no more than 10 – of high quality ASX listed Australian companies which are both within the sphere of competence of the management team and identified as attractively priced by the investment approach outlined in Section 9 of this Offer Document.

The investment approach has a long term perspective, is focused on absolute returns (that is returns which are focused on the dollar increase not the relative performance against a benchmark such as the ASX 200), and is expected to have low portfolio turnover.

The mix between these two paths will depend on the opportunities identified from time to time.

### **8.3 USE OF DEBT**

It is not DMX's intention to use debt as part of its investment approach. A small overdraft facility may be used from time to time to meet the operating needs of the business.

### **8.4 MANAGEMENT AND OTHER COSTS**

The investment decisions affecting COT will be made by DMX, as such there will be no management fee payable by COT to DMX. The DMX appointed board representatives will be paid a nominal fee for each board meeting. The payment to the independent Chairman will depend on the negotiations undertaken with that person when identified.

COT will be responsible for its company specific costs such as insurance, listing fees, accounting and audit fees, and company secretariat.

### **8.5 DIVIDEND POLICY**

The dividend approach will depend upon the franking credits received by the company from its various portfolio and strategic investments and the investment opportunities available to COT from time to time.

To the extent that is reasonably possible, it is the intention of DMX to payout the franked dividends received by COT to shareholders of COT as they become available. Shareholders would be given the opportunity to reinvest these dividends back into COT through an underwritten dividend reinvestment plan, if a suitable underwriter or underwriters can be identified.

## **8.6 CONTINUATION OF CURRENT BUSINESS AND MAJOR CHANGES TO THE CURRENT BUSINESS OF CONTINUATION INVESTMENTS**

COT has only cash assets. If DMX gains control of COT it would be the intention to redeploy these cash assets into the investments as described in paragraph 8.2

## **8.7 REDEPLOYMENT OF THE FIXED ASSETS OF CONTINUATION INVESTMENTS**

COT has only cash assets, as such; there are no fixed assets to redeploy.

## **8.8 FUTURE EMPLOYMENT OF EMPLOYEES OF CONTINUATION INVESTMENTS**

Beyond the current board, to the best of DMX's knowledge COT does not have any employees. DMX would seek a majority in the board room, as such one or more of the current directors may be asked to resign or, if necessary, a shareholder vote would be undertaken to achieve this objective. DMX would prefer that an existing COT director continue to act as an independent Director of COT. The exact decisions in this regard will be made after the Offer is completed when DMX receives all relevant information in relation to COT.

# 9. PROFILE OF THE DMX CORPORATION INVESTMENT APPROACH

## 9.1 OVERVIEW

DMX Corporation's investment approach can be summarised as concentrated value-style. The investment approach is based around the fact that some businesses are inherently better than others. The approach of DMX Corporation is to find these superior businesses, wait for them to be cheaply priced and then invest in them.

The funds invested will be from the assets of DMX and its subsidiary COT. These funds are expected to expand as new equity capital is sourced. It is not intended to borrow to make investments, nor is it the intention to invest in securities which have leverage built into them such as futures, options or contracts for a difference.

## 9.2 PRINCIPLES

DMX Corporation is a value investor. The business' objective is to invest in businesses which are trading at a large discount to their risk adjusted true worth. We seek businesses where the difference between the share price and assessed value (intrinsic value) is sufficiently large to afford a sufficient margin of safety to justify the investment.

## 9.3 INVESTMENT APPROACH

We search for companies where the conservatively estimated intrinsic value exceeds the share price by a sufficiently large margin such that it affords a margin of safety which maximises the chance of long term outperformance. To achieve this object we draw from the insights of two bodies of knowledge: value investing and behavioural finance.

We consider that both approaches are complementary aspects on the same theme – the exploitation of inefficiencies in human thinking and market efficiencies.

DMX Corporation's value investing approach is based on fourteen key themes. These are summarised below.

- 1. Knowledge and expertise will be more important than diversification.** It is more important to know a small number of companies intimately than to know very little about a lot of companies. Risk will increase the more diversified you become.
- 2. Intrinsic value: cash flow, after allowance for the capital expenditure to keep the business going will be the key measure for valuation.** The intrinsic value of a business – the true underlying value – will depend on its ability to produce cash in the future less the cash it consumes. The intrinsic value will vary over time as cash-flow certainty and the discount rate change.
- 3. Risk: standard deviation of returns or likelihood of loss?** Value investors reject the idea that risk is the standard deviation of historic returns. Risk should be about the probabilistic assessment of something bad happening.
- 4. The share market can wildly mis-price companies relative to their intrinsic value. With time however prices will tend to correct.** In the short term, the share market is effectively a popularity contest. Share price will move up and down depending on the number of buyers or sellers. In the long term, the share price will reflect the economic fundamentals of the business. Over short periods of time (even extending to several years) there can be a wide gap between the intrinsic value and that available at the stock exchange.

- |   |  |
|---|--|
| 5. <b>We think of investments in terms of part ownership of a business.</b> | Shares are a fractional ownership of a business – they are a lot more than a stock certificate, a CHESSE statement, or a ‘blip’ on a screen.   |
| 6. <b>“Mr Market” should be your friend.</b>                                | Bi-polar “Mr Market” provides you buy and sell prices every day – sometimes high and sometimes low. You should exploit his moods – buy when he is down and sell when he is high. DMX will have a long term investment horizon so this theme is used as a guide in “bear” and “bull” markets. |
| 7. <b>Margin of safety.</b>   | The idea is you want to have a sufficiently large gap between the intrinsic value and the current share price to make the investment attractive and to allow for any inaccuracies in the assessment of the intrinsic value.  |
| 8. <b>Governance.</b>   | Alignment of rewards and treating shareholders as partners.  |
| 9. <b>Investing or value investing.</b>                                     | Investing should be about a considered appraisal of a business/investment case against all known facts with the expectation that on average a superior return can be achieved. This contrasts with speculation which is short term and more akin to gambling.                                |
| 10. <b>Value versus growth.</b>   | Value investing can be applied to both low and high growth businesses. The key is the intrinsic value compared to the current share price – the margin of safety.  |
| 11. <b>The distinction between price, book value and intrinsic value.</b>   | Price is the current share price. The book value (sometimes called the equity value) is the value of the assets minus liabilities as reported in the accounts expressed on a per share basis. The intrinsic value is the true underlying worth of the business.                              |
| 12. <b>Macroeconomic factors.</b>   | These are very hard to forecast accurately and, given the value investing approach is over the long term, frequently of only limited relevance.  |
| 13. <b>Gold and other assets that will never produce anything.</b>          | Non income producing assets have no value in the value investing framework.  |
| 14. <b>Family companies.</b>  | Very often family companies have performed well because decisions are frequently made within a longer time frame and, as the business will be the major part of the wealth of the family, they will typically have a higher level of engagement than a salaried employee.                    |

## 9.4 INVESTMENT PROCESS

At DMX Corporation we use these insights from value investing and behavioural finance to drive our investment process.

Our starting point as a value investor is that all companies have an underlying, true, value - its intrinsic value. Although this value cannot be directly observed, with skilled analysis and diligent research, an estimate may be made. This intrinsic value is then compared to the market price, and if the difference between the two is sufficiently attractive an investment will be made.

Looking at several aspects of this investment approach:

- (i) We will only make investments where we believe we have a thorough understanding of the business and industry.

- (ii) We will only make investments where we think there is a sufficiently large gap between the estimated intrinsic value and the share price of the investment is wide enough to compensate us for the uncertainty in our estimation of the intrinsic value. Some valuations will have greater uncertainty in them than others. Where the intrinsic value is more uncertain a greater discount to the share price is required to make the investment attractive.
- (iii) The intrinsic value will not be discovered by looking at the share price or relative value measures such as PE (or EV/EBIT or EV/EBITDA). In the long run, a stock has no life of its own; it is only an exchangeable piece of an underlying business. If that business becomes more profitable over the long term, it will become more valuable, and the price of its stock will go up in turn.

The approach to asset selection has four distinct phases: initial screening, intermediate screening, modelling and management meeting, and monitoring an investment.

(i) Initial screening

There are literally thousands of potential companies to invest in. Finding the right company is the challenge. Our approach has been to draw from a wide variety of sources to identify possible investments for initial analysis. These include from the stock exchange database of which firms have achieved the lowest price in the last 12 months, newspapers magazines and investor newsletters, and stockbroker databases, as well as discussions with other investors. There are over 1,000 companies in our database.

Once a company is identified as potentially interesting the first step is to decide whether the company is within our circle of competence.

Having done that, the next step is to do some basic screening on the main financial metrics of the business. This considers aspects such as return on equity, normalized earnings, PE ratio, and margins. The initial screen is based on the most recent reported results (multiplied by two if it is a half year). The results used are adjusted for asset purchases or sales, exceptional items, unusual tax charges, etc.

This initial screening enables a quick analysis which will eliminate companies which are loss making, have strange return characteristics, low ROE's or PE's which are astronomical. The purpose of the screen is to screen out not screen in. As such some good companies might be rejected but lots of bad companies are likely to be eliminated. From this screening we use the team's judgement and experience to decide which companies get through to the intermediate valuation.

(ii) Intermediate Screening

The intermediate stage uses a more considered estimate of earnings and valuation of aspects of the business which have no earnings (such as surplus land) or minimal earnings (such as share portfolios). The approach is to adjust the historic earnings for seasonality, and the effects of asset purchases or sales, exceptional items, unusual tax charges, etc. This will provide an estimate of what the underlying profitability of the business is.

Other factors also considered at this stage include the structure of the balance sheet, management compensation, dilutionary impact of share issues, and items from the balance sheet which should be separately valued.

This analysis produces an estimate of the intrinsic value of the business under a range of growth assumptions as well as tests for the quality of the businesses, governance structures, balance sheet and indebtedness ratios, bankruptcy risk, and return characteristics.

A further judgement is then made on these outcomes. The most attractive businesses will generally have high returns, little or no debt, trustworthy and competent management and have a relatively simple business with predictable cash flows.

(iii) Modelling and Management meeting

The small number of companies that get through this screen (about 10%) are then thoroughly analysed. This includes a detailed review of historic earnings and company announcements, a full model of the business (including of each of the group's divisions, balance sheet, income statement, cash flow statement, share numbers and dividends) for at least four years out, a desk review of the industry (competitors, markets, regulators, suppliers, customers, litigation), and a review of any corporate gossip such as on Hot Copper or in the financial press.

We try to keep our models as simple as possible. We want them to capture the essence of what the business drivers are but to retain an ability to rapidly update them and to enable sufficient simplicity to rapidly understand and maintain them. Earnings forecasts are important but other softer factors can be just as important.

Once all of this knowledge is incorporated into the model, a further estimate of the intrinsic value is undertaken. If the business is still attractive we arrange a meeting with the company.

When we meet with the company we are interested in the company's openness and frankness, the strategic direction of the business, and any opportunity to visit the operations to gain a better understanding of the business. We also ask management to explain the business, both to check our own understanding but also to hear the way they think about the business. We are also interested in management's thoughts on our model structure and approach. Although most companies will not say if your forecast is too high/low (and under the continuous disclosure rules nor should they) we seek their help in identifying logic errors in our models.

After our desk research and management meeting we assess the firm's competitive advantage. This will probably involve further research and meetings considering competitors, suppliers, customers, regulators, meetings with former employees, academics and industry experts, and regulators. The purpose of these meetings is to assess the firm's competitive advantages and the risks to the business model.

We believe competitive advantage stems from five sources:

- **Network effects.** This occurs where the value of the product increases as more people have or use the product. A good example of this would be the internet. If you and another person were the only people on the internet it would be far less value to you than if many people use the internet. The more people that use the internet the more valuable it is for other people to join and the more people that join the more valuable it is to join. It becomes a virtuous circle. Examples of this would include telecommunications, credit cards, and credit rating services.
- **Cost advantages.** This includes scale in distribution (such as railways or grocery retailing) and manufacturing (for instance there is only one incandescent light globe manufacturer left in the world). It will also include companies whose costs are structurally lower than competitors (for instance the Escondida mine jointly owned by BHP and Rio Tinto has the highest concentration of copper and lowest strip ratio of any copper mine in the world).
- **Intangible assets.** This will include factors such as brands, patents, licences and government concessions, and even corporate culture.
- **Switching costs.** For instance it is difficult and time consuming to change the bank or telephone company you use. In the corporate environment it can be expensive and risky to relocate plant and equipment or transition from one IT system to another.
- **Scale efficiencies.** This would include natural monopolies (airports, or water or electrical utilities, for instance), niche markets, and rational oligopolies (such as the Australian banking market).

An important factor that tends to indicate that competitive advantage is the return on equity being greater than the cost of equity.

Generally, the expected duration of the competitive advantage will be more important than the size of the competitive advantage.

Having identified the source of competitive advantage we then look to understand how sustainable it is and whether it is becoming greater or being eroded. Generally we assume that economic theory works and competitive advantage will erode with time – our key assessment will be how rapidly this is likely to occur.

(iv) Investment and monitoring

It is only after all of these steps have been undertaken, that an investment decision is made. For an investment to be made there needs to be a sufficiently large gap between the assessed intrinsic value and the share price to justify the investment. This margin of safety will vary depending on the reliability of the forecasts (some things are just easier to forecast accurately than others) and the expected time frame before the gap is expected to close.

In most cases no investment will be made and instead the share will be monitored for share price fluctuations, with the investment being made only when the margin of safety is sufficiently wide.

Shares will be sold from the portfolio when the margin of safety between the assessed value and the share price becomes too narrow or a new investment is identified which is so attractive that it justifies exit.

## 9.5 THE INVESTMENT MANAGER

The DMX Corporation board of Directors has overall responsibility for all investments made. Investment analysis is lead by Roger Collison who is also DMX's Chairman and Chief Investment Officer. Investment decisions are reviewed by the other two Directors – Michael Haddad and John Welsh - together with two more junior analysts.

### **Profile: Roger Collison (Chief Investment Officer)**

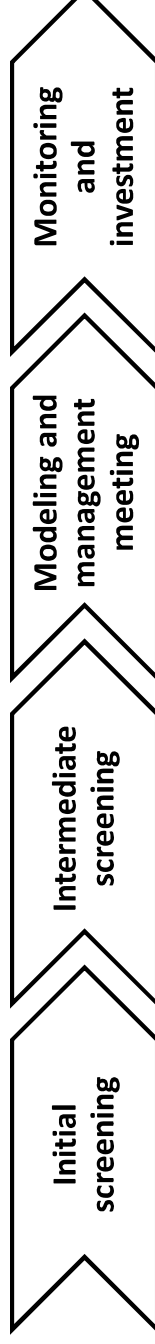
Roger Collison has over 20 years investment experience. He has worked both as a Director of Credit Suisse (based in Sydney and London) and as Head of Research at Tyndall Asset Management. At "bulge bracket" investment bank, Credit Suisse, he led the firm's global research into building and construction materials and was involved in a range of capital market actions including IPOs, takeovers, placements, and rights issues. He advised many of the world's leading institutional investment houses, as well as hedge funds, private equity, sovereign wealth funds, and family offices. While at Credit Suisse, Roger received over twenty industry awards.

Tyndall Asset Management is an institutional fund manager with around \$4.5bn under management. Roger jointly managed a \$1.2bn concentrated value fund and a research team of nine. During Roger's management of the fund, it outperformed its benchmark by 2.4% pa.

He has worked in 24 countries, had people reporting to him from 11 countries and covered companies in 13 countries.

Roger has an honours degree in economics from the University of Sydney, a master's of business administration from the Australian Graduate School of Management at the University of New South Wales, a graduate diploma of applied corporate governance from Chartered Secretaries Australia, a graduate diploma in applied finance from the Financial Services Institute of Australia. He is a Chartered Financial Analyst, a Fellow of the Financial Services Institute of Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of Chartered Secretaries Australia and a Graduate of the Australian Institute of Company Directors. He has studied equity valuation at Harvard University and the University of Nebraska at Omaha.

# Investment process



- Identify candidate companies - ASX database, newspapers, magazines, investor news letters, stockbroker databases, other investors
- 1,000 companies in database
- Circle of competence
- Basic screening based on historic performance – ROE, PE, margins
- Judgement and experience

- Analysis of financial (income statement, balance sheet, capital structure) and non-financial metrics (alignment of management interests to shareholders')
- Intermediate screening based on forecast performance – solvency, future earnings
- Basic valuation metrics
- Sources and sustainability of competitive advantages
- Judgement and experience

- Detailed model building – five year forecasts, income statement, cash flow statement, balance sheet
- Detailed valuation – discounted cash flow and intrinsic value estimate. Estimate of margin of safety
- Management meeting to assess quality of model, understanding of business
- Competitive advantages assessment: - network effects, cost advantages, intangible assets, switching costs, and scale efficiencies
- Probabilistic assessment of prospects

- Assess share price to intrinsic value. Invest when margin of safety is attractive
- Monitor attractive companies



# 10. RISKS OF INVESTING IN DMX CORPORATION

## 10.1 OVERVIEW

DMX Corporation is a small company operating in turbulent investment markets. Investment performance will be driven by the expertise of the management team, the equity market's assessment of the team, assets and investment approach. Broadly the risks can be divided into company specific risks and general investment risks. These are discussed in paragraphs 10.2 and 10.3.

Section 10 of this Bidders Statement does not take into account the investment objectives, financial situation or particular needs of COT or DMX shareholders and the risks identified are not exhaustive. It is important that COT shareholders read this Bidders Statement in its entirety, considering their personal circumstances, financial position and taxation consequences.

COT shareholders that have any doubts about the offer or the merits of DMX shares are strongly encouraged to consult their broker or other financial advisor.

## 10.2 Specific risks to DMX

- DMX and COT shares should be regarded as a speculative investment.
- The successful operation of DMX and COT will be dependent to a significant extent upon the performance and expertise of a small number of key staff. Should those key staff leave the investment performance of DMX and COT may be significantly adversely affected.
- The net asset value of DMX and COT may rise or fall as a result of the financial performance of the each company and the effect of transactions they enter into. No guarantee is given in respect of the future earnings of DMX or COT or the capital appreciation of their investments. The success and profitability of DMX and COT will depend in part on the ability of their directors to manage its investment portfolio and to undertake investment opportunities that have the potential to increase value over time. The value of investments made by DMX and COT may fall or rise over time.
- If the Offer succeeds and DMX gains control of COT, DMX will own between 30% and 66.67% of COT (except to the extent to which Section 5.1(c) applies). In such situation, those shareholders who remain shareholders in COT may experience a decreased liquidity in the market for COT and it may then be more difficult to sell COT shares in those circumstances.
- DMX shares are currently suspended from trading on the ASX. While DMX is listed on the ASX and a disclosing entity as defined in The Corporations Act, DMX does not warrant that the suspension will be lifted. If the suspension is not lifted, COT shareholders who elect to take the scrip alternative may not find a ready market in which to sell their DMX shares.
- The price for DMX shares may be impacted by the offer. DMX does not believe it can make any prediction of the likely impact.
- As far as its investments are concerned, DMX and COT will concentrate their investments into a small number of positions at any one time. As a result, the investment portfolio is likely to be less diversified and therefore may expose shareholders to a greater degree of risk.
- The ability to attract new equity capital will influence the degree to which overhead costs will be covered. The outcomes will be influenced by equity market conditions, the willingness of existing and new shareholders to increase the size of investment in DMX and COT, and the investment performance of DMX and COT over time.

- The ability of DMX and COT to pay dividends will depend on the dividends received from their investments. The portfolio investments undertaken by DMX and COT may pay no dividends in which case DMX and COT will not be in a position to pay dividends. The payment of dividends in any form may not occur.

### **10.3 General risks**

- Notwithstanding the fact that DMX and COT shares are listed on the ASX, there is no guarantee that a holder of DMX or COT shares will be able to sell their shares on a given day at a desired price. There is only limited trading history for DMX and COT shares since their capital returns. The price that DMX and COT trade at on the ASX may be below the net asset value of those shares.
- The market price of DMX and COT will vary and may fall as well as rise. These fluctuations can arise as a result of factors specific to DMX, or COT, as well as other issues such as the state of the economy, investor sentiment and regulatory issues.
- The share prices of many companies in recent times have been subject to significant fluctuations, which in many cases reflect a diverse range of non-company specific influences such as the general state of the economy, global hostilities and tensions and acts of terrorism. Such market tensions may materially adversely affect the market price of shares. No assurance is given that the price of the shares will not be adversely affected by any such market fluctuations.
- In the future, the sale of large parcels of shares may cause a decline in the price at which the shares trade on the ASX
- Australian government taxation policy changes may limit the ability of the company to provide franked dividends. No assurance can be given that future dividends will be able to be franked. Under such circumstances the Directors may conclude that it is in the best interest of shareholders not to pay dividends.

# 11. SOURCES OF CASH CONSIDERATION

## 11.1 AMOUNT OF CASH CONSIDERATION

The maximum amount of cash payable by DMX Corporation under this Offer if DMX Corporation acquires 2 out of every 3 DMX Shares on issue at the Register Date and all acceptances of this Offer elect the cash consideration alternative of the Bid Consideration is approximately **\$927,051**.

The foregoing amount has been calculated without regard to the operation of Section 5.1(c) (which is that DMX Corporation will acquire 100% of the COT Shares held by each COT Shareholder who would, upon acceptance of this Offer, be left with less than a Marketable Parcel of COT Shares). It is not possible to determine the exact additional cash amount that may be required in order to pay the Bid Consideration to such COT Shareholders. However, on the basis of DMX Corporation's review of the register of COT Shareholders as at 14 October 2011, DMX Corporation estimates the additional amount should be no greater than **\$225,000** (assuming that each of these COT Shareholders elect to receive cash consideration for their COT Shares).

Therefore, the estimated maximum aggregate cash consideration that DMX Corporation may be required to pay under this Offer is **\$1,152,050 (Maximum Aggregate Cash Amount)**.

## 11.2 FUNDING

DMX Corporation will fund any cash consideration payable for the purchase of COT Shares pursuant to acceptances of this Offer from its existing cash resources.

As at the date of this Bidder's Statement, DMX Corporation has funds (held on deposit at the Commonwealth Bank of Australia) of an amount greater than the Maximum Aggregate Cash Amount. These funds are:

- (a) immediately available;
- (b) not subject to security interests or rights of set off that may materially affect DMX Corporation's ability to make payments under this Offer; and
- (c) not required for other operations or commitments of DMX Corporation.

## 11.3 PROVISION OF CONSIDERATION

Based on the arrangements described in this Section 11, the DMX Directors believe that they have reasonable grounds to believe that DMX Corporation will be able to provide the cash consideration offered under this Offer.

# 12. TAX CONSEQUENCES

## 12.1 INTRODUCTION

The tax information provided below is only intended to be used as a brief indicative guide to the general Australian CGT, stamp duty and GST consequences of accepting the Offer, and does not take your personal circumstances or financial situation into account. For example, certain COT Shareholders, such as those engaged in a business of investment, banking or superannuation, may be subject to different tax consequences particular to their circumstances.

Therefore, you are advised to consult your own tax advisors regarding the consequences in your particular circumstances. The brief guide below is based on the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) (**Tax Laws**).

## 12.2 AUSTRALIAN RESIDENTS – CAPITAL GAINS TAX

The acceptance of this Offer will result in the change of ownership in two-thirds of your COT Shares to DMX Corporation. This disposal gives rise to a capital gains tax (**CGT**) event for Australian CGT purposes. CGT will apply to the disposal of your COT Shares if you are an Australian resident who acquired your COT Shares after 19 September 1985.

Since the Offer applies to only 66.67% of your Shareholding in Continuation Investments (unless Section 5.1(c) applies), you will need to elect which of your COT Shares are used in accepting this Offer. This is important for COT Shareholders who have acquired their COT Shares at different times and costs, as the tax implications may differ depending on the time of acquisition and purpose price of the COT Shares disposed of. In Taxation Determination TD 33, the Commissioner of Taxation states that for CGT purposes, a taxpayer may, by reference to their own records, select the particular shares being disposed of or apply a First-In First-Out (FIFO) basis of determination.

In determining the amount of CGT which applies, you will need to consider:

- **Capital proceeds of the CGT event:** this will be the consideration you receive as a result of the disposal of your COT Shares pursuant to this Offer.
- **Cost base of COT Shares:** this is generally the cost of acquisition, including certain amounts necessary to acquire, the COT Shares the subject of your acceptance of the Offer. This may include brokerage or stamp duty.
- **Capital gains and losses:** a net capital gain included in your assessable income will be subject to income tax. However a '**CGT Discount**' may apply to reduce the taxable gain for certain COT Shareholders. If there is a net capital loss, this may not be deducted against other income for income tax purposes, but carried forward to offset capital gains in future years.

In general, if you have held a COT Share for 12 months or less before disposal, the capital gain or loss is determined by either method described below:

- **For COT Shares acquired before 11.45am, 21 September 1999:** the capital gain or loss is the difference between capital proceeds and the cost base. For the purposes of calculating a capital gain only, the cost base may be indexed for inflation up to 30 September 1999. Indexation is mandatory if the COT Share was held by an individual, complying superannuation entity or trust. Once indexation is applied to the cost base, COT Shareholders are not entitled to claim a CGT Discount.
- **For COT Shares acquired after 11.45am, 21 September 1999:** the capital gain or loss is the difference between capital proceeds and cost base. Indexation will not apply to the cost base.

Instead, if shares were held by an individual, complying superannuation entity or trust for 12 months or more before disposal, then a CGT Discount may apply.

The CGT Discount entitles any COT Shareholder who is an individual, complying superannuation entity or trust to reduce their net capital gain if certain conditions are fulfilled (see above). The reduction is half, for individuals and trusts, and one-third, for complying superannuation entities. The CGT Discount does not apply for companies.

### **12.3 NON-RESIDENT SHAREHOLDERS – CAPITAL GAINS TAX**

If you are not an Australian resident for income tax purposes, you should generally not have to pay CGT on any capital gain arising from the acceptance of this Offer, unless:

- (a) you (and any associates) owned at least 10% of Continuation Investments either at the time COT Shares the subject of your acceptance of the Offer were disposed of or for at least 12 months during the 24 months prior to the disposal of those COT Shares (the 'non-portfolio' interest test); and
- (b) 50% or more of the value of Continuation Investments is constituted by real property in Australia (the 'principal asset test').

### **12.4 STAMP DUTY & THE GOODS AND SERVICES TAX (GST)**

It is not anticipated that COT Shareholders will be subject to any stamp duty or Australian GST for the disposal of their COT Shares pursuant to an acceptance of this Offer.

# 13. DMX CORPORATION LISTING RULE 4E STATEMENT OF RESULTS FOR THE 12 MONTHS TO 30 JUNE 2013

## 1. Company details

Name of entity: DMX Corporation Limited (ASX:DMX)

ABN: 90 009 140 550

Reporting period: Year ended 30 June 2013

Previous corresponding period: Year ended 30 June 2012

## 2. Results for announcement to the market

Revenues from ordinary activities and discontinued operations down 99.62% to 82,149

Loss from ordinary activities after tax attributable to members down na% to 110,484

### Dividends

No dividends were paid this financial year.

### Review of Results and Operations

	FY2013 \$	FY2012 \$	Change 2012/2013
<b>Total Revenue</b>	<b>82,149</b>	<b>21,748,669</b>	<b>99.62 %</b>
Profit/(loss) from ordinary activities and discontinued operations after income tax expense attributable to members	(110,484)	4,284,669	na%

The Company disposed of its operating businesses on the 15 February 2012 to Tox Free Solutions Ltd.

	FY2013 Cents	FY2012 Cents
<b>Basic earnings/(loss) per share</b>	<b>(0.08)</b>	<b>3.10</b>
<b>Diluted earnings/(loss) per share</b>	<b>(0.08)</b>	<b>3.10</b>

## Australian Operations

The continuing operation of the Company subsequent to the Sale of its operating assets is the management and administration of the listed corporate shell entity.

## Other significant Items

Nil.

## Cash Position

The Company currently has cash reserves sufficient to meet its current operations.

## Outlook

The Board is currently monitoring future opportunities and will advise shareholders of developments as they arise.

## Dividend

At this time the Board is not considering the payment of further dividends.

### 3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	0.95 cents	1.05 cents

### 4. Control gained over entities

The Company has not gained control over any entities during the period.

### 5. Loss of control over entities

The underlying assets and shares in subsidiaries of DMX Corporation Limited were sold to Tax Free Solutions Limited on 15 February 2012.

### 6. Dividends

No Dividends were paid or are payable for FY2013.

### 7. Dividend reinvestment plans

The dividend reinvestment plan has been suspended.

### 8. Details of associates and joint venture entities

Nil.

### 9. Foreign entities

Nil.

### 10. Audit qualification or review

The annual financial statements are in the process of being audited and it is expected that an unqualified opinion will be issued.

### 11. Attachments

The preliminary financial report of DMX Corporation Limited for the year ended 30 June 2013 is attached.

### 12. Signed



Roger Collison  
**Executive Chairman**  
Sydney

Date: 9 August 2013

# DMX Corporation Limited

ABN 90 009 140 550

## Preliminary Final Report – 30 June 2013

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### General information

This preliminary final report covers DMX Corporation Limited (DMX) as a consolidated entity consisting of DMX Corporation Limited and its subsidiaries. The financial report is presented in Australian currency.

DMX Corporation Limited (ASX: DMX) is a listed public company limited by shares, incorporated and domiciled in Australia.

The registered office and principal place of business is:

C/- Stature Chartered Accountants

Level 4, 92 Pitt Street

Sydney NSW 2000



# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
<b>Discontinued operations</b>		
Profit from discontinued operations	6 -	7,959,545
<b>Continuing activities</b>		
Audit, accounting and tax	(51,170)	(285,091)
Employee benefits expense	(23,528)	(1,655,459)
Advisory costs	-	(1,284,013)
Other expenses	(117,935)	(840,842)
Depreciation and amortisation expense	-	(55,483)
Interest received	82,149	446,312
<b>(Loss) from continuing activities before income tax expense</b>	<b>(110,484)</b>	<b>(3,674,576)</b>
Income tax expense	-	-
(Loss) from continuing activities	(110,484)	(3,674,576)
<b>Profit/(Loss) from discontinued operations and continuing activities</b>	<b>(110,484)</b>	<b>4,284,969</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(110,484)</b>	<b>4,284,969</b>
<b>Profit/(loss) after income tax attributable to: Members of DMX Corporation Limited</b>	<b>(110,484)</b>	<b>4,284,969</b>
<b>Total comprehensive Income after income tax attributable to: Members of DMX Corporation Limited</b>	<b>(110,484)</b>	<b>4,284,969</b>
	<b>(110,484)</b>	<b>4,284,969</b>
	Cents	Cents
Basic earnings per share	(0.08)	3.10
Diluted earnings per share	(0.08)	3.10

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

## Consolidated Balance Sheet

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	2,429,779	1,521,123
Trade and other receivables	1,392	63,364
<b>Total current assets</b>	<b>2,431,171</b>	<b>1,584,487</b>
<b>Total assets</b>	<b>2,431,171</b>	<b>1,584,487</b>
<b>Current liabilities</b>		
Trade and other payables	20,000	114,125
Borrowings	-	25,245
Provisions	106,578	-
Dividends unclaimed	969,960	-
<b>Total current liabilities</b>	<b>1,096,538</b>	<b>139,370</b>
<b>Total liabilities</b>	<b>1,096,538</b>	<b>139,370</b>
<b>Net assets</b>	<b>1,334,633</b>	<b>1,445,117</b>
<b>Equity</b>		
Contributed equity	3 19,507,863	19,507,863
Accumulated losses	(18,173,230)	(18,062,746)
<b>Total equity</b>	<b>1,334,633</b>	<b>1,445,117</b>

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Contributed equity \$	Reserves \$	Accumulated losses \$	Parent interest \$	Minority interest \$	Total equity \$
<b>Consolidated</b>						
Balance 1 July 2011	70,136,341	61,281	(17,154,824)	53,042,798	-	53,042,798
Total comprehensive income 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)
<b>Balance 30 June 2012</b>	<b>19,507,863</b>	<b>-</b>	<b>(18,062,746)</b>	<b>1,445,117</b>	<b>-</b>	<b>1,445,117</b>
<b>Consolidated</b>						
Balance 1 July 2012	19,507,863	-	(18,062,746)	1,445,117	-	1,445,117
Total comprehensive income/(loss) for the year	-	-	(110,484)	(110,484)	-	(110,484)
<b>Balance 30 June 2013</b>	<b>19,507,863</b>	<b>-</b>	<b>(18,173,230)</b>	<b>1,334,633</b>	<b>-</b>	<b>1,334,633</b>

## Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	61,972	20,156,820
Payments to suppliers (inclusive of GST)	(284,410)	(18,761,554)
	(222,438)	1,395,266
Interest received	82,149	447,617
Interest and other finance costs paid	(909)	(400,570)
Income tax (paid)/refund	106,578	(930,881)
<b>Net cash inflow from operating activities</b>	<b>(34,620)</b>	<b>511,432</b>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(506,163)
Proceeds from sale of discontinued operations	-	58,667,990
<b>Net cash (outflow) from investing activities</b>	<b>-</b>	<b>58,171,827</b>
Cash flows from financing activities		
Repayment of borrowings	(24,336)	(9,841,077)
Payment from exercise of options	-	1,275,000
Return of capital to shareholders	(2,348)	(51,903,478)
Loan proceeds received	-	510,490
Unclaimed dividend funds	969,960	-
Dividend paid	-	(5,274,598)
<b>Net cash (outflow) from financing activities</b>	<b>943,276</b>	<b>(65,233,663)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>908,656</b>	<b>(6,550,404)</b>
Cash and cash equivalents at the beginning of the financial year	1,521,123	8,071,527
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,429,779</b>	<b>1,521,123</b>

# Notes to the financial statements

For the year ended 30 June 2012

## Note 1: Significant accounting policies

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

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and interim reporting period.

## Note 2: Operating segments

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

Prior to the disposal of certain assets, liabilities and subsidiaries during the previous financial year 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.

As at 30 June 2013, the Group has only one corporate segment. The discontinued operations were aggregated into "All Other Segments". 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.

Information about reportable segments

	Corporate 30 June 2013 \$	Corporate 30 June 2012 \$	Discontinued Operations 30 June 2013 \$	Discontinued Operations 30 June 2012 \$	Total Reportable Segments 30 June 2013 \$	Total Reportable Segments 30 June 2012 \$
External revenues	-	-	-	21,301,052		21,301,052
Interest received	82,149	446,312	-	1,305	82,149	447,617
Interest expense	909	23,432	-	385,437	909	408,869
Depreciation and amortisation	-	55,483	-	1,728,851	-	1,784,334
Reportable segment profit (loss) before Income Tax	(110,484)	(3,674,576)	-	8,613,028	(110,484)	4,938,452

## Notes to the financial statements

For the year ended 30 June 2012

### Note 2: Operating segments (continued)

	Corporate 30 June 2013 \$	Corporate 30 June 2012 \$	Dis- continued Operations 30 June 2013 \$	Dis- continued Operations 30 June 2012 \$	Total Reportable Segments 30 June 2013 \$	Total reportable segments 30 June 2012 \$
Reportable segment assets	2,431,171	1,584,487	-	-	2,431,171	1,584,487
Reportable segment liabilities	1,096,538	139,370	-	-	1,096,538	139,370
Capital expenditure	-	119,000	-	401,000	-	520,000

Information about reportable segments

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
<b>Revenues</b>		
Total revenue for reportable segments	-	21,301,052
Interest revenue	82,149	447,617
<b>Consolidated Revenue</b>	<b>82,149</b>	<b>21,748,669</b>
<b>Profit or (loss)</b>		
Total profit for reportable segments	(110,484)	4,938,452
Share of loss of minority interest	-	-
<b>Consolidated profit/(loss) before income tax</b>	<b>(110,484)</b>	<b>4,938,452</b>
<b>Assets</b>		
Total assets for reportable segments	2,431,171	1,584,487
<b>Consolidated total assets</b>	<b>2,431,171</b>	<b>1,584,487</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	1,096,538	139,370
<b>Consolidated total liabilities</b>	<b>1,096,538</b>	<b>139,370</b>

# Notes to the financial statements

For the year ended 30 June 2012

## Note 3: Equity – contributed

	2013 Shares	2012 Shares	2012 \$	2011 \$
Ordinary shares – fully paid	141,042,059	141,042,059	19,507,863	19,507,863

### Movements in ordinary share capital

Details	Date	No. of shares	\$
Balance	1 July 2011	136,792,059	70,136,341
Allotment on exercise of options	14 February 2012	4,250,000	1,275,000
Return of Capital	29 February 2012		(49,364,757)
Return of Capital	18 April 2012	-	(2,538,757)
<b>Balance</b>	<b>30 June 2012</b>	<b>141,042,059</b>	<b>19,507,863</b>
<b>Balance</b>	<b>30 June 2013</b>	<b>141,042,059</b>	<b>19,507,863</b>

### 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.

## Note 4: Events occurring after balance date

No other matter or circumstance has arisen since 30 June 2013, not otherwise disclosed to the market, which 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.

The quotation of the Company's securities was suspended by the Australian Securities Exchange on 15 August 2012.

## Note 5: Joint Ventures

Nil.

## Note 6: Discontinued Operations

On 15 December 2011, DMX Corporation entered into agreements with Tox Free Solutions Limited for the sale of all shares of DMX Corporation Limited's subsidiary entities and certain assets and liabilities of DMX Corporation Limited. The transaction was completed on 15 February, 2012.

All revenue and expenses associated with the subsidiary entities are classified in the statement of comprehensive income as discontinued operations and are represented as follows:

Revenue	21,302,357
Expenses	(16,338,169)
Profit before income tax	4,964,188
Income tax expense	(653,483)
<b>Profit for the period</b>	<b>4,310,705</b>
<b>Profit on sale of discontinued operations</b>	<b>3,648,840</b>
<b>Profit from discontinued operations</b>	<b>7,959,545</b>

## 14. OTHER MATERIAL INFORMATION

### 14.1 Time and date for determining COT Shareholders

For the purposes of section 633(2) of the Corporations Act, the time and date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) is 7:00 pm (AEST) on 12 August 2013.

### 14.2 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

### 14.3 Foreign COT Shareholders

COT Shareholders who are Foreign COT Shareholders will not be entitled to receive DMX Shares as consideration for their COT Shares pursuant to this Offer.

A COT Shareholder is a **Foreign COT Shareholder** for the purposes of this Offer if their address as shown in the register of COT Shareholders is in a jurisdiction other than Australia or its external territories, or New Zealand. However, such a person will not be a Foreign COT Shareholder if DMX Corporation is satisfied that it is not legally or practically constrained from making this Offer to a COT Shareholder in the relevant jurisdiction and to issue DMX Shares to such a shareholder on acceptance of this Offer, and that it is lawful for the shareholder to accept this Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, DMX Corporation is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The DMX Shares which would otherwise have been issued to Foreign COT Shareholders will instead be issued to a nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Foreign COT Shareholders. See Section 5.12 for further details.

### 14.4 Unmarketable Parcels

If the total number of DMX Shares which a COT Shareholder is entitled to receive as consideration under this Offer is not a Marketable Parcel, that COT Shareholder will be an Unmarketable Parcel Shareholder and will not be entitled to receive DMX Shares as consideration for its COT Shares pursuant to this Offer.

The DMX Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will instead be issued to a nominee approved by ASIC, who will sell those shares. The net proceeds of the sale of such shares will then be remitted to the relevant Unmarketable Parcel Shareholders. See Section 5.12 for further details.

### 14.5 Current interests in Continuation Investments

#### (a) *Relevant interests and voting power in COT Shares*

DMX Corporation acquired 5,025 shares in COT on 11 July 2013 for a total cost of \$316.58.

One of the directors, Roger Collison, has an indirect interest in 10,983 shares in COT. It is Roger Collison's intention to direct his trustee accept this offer for his COT shares.. None of the other directors owns shares in COT.



**(b) No prior dealings in COT Shares**

Other than as set out in this Bidder's Statement, in the four months immediately prior to the date of this Offer, neither DMX Corporation nor any DMX Director, nor any Associate of any of the foregoing, provided or agreed to provide, consideration for any COT Shares under a purchase or agreement.

**(c) No collateral benefit to any COT Shareholder**

Other than as set out in this Bidder's Statement, neither DMX Corporation nor any DMX Director, nor any Associate of any of the foregoing, has given, offered or agreed to give, and will not give or agree to give at any time during the Offer Period, a benefit to another person where the benefit was likely to induce the other person, or an Associate of that person, to:

- accept this Offer; or
- dispose of any of their COT Shares,

which benefit was not offered to all COT Shareholders under the Offer.

**(d) No agreements for increased price or other benefits**

Neither DMX Corporation nor any DMX Director, nor any Associate of any of the foregoing, has entered into a transaction whereby a benefit is to be passed and the amount or value of that benefit is determined by reference in whole or part to the consideration offered under this Offer or the consideration offered for the acquisition of any COT Share outside this Offer but during the Offer Period.

**(e) No agreement between DMX Corporation and Continuation Investments or COT Directors**

Except as set out elsewhere in this Bidder's Statement, there is no agreement between DMX Corporation and Continuation Investments, between DMX Corporation and any COT Director, or between any Associate of any of the foregoing, in connection with or conditional upon the outcome of this Offer.

Without limitation to the foregoing, no pre-bid agreement between any of the abovementioned persons exists in regard to the acquisition of a relevant interest in any COT Shares.

## 14.6 Consents

The DMX Directors have given their written consent to the inclusion in this Bidder's Statement of statements made by the DMX Directors, and statements based on statements made by the DMX Directors, in the form and context in which they appear and have not withdrawn such consent before the lodgement of this Bidder's Statement with ASIC.

Each of the following parties has consented to being named in this Bidder's Statement in the form and context in which they are so named and have not withdrawn that consent as at the date of lodgement of this Bidder's Statement with ASIC:

- Etienne Lawyers – as legal adviser to DMX Corporation;
- HLB Mann Judd (NSW Partnership) – as auditor of DMX Corporation;
- Link Market Services – as share registry for DMX Corporation;

None of the parties referred to above makes, or purports to make, any statement in this Bidder's Statement and is not aware of any statement in this Bidder's Statement which purports to be based on a statement made by any of them, other than as specified in this section.

To the maximum extent permitted by law, each of the parties referred to above expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this section.

#### **14.7 ASIC Relief**

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including DMX Corporation, in relation to the operation of Chapter 6 of the Corporations Act. DMX Corporation may rely on this class order relief.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or announced on the company announcements platform of the ASX. Under the terms of ASIC Class Order [CO 01/1543], the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Offer Period, please call DMX Corporation's Company Secretary Jon McArthur on 02 8256 2100 (within Australia) or +612 8256 2100 (callers outside Australia).

#### **14.8 No other material information**

Apart from information as disclosed in this Bidder's Statement, there is no other information which:

- (a) is material to a person to whom this Offer is made regarding whether to accept or decline the Offer;
- (b) is known to DMX Corporation; and
- (c) has not been previously disclosed to COT Shareholders.

#### **14.9 Electronic Bidder's Statement**

An electronic version of this Bidder's Statement is available from DMX Corporation's website at [www.dolomatrix.com](http://www.dolomatrix.com).

The Acceptance Form may only be distributed if attached or accompanied by a complete and unaltered copy of the Bidder's Statement. The personalised Acceptance Form accompanying this Bidder's Statement contains a declaration that the COT Shareholder has personally received the complete and unaltered Bidder's Statement prior to completing the Acceptance Form.

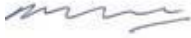
DMX Corporation will not process a completed Acceptance Form if it has reason to believe that the COT Shareholder has not received a complete paper copy or electronic copy of this Bidder's Statement or if it has reason to believe that the Acceptance Form or electronic copy of this Bidder's Statement has been altered or tampered with in any way.

While DMX Corporation believes that it is unlikely that, during the Offer Period, the electronic version of the Bidder's Statement will be tampered with or altered in any way, DMX Corporation cannot give any absolute assurance that this will not be the case. Any COT Shareholder in doubt concerning the validity or integrity of an electronic copy of this Bidder's Statement should contact Jon McArthur on 02 8256 2100 immediately to request a paper copy of this Bidder's Statement.

## 15. APPROVAL

This Bidder's Statement has been approved by unanimous resolution of the DMX Directors.

Signed for and on behalf of DMX Corporation



Roger Collison  
**Chairman of DMX Corporation**

12 August, 2013

# 16. DEFINITIONS AND INTERPRETATION

## 16.1 DEFINITIONS

In this Bidder's Statement, the following words have the below meanings unless a contrary intention appears or is indicated otherwise:

<b>Acceptance Form</b>	The form which accompanies this Bidder's Statement and is entitled "Acceptance Form" or any replacement or substitute equivalent provided by DMX Corporation if required
<b>Accepted Shares</b>	See meaning in Section 5.10(a) of this Bidder's Statement
<b>AEST</b>	Australian Eastern Standard Time.
<b>Announcement Date</b>	12 August, 2013, being the date of announcement of this Offer
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Associate</b>	Has the meaning given to that term in section 11 of the Corporations Act
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 006 504 532)
<b>ASTC Settlement Rules</b>	Operating rules of the settlement facility provided by ASTC
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it
<b>ASX Listing Rules</b>	Official listing rules of ASX
<b>Bid Conditions</b>	Each of the conditions subsequent listed in Section 5.6 of this Bidder's Statement
<b>Bid Consideration</b>	In respect of each Accepted Share:  (a) 7.00 cents in cash; or  (b) 5.83 DMX Shares,  as nominated (or deemed to be nominated) by the relevant COT Shareholder in its Acceptance Form
<b>Bid Period</b>	the period between the date this Bidder's Statement is given to Continuation Investments and the end of the Offer Period
<b>Bidder's Statement</b>	This document (including all appendices to it), being the statement of DMX Corporation under Part 6.5 Division 2 of the Corporations Act relating to this Offer
<b>Business Day</b>	A day that is not a Saturday, a Sunday or a public holiday or bank holiday in the State of New South Wales
<b>CGT</b>	Capital gains tax

<b>CHES</b>	The Clearing House Electronic Sub-register System which provides for electronic transfer of securities in Australia
<b>CHES Holding</b>	A holding of COT Shares on the CHES Subregister of Continuation Investments
<b>CHES Participant</b>	Participant of ASX who is admitted to participate in the settlement facility operated by ASTC in accordance with the ASTC Settlement Rules
<b>CHES Subregister</b>	Has the meaning given to that term in the ASTC Settlement Rules
<b>Closing Date</b>	26 September, 2013 unless varied by DMX Corporation as permitted by the Corporations Act
<b>Constitution</b>	The constitution of DMX Corporation, as amended from time to time.
<b>Controlling Participant</b>	CHES Participant who is designated to be the controlling participant for shares in a CHES Holding in accordance with the ASTC Settlement Rules
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>COT or Continuation Investments</b>	Continuation Investments Limited (ABN 91 106 854 175)
<b>COT Directors</b>	Directors of Continuation Investments from time to time
<b>COT Shareholder</b>	A registered holder of a COT Share as at the Register Date
<b>COT Share</b>	A fully paid ordinary share in the issued capital of Continuation Investments, including all Rights attached to it
<b>DMX or DMX Corporation</b>	DMX Corporation Limited (ABN 90 009 140 550)
<b>DMX Directors</b>	The directors of DMX Corporation as at the date of this Bidder's Statement.
<b>DMX Share</b>	A fully paid ordinary share in the issued capital of DMX Corporation
<b>DMX Shareholder</b>	A registered holder of a DMX Share
<b>Encumbrance</b>	In respect of any asset, any restrictions on the transfer of that asset, whether legal or otherwise, such as any mortgage, charge, lien, interest of third parties, or security interest as that term is defined in the <i>Personal Property Securities Act 2009</i> (Cth), including any agreement to create any of the foregoing or to allow any of the foregoing to exist
<b>Foreign COT Shareholder</b>	A COT Shareholder determined by DMX Corporation to be a "Foreign COT Shareholder" pursuant to Section 11.3
<b>Issuer Sponsored Holding</b>	A holding of COT Shares on Continuation Investments' issuer sponsored sub-register

<b>Market Participant</b>	Market Participant in accordance with the ASTC Settlement Rules
<b>Marketable Parcel</b>	A holding of 21,429 or more COT Shares
<b>Offer</b>	DMX Corporation's proportional offer to acquire COT Shares on the Offer Terms (and for the avoidance of doubt, includes each such offer made to an individual COT Shareholder pursuant to that offer)
<b>Offer Period</b>	The period during which this Offer remains open for acceptance in accordance with the Offer Terms
<b>Offer Terms</b>	The terms and conditions of this Offer set out in Section 5 of this Bidder's Statement.
<b>Official Quotation</b>	Official quotation of a security on a market operated by ASX
<b>Participant</b>	Has the meaning given to that term in the ASTC Settlement Rules
<b>Prescribed Occurrences</b>	Those events listed in Section 5.6(c) of this Bidder's Statement
<b>Public Authority</b>	Any government or governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere, any self-regulatory organisation established under statute and any securities exchange
<b>Register Date</b>	12 August, 2013 being the date set by DMX Corporation pursuant to section 633(2) of the Corporations Act
<b>Rights</b>	In relation to a COT Share, all accretions, rights and benefits of whatever kind attaching to or arising from that COT Share directly or indirectly after the date of this Bidder's Statement. This includes all rights to receive dividends, distributions and other entitlements, to receive or subscribe for shares, stock units, notes, options and all other securities, declared, paid or issued by Continuation Investments or any of its subsidiaries
<b>Sale Nominee</b>	Will be a nominee approved by ASIC for the purposes of section 619(3)(a) of the Corporations Act, if required
<b>Unmarketable Parcel Shareholder</b>	A COT Shareholder determined by DMX Corporation to be an "Unmarketable Parcel Shareholder" pursuant to Section 5.12
<b>VWAP</b>	volume weighted average price
<b>your COT Shares</b>	Subject to Sections 5.1(b) and 5.5:  the COT Shares in respect of which you are registered or entitled to be registered as a holder in the register of COT Shareholders at the Register Date and in respect of which no other person becomes registered or entitled to be registered as a holder before you accept the Offer; and any other COT Shares to which you are able to give good title at the time you accept this Offer during the Offer Period

## 16.2 INTERPRETATION

In this Bidder's Statement and in the Acceptance Form, the following rules of interpretation apply unless the context otherwise requires:

- (a) words and phrases which are not specifically defined in this Bidder's Statement have the same meaning (if any) as in the Corporations Act or the ASTC Settlement Rules;
- (b) words referring to the singular include the plural and conversely;
- (c) a reference to a person includes any natural person, company, unincorporated body or associations, partnership, joint venture, association, corporation or other corporate;
- (d) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes and assigns;
- (e) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations and ordinance, or by laws amending, varying, consolidating, replacing it;
- (f) a reference to time is a reference to AEST;
- (g) headings and bold type are used for convenience only and do not affect the interpretation of this document;
- (h) a reference to a paragraph, section, annexure, appendix or schedule is a reference to a paragraph or section of or an annexure, appendix or schedule to this Bidder's Statement as relevant;
- (i) a reference to any instrument or document includes any variation or replacement;
- (j) the use of "includes", "including", "for example", "such as" or other similar expressions does not suggest that what is provided is exhaustive;
- (k) a reference to you is a reference to the person to whom this Offer is made (or deemed to be made); and
- (l) a reference to dollars, \$, A\$, cents or c and currency is a reference to the lawful currency of the Commonwealth of Australia, unless otherwise provided.

## 17. DMX ASX ANNOUNCEMENTS IN 2012 and 2013

Date	Announcement
9 Aug 2013	Preliminary final report
15 Jul 2013	Details of share registry address
10 Jul 2013	Surplus dividend funds
7 Mar 2013	Change of Director's Interest Notice
5 Mar 2013	Change of Director's Interest Notice
5 Mar 2013	Director Appointment
5 Mar 2013	Initial Director's Interest Notice
5 Mar 2013	Final Director's Interest Notice
28 Feb 2013	Change in substantial holding
28 Feb 2013	Director Appointment/Resignation
28 Feb 2013	Ceasing to be a substantial holder
26 Feb 2013	Change in substantial holding
26 Feb 2013	Change in substantial holding
7 Feb 2013	Half Year Accounts
17 Dec 2012	Withdrawal of 249D Requisition
14 Dec 2012	Director Resignation
29 Nov 2012	General Meeting Requisition
29 Nov 2012	Initial Director's Interest Notice
29 Nov 2012	Initial Director's Interest Notice
29 Nov 2012	Final Director's Interest Notice
28 Nov 2012	Results of Meeting
27 Nov 2012	Chairman's Address to Shareholders
27 Nov 2012	Change of Officeholders & Update
25 Oct 2012	Proxy Form - updated version
25 Oct 2012	Notice of General Meeting updated version
23 Oct 2012	Proxy Form
23 Oct 2012	Notice of Annual General Meeting
19 Oct 2012	Final Director's Interest Notice
17 Oct 2012	Director Resignation
16 Oct 2012	Ceasing to be a substantial holder
16 Oct 2012	Becoming a substantial holder
16 Oct 2012	Becoming a substantial holder
15 Oct 2012	Annual Report to shareholders
9 Aug 2012	Request for Trading Halt
9 Aug 2012	Trading Halt
9 Aug 2012	Market Update
6 Aug 2012	Initial Director's Interest Notice
6 Aug 2012	Director Appointment
30 Jul 2012	Final Director's Interest Notice - E Kaplan
30 Jul 2012	Director Appointment/Resignation and Update
30 Jul 2012	Becoming a substantial holder
27 Jul 2012	Ceasing to be a substantial holder from CVC
27 Jul 2012	Trading Halt
24 Jul 2012	Change of Director's Interest Notice
13 Jul 2012	Change of Director's Interest Notice
10 Jul 2012	Change of Director's Interest Notice
4 Jul 2012	Market Update
21 Jun 2012	Change in substantial holding
15 Jun 2012	Ceasing to be a substantial holder from TPI
7 Jun 2012	Change in substantial holding
7 Jun 2012	Change in substantial holding from CVC
6 Jun 2012	Becoming a substantial holder
14 May 2012	Appendix 3Y Query and Response
9 May 2012	Director Appointment/Resignation



<b>Date</b>	<b>Announcement</b>
9 May 2012	Change of Director's Interest Notice
24 Apr 2012	Change in substantial holding
16 Apr 2012	Becoming a substantial holder
5 Apr 2012	Company Secretary Appointment/Resignation
3 Apr 2012	Notice of further shareholder distribution
2 Apr 2012	Director Resignation
2 Apr 2012	Final Director's Interest Notice
30 Mar 2012	Settlement of dispute and further distribution
29 Mar 2012	TOX: Response to DMX Announcement
28 Mar 2012	Trading Halt Request
28 Mar 2012	Trading Halt
23 Mar 2012	Change in Substantial Shareholding from CVC
21 Mar 2012	Response to ASX Query on Director's Interest Notice
14 Mar 2012	Change of Director's Interest Notice
29 Feb 2012	Half Yearly Report and Accounts
20 Feb 2012	Change to Capital Return Ex Date
16 Feb 2012	Appendix 3B
15 Feb 2012	Completion of Sale to Tox Free Solutions
15 Feb 2012	TOX: Completion of Strategic Acquisition
9 Feb 2012	TOX: DMX Corporation Shareholders Approve Sale of Assets
9 Feb 2012	Results of Meeting
6 Feb 2012	Ceasing to be a substantial holder
18 Jan 2012	Waiver of ASX Listing Rule 7.25
10 Jan 2012	Independent Expert's Report
9 Jan 2012	Proxy Form
9 Jan 2012	Notice of General Meeting
5 Jan 2012	Ceasing to be a substantial holder

## 18. COT ASX ANNOUNCEMENTS IN 2012 and 2013

Date	Announcement
15 July 2013	Net Tangible Asset Backing – June 2013
14 Jun 2013	Net Tangible Asset Backing – May 2013
16 May 2013	Net Tangible Asset Backing – April 2013
15 Apr 2013	Net Tangible Asset Backing – March 2013
2 Apr 2013	Final Director's Interest Notice
2 Apr 2013	Initial Director's Interest Notice
2 Apr 2013	Board Appointment
14 Mar 2013	Net Tangible Asset Backing - February 2013
21 Feb 2013	Appendix 4D and Half Year Accounts
14 Feb 2013	Net Tangible Asset Backing - January 2013
22 Jan 2013	Change of Director's Interest Notice
14 Jan 2013	Net Tangible Asset Backing - December 2012
14 Dec 2012	Net Tangible Asset Backing - November 2012
3 Dec 2012	Change of Director's Interest Notice x 2
3 Dec 2012	Issue of Unlisted Options
20 Nov 2012	Update for Shareholders at the 2012 AGM
20 Nov 2012	Results of Meeting
15 Nov 2012	Net Tangible Asset Backing - October 2012
19 Oct 2012	Notice of Annual General Meeting/Proxy Form
15 Oct 2012	Net Tangible Asset Backing-September
1 Aug 2012	Change of Directors Interest Notice x 2
1 Aug 2012	Entitlement Issue - Shortfall Allotment
24 Jul 2012	Change of Director's Interest Notice x 2
18 Jul 2012	Entitlement Issue - Allotment
16 Jul 2012	Net Tangible Asset Backing - July 2012
13 Jul 2012	Entitlement Issue - Shortfall Notice
26 Jun 2012	Dispatch of Entitlement Issue Offer Document
15 Jun 2012	Shareholder Letter - Entitlement Issue
14 Jun 2012	Net Tangible Asset Backing - May 2012
13 Jun 2012	Appendix 3B
13 Jun 2012	Offer Document
13 Jun 2012	Cleansing Notice
13 Jun 2012	Continuation to Raise Additional Capital -Renounceable Issue
15 May 2012	Results of Meeting
14 May 2012	Net Tangible Asset Backing - April 2012
17 Apr 2012	Form 484
16 Apr 2012	COT Proposed 3 for 1 Share Split
16 Apr 2012	Notice of General Meeting/Proxy Form
13 Apr 2012	Net Tangible Asset Backing - March 2012
14 Mar 2012	Net tangible asset backing - February 2012
12 Mar 2012	Change of Registered Office
12 Mar 2012	Initial Director's Interest Notice x 2
9 Mar 2012	Ceasing to be substantial holder from TDI
9 Mar 2012	TDI: Sale of stake in COT completed
8 Mar 2012	Appendix 3Z - Steve Roberts
8 Mar 2012	Appendix 3Z - Andrew Brown
8 Mar 2012	Director Appointment/Resignation
1 Mar 2012	Binding Agreement to sell stake in Company
20 Feb 2012	Change of Registered Address
17 Feb 2012	Appendix 4D and Interim Accounts
10 Feb 2012	Net tangible asset backing - January 2012
16 Jan 2012	Net tangible asset backing December 2011