CMA Corporation Ltd
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Sydney NSW 2000
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Telephone +61 (0)2 9200 3500
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www.cmacorp.net
ABN 40 113 329 016

31 August, 2012

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

Dear Sirs,

ANNOUNCEMENT: CMA Announces Full Year Result to 30 June 2012

We attach an announcement for immediate release to the market.

Yours faithfully,

Trevor Schmitt
Company Secretary
CMA Corporation Ltd

Enc

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31 August 2012

CMA Corporation Announces Full Year Result to 30 June 2012

Integrated recycling group CMA Corporation Limited (**CMA**) (ASX: CMV) today announced a reduction in its net loss to $75.6 million for the year ended 30 June 2012 compared with a net loss of $123.6 million in the previous corresponding year.

Revenue from continuing operations was $238.1 million ($337.9 million in FY2011). No dividend has been declared.

Managing Director John Pedersen said the latest result reflects continued challenging global economic conditions as well as the Deferred Tax Asset write downs of $14.4 million and the impact of impairment losses which totaled $20.6 million. Net assets were $2.9 million as of 30 June 2012.

“While trading conditions remain difficult in Australian and international metal recycling markets, the Group continues to pursue strategies and opportunities that will deliver on long term goals and grow shareholder wealth,” Mr Pedersen said.

Separately, CMA announced that based on discussions held in August 2012 it has renegotiated financing arrangements and obtained debt covenant waivers from its financiers, GE Commercial Corporation (Australia) Pty Ltd (GE), Bank of New Zealand (BNZ) and Stemcor Trade Finance Limited.

CMA has also had additional funding made available to it under the prepayment facilities provided by its major shareholder Scholz and its associates and Stemcor Australia Pty Ltd.

“CMA appreciates the ongoing support provided by GE and BNZ along with our major shareholders. In particular, the additional financial flexibility provided by Scholz and Stemcor will allow CMA to increase its volumes of scrap inventory, leading to increased utilisation of CMA’s processing capacity and increased sales volumes,” Mr Pedersen said.

– ends –

Media inquiries:

Ian Pemberton
P&L Corporate Communications
(02) 9231 5411

APPENDIX 4E – PRELIMINARY FINAL REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Reporting Period

- The current reporting period is the financial year from 1 July 2011 to 30 June 2012.
- The prior comparative reporting period is the financial year from 1 July 2010 to 30 June 2011.
- The financial reports for the current and prior financial years have been prepared in accordance with AIFRS.
- The financial reports are prepared in Australian dollars.

2. Results for the Period

		2012	2011	Movement	Movement
		$000	$000	$000	%
2.1	Revenue	238,141	337,917	(99,776)	(29.5%)
2.2	Net loss after tax	(75,586)	(123,593)	48,007	38.8%
2.3	Net loss attributable to members	(75,586)	(123,593)	48,007	38.8%

2.4 Comments on the Report

Comments are included in the Directors' Report from page 6 to page 20 of the financial report.

3. Consolidated Balance Sheet and Accompanying Notes

The Consolidated Balance Sheet is included on page 23 of the financial report, followed by accompanying notes to the statement.

4. Consolidated Statement of Comprehensive Income and Accompanying Notes

The Consolidated Statement of Comprehensive Income is included on page 22 of the financial report, followed by accompanying notes to the statement.

5. Consolidated Statement of Cash Flow and Accompanying Notes

The Consolidated Statement of Cash Flow is included on page 25 of the financial report, followed by accompanying notes to the statement.

6. Dividends

The Directors do not recommend the payment of a dividend in both years.

7. Dividend Reinvestment Plans

A dividend reinvestment plan ("DRP") was established in April 2008 and remains activated. The DRP is optional and offers ordinary shareholders in Australia, New Zealand, Singapore and United Kingdom the opportunity to acquire fully paid ordinary shares in the Company, without transaction costs. A shareholder can elect to participate in or terminate their participation in the DRP at any time.

8. Consolidated Statement of Changes in Equity

The Consolidated Statement of Changes in Equity is included on page 24 of the financial report, and includes details of the movements in retained earnings.

9. Net Tangible Assets per Security

	2012	2011
	$	$
Net tangible assets cents per share	1.5	(1.1)

10. Gain or Loss of Control over Entities

Note 14 to the financial report sets out the details of the entities over which control has been gained or lost during the financial year ended 30 June 2012 and the prior comparative period.

11. Details of Associates and Joint Venture Entities

Not applicable.

12. Other Significant Information

This Appendix should be read in conjunction with the accompanying financial report, and the annual report for the financial year ended 30 June 2012 in order to obtain all information required to form an informed assessment of the Group's and the Company's financial performance and position.

13. Foreign Entities

The accounting standards used in compiling the financial report are Australian Equivalents to International Financial Reporting Standards (AIFRS). The Group includes subsidiary entities in New Zealand, Singapore, Malaysia, the United States and Papua New Guinea, as detailed in Note 14; the financial information of the New Zealand, Singapore, Malaysia, the United States and Papua New Guinea subsidiaries included in the consolidated financial report reflects application of AIFRS and thus accounting treatment is consistent across the Group.

Compliance with AIFRS ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS).

14. Commentary on Results

Commentary on the results achieved in the financial year ended 30 June 2012 and significant features of operating performance are included in Note 2 of this report.

15. Status of Audit

The financial report is based on audited accounts.

16. Accounts Not Yet Subjected to Audit

Not applicable, as per Item 15 above.

17. Dispute or Qualification arising from Audit

No dispute or qualification has arisen from the audit of the financial report.

CMA CORPORATION LIMITED

ABN 40 113 329 016

And Controlled Entities

Financial Statements

For the Financial Year

Ended 30 June 2012

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The Board confirms its commitment to the adoption of the Best Practice Recommendations of the ASX Corporate Governance Council, as summarised in ASX Guidance Note 9A "Corporate Governance – ASX Corporate Governance Council – Revised Corporate Governance Principle and Recommendations" (ASX Guidelines). During the first seven years of operations following listing on the ASX, it has not yet been practical to fully adopt all of these principles and practices. The following paragraphs set out the extent of compliance against each Principle.

Structure of the Board

Board Members

At the date of this report, the Board consists of seven members. The names, status and date of appointment or resignation of all the directors of the Company during the year are:

Parag-Johannes Bhatt	Executive Chairman	Appointed 10 August 2010
	Executive Director	Appointed 4 February 2010
John Pedersen	Managing Director	Appointed 16 January 2012
Peter Lancken	Non-Executive Deputy Chairman	Appointed 10 August 2010
	Interim Managing Director	Resigned 16 January 2012
Joseph Tong Hong Chung	Executive Director	Appointed 11 March 2005
		Resigned 19 October 2011
Mike Greulich	Executive Director	Appointed 23 November 2009
Oliver Scholz	Executive Director	Appointed 4 February 2010
Trevor Schmitt	Executive Director	Appointed 10 August 2010
	Company Secretary	Appointed 12 May 2008
Paul Whitehead	Non-Executive Director	Appointed 6 September 2011

This present structure does not yet provide a majority of independent directors. Now that CMA has successfully completed its debt restructure and refinancing it will consider making appropriate new appointments to the Board.

When determining whether a non-executive director is independent, the director must not fail any of the following materiality thresholds:

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the Group other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice at the Company's expense in the furtherance of their duties as directors. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

Board Expertise

The Board collectively has the appropriate range of expertise to properly fulfil its responsibilities, including:

- accounting;
- finance;
- business;
- scrap metal, metal trading, recycling and demolition industries;
- risk management;
- public company experience;
- legal skills; and
- Managing Director – level of experience.

The Board periodically reviews the range of expertise of its members to ensure that it has operational and technical expertise relevant to the operation of the Company.

Nomination Committee

The Board had previously established a Nomination Committee but no such committee has been constituted during the financial year given that CMA has insufficient independent directors. The role and responsibilities, composition, structure and membership requirements of the Nomination Committee are documented in a separate Nomination Committee Charter approved by the Board.

The Nomination Committee is to consist of a minimum of three members, the majority of whom should be independent.

The responsibilities of the Nomination Committee include:

- assessment of the necessary and desirable competencies of Board members;
- review of Board succession plans;
- evaluation of the Board's performance; and
- recommendations for the appointment and removal of directors.

Audit Committee

While the Board had previously established an Audit Committee it has not had an Audit Committee since Mr Humphris resigned in December 2010 as since then CMA has had insufficient non-executive and no independent directors. Prior to Mr Humphris resignation the composition of the Audit Committee did not comply with the ASX Guidelines due to CMA having insufficient non-executive directors and no independent directors.

The role and responsibilities, composition, structure and membership requirements of the Audit Committee are documented in a separate Audit Committee Charter.

Remuneration Committee

While the Board had previously established a Remuneration Committee it has not had a Remuneration Committee during the financial year due to CMA having no independent directors. The role and responsibilities, composition, structure and membership requirements of the Remuneration Committee are set out in detail in a Remuneration Committee Charter approved by the Board.

Delegation of Authority

The Company's statement of delegated authority sets out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

Directors have no individual authority to make representations or enter agreements on behalf of the Company unless such authority is expressly delegated by the Board.

Responsibilities of the Board

The Board Charter has been adopted by the Board and governs various aspects of the Board including:

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals and responsibilities and levels of authority for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- oversight of the Company, including its control and accountability systems;
- appointing and removing the Managing Director, including approving remuneration of the Managing Director and the remuneration policy and succession plans for the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer/Company Secretary;
- input into and final approval of management's corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- approving and monitoring financial, operational, health, safety and environmental and other reporting.

To assist with the execution of its responsibilities, the Board has established an Audit Committee, Remuneration Committee and Nomination Committee. Each Board committee has in place a charter, approved by the Board, setting out its responsibilities.

Code of Conduct for Directors and Officers

To promote ethical and responsible decision-making, the Board has approved a Code of Conduct for Directors and Officers (the Managing Director, the Chief Financial Officer/Company Secretary and other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct for Directors and Officers deals with the following main areas:

- conflicts of interest;
- confidentiality;
- fair dealing;
- compliance with laws and regulations;
- corporate opportunities;
- protection and proper use of the Company's assets; and
- encouraging the reporting of unlawful, unethical behaviour.

Directors and the senior management team must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct is periodically evaluated and action taken where necessary.

Share Trading

The Company's share trading policies (**Share Trading Policies**) document the Company's policy relevant to trading in company securities by directors, officers and employees.

Each of the Share Trading Policies clearly identifies those individuals who are restricted from trading, the relevant laws relating to trading, and includes a coherent strategy for trading.

Financial Reporting Integrity

Managing Director and Chief Financial Officer/Company Secretary Assurances

It is the responsibility of both the Managing Director and the Chief Financial Officer/Company Secretary to provide written assurances to the Board that in all material respects:

- the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively.

Continuous Disclosure

The Board has adopted a Disclosure Policy that is designed to ensure compliance with ASX Listing Rules, disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company Secretary is the Disclosure Officer appointed in accordance with the policy. The Disclosure Officer is responsible for the lodgement of all announcements with the ASX during the year after receiving appropriate approvals for the content of each announcement.

Under the policy the Board conducts regular reviews to ensure that all relevant information that should have been provided to the ASX, including the company accounts:

- has been prepared and lodged in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner that allows the input of the information when making investment decisions.

Shareholders

Communications Strategy with Shareholders

The Company's shareholder communications strategy (**Communications Strategy**) is designed to promote effective communication with shareholders and encourage participation at general meetings.

The Communications Strategy includes regular and continuous disclosure to the ASX and policies and procedures relating to use of the ASX and the Company's websites as a means of communicating with shareholders.

Risk Management

The Company's risk management policy (**Risk Management Policy**) describes the roles and respective accountabilities of the Board, the Audit Committee (or other appropriate committee) and management.

The Risk Management Policy also covers a risk profile, which includes an assessment of the risks facing the Company, compliance and control and an assessment of effectiveness of the above policies.

In its first seven years of operation the Board has not established a specific Risk Management Committee but a Charter for a Risk Management Committee has been adopted for future use. In lieu of the establishment of a specific Risk Management Committee the full Board, on a monthly basis reviews the group human resources, safety, financial, treasury, insurance and divisional country reports.

Code of Conduct covering Obligations to Stakeholders

The Board has established a code of conduct (**Code**) to guide compliance with legal and other obligations to legitimate stakeholders including shareholders.

The Code includes:

- responsibilities to shareholders and the financial community generally;
- responsibilities to clients, customers and consumers;
- employment practices;
- obligations relative to fair trading and dealing;
- responsibilities to the individual;
- responsibilities to the community;
- how the Company complies with legislation affecting its operations; and
- how the Company monitors and ensures compliance with the Code of Conduct towards stakeholders.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.cmacorp.net.

Diversity Policy

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company is in the process of developing a diversity policy.

DIRECTORS' REPORT

The directors of CMA Corporation Limited submit herewith the annual report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors and Company Secretary

The names of directors and the company secretary in office at any time during or since the end of the financial year are:

Parag-Johannes Bhatt	Executive Chairman	Appointed 10 August 2010
	Executive Director	Appointed 4 February 2010
John Pedersen	Managing Director	Appointed 16 January 2012
Peter Lancken	Non-Executive Deputy Chairman	Appointed 10 August 2010
	Interim Managing Director	Resigned 16 January 2012
Joseph Tong Hong Chung	Executive Director	Appointed 11 March 2005
		Resigned 19 October 2011
Mike Greulich	Executive Director	Appointed 23 November 2009
Oliver Scholz	Executive Director	Appointed 4 February 2010
Trevor Schmitt	Executive Director	Appointed 10 August 2010
	Company Secretary	Appointed 12 May 2008
Paul Whitehead	Non-Executive Director	Appointed 6 September 2011

Principal Activities

The principal activity of the Group during the financial year was metals recycling.

Operating Results

The consolidated loss after tax of the Group amounted to $75,586 (thousand) compared to a consolidated loss after tax in 2011 of $123,593 (thousand).

Dividends

The Directors do not recommend the payment of a dividend in both years.

Review of Operations

The trading results for 2012 were adversely impacted by the write down of the Deferred Tax Assets by $14,360 thousand and the impairment of Goodwill of $20,609 thousand, charged against the Group's Goodwill assets in Metals of $14,640 thousand and Property, Plant and Equipment of $5,883 thousand, together with impairing the intellectual property of $86 thousand.

The Directors believe that these impairments were appropriate given the operational throughput was lower than expected during the period under review. At that stage there was also uncertainty surrounding the level of future cash flows which can be generated by these assets.

The company is continuing to review its strategy to improve the performance of the Metals business segment across all the geographic regions and countries that CMA Corporation Limited operates in today.

Financial Position

The net assets of the Group at 30 June 2012 were $2,884 thousand (2011: $4,170 thousand).

Going Concern

The full year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a net loss from continuing operations after income tax of $71,298 thousand during the full year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $70,893 thousand.

The Directors in their consideration of the appropriateness of the going concern basis for the preparation of the financial report have reviewed the Group's cash flow forecasts and revenue and results projections based on current market conditions and its business plans.

The Directors consider that there are reasonable grounds to support that the Group will be able to pay its debts as and when they become due and payable. In forming this opinion, the Directors have considered the following factors:

Revised financing

In July 2012, as previously announced, CMA renegotiated the application of certain covenants under its debt finance facilities with Stemcor Trade Finance Limited (Stemcor Finance), GE Commercial Corporation (Australia) Pty Limited (GE) and Bank of New Zealand (BNZ). In summary, the material covenant waivers and variations agreed with the financiers were as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance has agreed to defer financial covenant testing under these facilities until 1 January 2013. Stemcor has also extended the maturity date of its term loan facility from 1 March 2013 to 1 September 2013.
- **GE Commercial equipment finance facility (Australia):** GE has agreed to a relaxation of CMA's fixed charge cover ratio financial covenant (which compares EBITDA to payments due in respect of borrowings) until 31 December 2013. In addition CMA is required to repay GE up to approximately $5,822,222 by 31 August 2013.
- **BNZ facilities:** BNZ provides a term loan facility, a revolving credit facility and a working capital facility to CMA Group. BNZ has agreed to extend the expiry date of the revolving credit facility by 12 months to 30 September 2013, to extend the availability period of the working capital facility until 31 December 2012, and to waive the testing of financial covenants scheduled for 30 June 2012 and 30 September 2012. This is on the basis CMA pays to BNZ NZ$4,000,000 by 31 August 2012. Also, CMA needs to use its best endeavours to deliver a proposal to BNZ by 30 October 2012 for the full repayment of BNZ facilities by 31 December 2012.

Subsequent to the above agreements, CMA engaged in further discussion with GE, BNZ and Stemcor Finance and revised some of the previously agreed waivers and variations during August 2012 which are summarised as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance agreed to:
    - waive the requirement for CMA to provide a Borrowing Base Report under clause 18.1 of the facility agreement or a Borrowing Base Audit Report under clause 18.2 of the Facility Agreement until 31 July 2013
    - waive the financial covenant reporting and financial covenant testing for both the working capital and term loan facilities until 31 July 2013.
    - extend the maturity date of the term loans on a continuing basis until 30 September 2013.
- **GE Commercial equipment finance facility (Australia):** CMA is now required to pay GE $2,800,000 on or prior to 31 August 2012 and equal monthly principal repayment of $485,185 on and from 1 November 2012.

  These revised terms are subject to CMA providing GE by 15 October 2012 a corporate guarantee issued by Scholz and/or Stemcor (See section below on Corporate Guarantees) for a face value equal to the total amount outstanding under the facility after the 31 August 2012 payment. GE may make a demand under the corporate guarantee at any time within 5 business days of the company's failure to pay any amount due and payable on the date due. The guarantee will be released by GE after it has received the monthly unaudited financial statements for the month ending 31 July 2013 and that all the financial covenants are satisfied at the calculation date falling on 31 July 2013.

- **BNZ facilities:** BNZ has further approved all covenants to be waived up to and including 31 December 2012 and the EBIT and EBITDA based covenants including the interest cover covenant will be waived up to and including 30 June 2013, conditional on CMA making payments of NZ$2,000,000 on 31 August 2012 and 30 April 2013 respectively (instead of the previously agreed NZ$4,000,000 by 31 August 2012). CMA will also need to deliver a corporate guarantee issued by Scholz and/or Stemcor in a form reasonably acceptable to the BNZ in respect of the 30 April 2013 payment on or prior to 30 October 2012. (See section below on Corporate Guarantees).

Corporate guarantees

Subsequent to the above discussions with GE and BNZ, the company's major shareholders, Scholz has undertaken to provide the corporate guarantees required under the GE Waiver Letter and the BNZ Waiver Letter, and the Company is in discussions with Stemcor regarding provision of a corporate guarantee, in the forms and by the deadlines set out by GE and BNZ above.

Prepaid purchase facilities

In July 2012, as previously announced, two of its major shareholders, Scholz and Stemcor, increased the aggregate funding available to CMA under the prepayment purchase facilities.

The aggregate level of funding available to CMA under the facilities was increased from $20 million to $33.5 million (with Scholz contributing up to $21 million and Stemcor contributing up to $12.5 million under their respective agreements with CMA). The agreements specify the funds should be used for the purpose of purchasing inventory or any other purpose agreed between the parties.

Advances under the facilities are interest-free and may, at CMA's election, be settled either by delivery of processed scrap material at market value (subject to purchase orders being agreed with the relevant funds provider from time to time), or in cash. The facilities do not bind CMA to make deliveries of processed scrap to Scholz and Stemcor to settle advances under the facilities; if better sale terms are available from other customers, CMA is free to sell to those other customers in the ordinary course and to settle the facility advances in cash.

Subsequent to the above agreements, during August 2012:

- Scholz has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA; and
- Stemcor Australia Pty Limited has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA.

Both Scholz and Stemcor have also agreed to extend their Prepayments to 1 October 2013, from 1 July 2013. Both Scholz and Stemcor have also agreed to extend settlement of their prepayment purchase facilities, whether through delivery or cash, to 1 October 2013, from 1 July 2013.

The CMA Board believes the increased funding available under the prepayment facilities will provide CMA with additional financial flexibility to increase its volumes of scrap inventory, leading to increased utilisation of CMA's processing capacity and increased sales volumes.

Letter of Support

In addition to all of the above, Scholz has provided the directors of CMA a letter of support undertaking to make available to CMA funds up to a maximum of $10 million to pay its debts incurred up to the expiry date of the letter of support. The expiry date of the letter of support is the earliest of:

- 30 September 2013;
- CMA raising at least $10 million in capital; and
- The Board of CMA resolving it can meet its debts as and when they fall due without the benefit of the letter.

Notwithstanding the above, if the Group should breach one or more of its banking covenants under the renegotiated facility agreements, the Group's financiers decide to require the Group's debt to be repayable immediately and Scholz not meeting its undertakings outlined above, or should the Group not achieve its future forecast results, then, in the opinion of the Directors, there will be significant uncertainty regarding the ability of the Company and the Group to continue as a going concern and pay their debts as and when they become due and payable.

If the Company and the Group is unable to continue as going concerns they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

No adjustments have been made to the financial report relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Matters Subsequent to the End of the Financial Year

The Group has completed significant refinancing since the close of the financial year. The table below sets out a pro-forma statement of financial position at 30 June 2012 for the Group to reflect the impact on the Group's consolidated Balance Sheet of the revised financing arrangements.

	Balance Sheet as at 30 June 2012	**Pro-forma Balance Sheet as at 30 June 2012**
	$'000	**$'000**
Current Assets	43,855	56,855
Current Liabilities	(114,748)	(47,387)
Net Current (Liabilities)/Assets	**(70,893)**	**9,468**
Non-Current Assets	110,043	110,043
Non-Current Liabilities	(36,266)	(116,627)
Total Assets	153,898	166,898
Total Liabilities	(151,014)	(164,014)
Net assets	**2,884**	**2,884**

The pro-forma Balance Sheet increase in Net Current Assets of $80,361,362 relates to current borrowings of $67,361,362 being reclassified as non-current borrowings, reflecting the terms of the revised financing arrangements (detailed below) being, Stemcor term loan of $25,000,000, Stemcor working capital facility of $19,607,843, GE Capital commercial equipment finance facility of $18,062,962 and the BNZ term loan of $4,690,557, and also the increase in the prepaid purchase facilities of $13,000,000.

Revised financing

In July 2012, as previously announced, CMA renegotiated the application of certain covenants under its debt finance facilities with Stemcor Trade Finance Limited (Stemcor Finance), GE Commercial Corporation (Australia) Pty Limited (GE) and Bank of New Zealand (BNZ). In summary, the material covenant waivers and variations agreed with the financiers were as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance has agreed to defer financial covenant testing under these facilities until 1 January 2013. Stemcor has also extended the maturity date of its term loan facility from 1 March 2013 to 1 September 2013.
- **GE Commercial equipment finance facility (Australia):** GE has agreed to a relaxation of CMA's fixed charge cover ratio financial covenant (which compares EBITDA to payments due in respect of borrowings) until 31 December 2013. In addition CMA is required to repay GE up to approximately $5,822,222 by 31 August 2013.

- **BNZ facilities:** BNZ provides a term loan facility, a revolving credit facility and a working capital facility to CMA Group. BNZ has agreed to extend the expiry date of the revolving credit facility by 12 months to 30 September 2013, to extend the availability period of the working capital facility until 31 December 2012, and to waive the testing of financial covenants scheduled for 30 June 2012 and 30 September 2012. This is on the basis CMA pays to BNZ NZ$4,000,000 by 31 August 2012. Also, CMA needs to use its best endeavours to deliver a proposal to BNZ by 30 October 2012 for the full repayment of BNZ facilities by 31 December 2012.

Subsequent to the above agreements, CMA engaged in further discussion with GE, BNZ and Stemcor Finance and revised some of the previously agreed waivers and variations during August 2012 which are summarised as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance agreed to:
    - waive the requirement for CMA to provide a Borrowing Base Report under clause 18.1 of the facility agreement or a Borrowing Base Audit Report under clause 18.2 of the Facility Agreement until 31 July 2013
    - waive the financial covenant reporting and financial covenant testing for both the working capital and term loan facilities until 31 July 2013
    - extend the maturity date of the term loans on a continuing basis until 30 September 2013.
- **GE Commercial equipment finance facility (Australia):** CMA is now required to pay GE $2,800,000 on or prior to 31 August 2012 and equal monthly principal repayment of $485,185 on and from 1 November 2012.

  These revised terms are subject to CMA providing GE by 15 October 2012 a corporate guarantee issued by Scholz and/or Stemcor (See section below on Corporate Guarantees) for a face value equal to the total amount outstanding under the facility after the 31 August 2012 payment. GE may make a demand under the corporate guarantee at any time within 5 business days of the company's failure to pay any amount due and payable on the date due. The guarantee will be released by GE after it has received the monthly unaudited financial statements for the month ending 31 July 2013 and that all the financial covenants are satisfied at the calculation date falling on 31 July 2013.
- **BNZ facilities:** BNZ has further approved all covenants to be waived up to and including 31 December 2012 and the EBIT and EBITDA based covenants including the interest cover covenant will be waived up to and including 30 June 2013, conditional on CMA making payments of NZ$2,000,000 on 31 August 2012 and 30 April 2013 respectively (instead of the previously agreed NZ$4,000,000 by 31 August 2012). CMA will also need to deliver a corporate guarantee issued by Scholz and/or Stemcor in a form reasonably acceptable to the BNZ in respect of the 30 April 2013 payment on or prior to 30 October 2012. (See section below on Corporate Guarantees).

Corporate guarantees

Subsequent to the above discussions with GE and BNZ, the company's major shareholders, Scholz has undertaken to provide the corporate guarantees required under the GE Waiver Letter and the BNZ Waiver Letter, and the Company is in discussions with Stemcor regarding provision of a corporate guarantee, in the forms and by the deadlines set out by GE and BNZ above.

Prepaid purchase facilities

In July 2012, as previously announced, two of its major shareholders, Scholz and Stemcor, increased the aggregate funding available to CMA under the prepayment purchase facilities.

The aggregate level of funding available to CMA under the facilities was increased from $20 million to $33.5 million (with Scholz contributing up to $21 million and Stemcor contributing up to $12.5 million under their respective agreements with CMA). The agreements specify the funds should be used for the purpose of purchasing inventory or any other purpose agreed between the parties.

Advances under the facilities are interest-free and may, at CMA's election, be settled either by delivery of processed scrap material at market value (subject to purchase orders being agreed with the relevant funds provider from time to time), or in cash. The facilities do not bind CMA to make deliveries of processed scrap to Scholz and Stemcor to settle advances under the facilities; if better sale terms are available from other customers, CMA is free to sell to those other customers in the ordinary course and to settle the facility advances in cash.

Subsequent to the above agreements during, August 2012:

- Scholz has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA; and
- Stemcor Australia Pty Limited has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA.

Both Scholz and Stemcor have also agreed to extend their Prepayments to 1 October 2013, from 1 July 2013. Both Scholz and Stemcor have also agreed to extend settlement of their prepayment purchase facilities, whether through delivery or cash, to 1 October 2013, from 1 July 2013.

The CMA Board believes the increased funding available under the prepayment facilities will provide CMA with additional financial flexibility to increase its volumes of scrap inventory, leading to increased utilisation of CMA's processing capacity and increased sales volumes.

Letter of Support

In addition to all of the above, Scholz have provided the directors of CMA a letter of support undertaking to make available to CMA funds up to a maximum of $10 million to pay its debts incurred up to the expiry date of the letter of support. The expiry date of the letter of support is the earliest of:

- 30 September 2013;
- CMA raising at least $10 million in capital; and

The Board of CMA resolving it can meet its debts as and when they fall due without the benefit of the letter.

Likely Developments and Expected Results

The Group will continue to develop the following strategies and opportunities to deliver long term goals and grow shareholder wealth.

1. Continue to expand the Group's network of metal trading scrap yard facilities in key areas in Australia, New Zealand, Singapore, Malaysia and USA.
2. Enhance the Group's metal processing, recycling and transportation facilities to maximise profit margins from tonnages handled and add additional value where opportunities can be identified.
3. Ensure that any acquisitions are fully integrated with CMA's existing businesses and crystallise the potential synergies across the Group to improve the efficiency and quality of operations.
4. Develop and implement first class systems and procedures in the areas of planning, financial reporting and control, occupational health and safety, and employee development and remuneration.
5. Monitor and appraise strategic acquisitions that create value for shareholders and are earnings accretive.

Environmental Issues and Occupational Health and Safety

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and States of Australia, and those countries where CMA has a direct presence.

- The Group is subject to environmental regulations in relation to its scrap metal trading business locations and its demolition and remediation contract services sites, which require certain standards be met and adhered to in relation to matters such as drainage and the storage and disposal of hazardous materials. Where necessary, actions have been taken in relation to businesses and subsidiaries acquired during the financial year to ensure that they comply with such regulations.
- Executive management and key technical personnel regularly visit metal yards and contracting sites to monitor and improve environmental and occupational health and safety performance against the Group's stringent standards.

Information on Directors

Parag-Johannes Bhatt	Chairman (Executive)
Qualifications and Experience	Before becoming a Board Member (CFO) of Scholz AG in 2007, Parag-Johannes Bhatt was Head of Corporate Finance & Development within Scholz-Group. Before joining Scholz AG he worked for Deutsche Bank AG for many years having various responsibilities for J M. Voith AG and Fraunhofer-Gesellschaft. In 1993 Parag-Johannes Bhatt graduated as Diplom-Kaufmann from the University of Stuttgart in Germany.
Interest in Shares and Options	Parag-Johannes Bhatt does not hold any shares or options in CMA Corporation Limited.
John Pedersen	Managing Director appointed on 16 January 2012
Qualifications and Experience	John Pedersen was CTO and CEO in Uniscrap A/S, Denmark (a wholly owned subsidiary of Scholz AG) from 2006 - 2011. Before joining Uniscrap A/S he worked as CEO in Danish/American Joint Venture Engineering Company specialised in designing air pollution control plants, and has work experience from South East Asia, Middle East, Europe and North America. John has a military education from the Royal Danish Navy, and an engineering degree (Environmental) from the University of Aalborg, Denmark.
Interest in Shares and Options	John Pedersen does not hold any shares or options in CMA Corporation Limited.
Peter Lancken	Interim Managing Director resigned on 16 January 2012 Deputy Chairman (Non-Executive)
Qualifications and Experience	Peter was Managing Director of Kennards Hire from 1994 until 2010. He also worked in various roles at UK-listed engineering and technology group GKN for 18 years, most recently as Managing Director of GKN Australia. Peter has a Bachelor of Engineering (Civil) from the University of New South Wales and is a Fellow of the Institute of Engineers Australia.
Interest in Shares and Options	250,000 Ordinary Shares of CMA Corporation Limited.
Joseph Tong Hong Chung	Executive Director resigned on 19 October 2011
Qualifications and Experience	Joseph Chung was a founding shareholder of the T & T Metal Group, has over 25 years experience in the recycling and demolition industry and holds a Bachelor of Arts degree. Joseph is an expert in project management and has managed a number of high value contracts with Australia's leading companies. Joseph also has a number of years' experience in exporting scrap metal from major ports in Australia to clients in South East and North East Asia.
Interest in Shares and Options	6,332,033 Ordinary Shares of CMA Corporation Limited.

Mike Greulich	Executive Director
Qualifications and Experience	Mike Greulich is head of the Non Ferrous Division of Scholz AG. He is a member of the Management Board of Scholz AG and a member of the Executive Board of Scholz Recycling AG & Co KG. Mike has a Bachelor of Business Administration and has a wealth of experience in the metals recycling business through his role at Scholz, where he has been employed since 1997.
Interest in Shares and Options	153,000 Ordinary Shares of CMA Corporation Limited.
Oliver Scholz	Executive Director
Qualifications and Experience	Oliver Scholz joined Scholz AG in 1991 in conjunction with his academic education which he graduated as Diplom-Betriebswirt (BA). Initially he was responsible for the development and the integration of the newly acquired operations in Eastern Germany. Oliver Scholz became a board member in 1999 and was the driving force for the strategic reorientation of Scholz Group between 1999 and 2001.
Interest in Shares and Options	114,528,513 Ordinary Shares of CMA Corporation Limited.
Trevor Schmitt	Executive Director
Qualifications and Experience	Trevor is a qualified Chartered Accountant, as well as being a member of Financial Services Institute of Australia. Trevor has held a number of senior management positions at a number of ASX listed entities over the last twenty years. Most recently, as Chief Operating Officer for Rinker Group Limited for the company's Concrete and China division. Prior to those responsibilities, he was Chief Financial Officer for the company's Readymix business division. He has also held a number of senior financial roles in Pioneer International Limited.
Interest in Shares and Options	135,000 Ordinary Shares of CMA Corporation Limited.
Special Responsibilities	Chief Financial Officer and Company Secretary.
Paul Whitehead	Non-Executive Director appointed on 6 September 2011
Qualifications and Experience	After joining Stemcor as a trainee trader in London in 1988, Paul Whitehead transferred to Sydney in 1991 and was appointed managing director of Stemcor Australia in 1998. He was appointed a director of Stemcor in 2006. He has responsibility for the development of Stemcor's Australasian and mining businesses.
Interest in Shares and Options	Paul Whitehead does not hold any shares or options in CMA Corporation Limited.

Remuneration Report

This report details the nature and amount of remuneration for each director of CMA Corporation Limited and for key specified executives having the most influence over the direction and management of the Group.

Remuneration Policy

CMA Corporation Limited has now completed its first seven full years of operations. The Company has previously developed and formalised remuneration policies, has implemented those policies throughout all business units within the Group during the financial year ended 30 June 2012.

The policies adopted are summarised as follows:

- The remuneration for key specified executives of the Group has been set by the Board and was reviewed in September 2008 as part of the annual performance and remuneration review process. Specified key executives include the CFO and Company Secretary and the Chief Operating Officer.
- The Board previously established a Remuneration Committee but has had no such Committee during the financial year due to CMA having no independent directors. The role and responsibilities, structure and membership requirements of the Remuneration Committee are set out in detail in a Remuneration Committee Charter approved by the Board.
- The Committee originally sponsored the implementation of employee share and option arrangements to provide an employee incentive scheme for performance enhancement at the Annual General Meeting held on 18 November 2005. The plans were agreed by shareholders at the meeting and again were approved for a further three years by shareholders at the Annual General Meeting held on 24 November 2008. During the financial year ended 30 June 2012, no shares were issued under these schemes.

The Board's current policy for determining the nature and amount of remuneration for senior executives of the Group is as follows:

- The initial remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board after seeking professional advice.
- All executives receive a base salary (which is based on factors such as qualifications and experience relating to their specific roles) and superannuation. The Remuneration Committee, or in its absence the Board, will review the current policy and executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value, and individual performance. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
- Executives will also be entitled to participate in the employee share and option arrangements first approved by members at the Annual General Meeting held on 18 November 2005 and approved for a further three year at the Annual General Meeting held on 24 November 2008. The executive director and executives receive a superannuation guarantee contribution required by law, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee, or in its absence the Board, determines payments to the non-executive directors and reviews their remuneration on 1 October annually, based on market practice, duties and accountability. The maximum aggregate remuneration payable to non-executive directors was increased from $400,000 to $600,000 by shareholder resolution at the 2007 AGM.

Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Based Remuneration

A part of each executive director's and executive's remuneration package is performance-based, and is measured against key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives and that of the business and shareholders. KPIs are set each year on 1 October, with a significant level of consultation with directors/executives to ensure agreement. The measures will be specifically tailored to the areas that each director/executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the financial KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs will be reviewed by the Remuneration Committee, or in its absence the Board, in light of the desired and actual outcomes, and their efficiency assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a financial KPI has been achieved, the Remuneration Committee, or in its absence the Board, of CMA Corporation Limited will base the assessment on audited figures.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The Remuneration Policy was developed to increase goal congruence between shareholders and directors and executives. The methodology applied in achieving this objective is to provide performance bonuses based on key performance indicators, and payable by the issue of shares and/or options. This policy is to apply to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth in the coming years.

The following table shows the gross revenue, (losses)/profits and dividends for the last five years for the listed entity, as well as the basic earnings per share at the end of the respective financial years.

	2012	2011	2010	2009	2008
	$000	**$000**	**$000**	**$000**	**$000**
Revenue	238,141	337,917	348,663	398,558	503,567
Net (loss)/profit after tax	(75,586)	(123,593)	(72,391)	(72,693)	18,076
	Cents	**Cents**	**Cents**	**Cents**	**Cents**
		(as restated)	**(as restated)**	**(as restated)**	**(as restated)**
Basic (loss)/earnings per share	(40.0)	(529.3)	(327.0)	(562.5)	198.5
Dividends declared	-	-	-	-	22.1

Earnings per share and dividends per share have been restated following a 40:1 share consolidation in 2012. All weighted average shares have been restated by the 40:1 share consolidation as a result and basic earnings per share have been recalculated using the restated weighted average number of shares.

Details of Remuneration

Details of the remuneration for each director and each of the key management personnel of the Group are set out in the tables below.

The key management personnel of the Group include, in addition to the directors, the specified executives. The specified executives are the members of senior management who report directly to the Managing Director and are responsible for directing, planning and controlling the Group's operations.

Performance Income as a Proportion of Total Remuneration

Performance based bonuses were not paid to executive directors or executives during the year ended 30 June 2012.

Options Issued as Part of Remuneration for the Financial Year Ended 30 June 2012

The CMA Board did not issue any Options in both 2011 and 2012.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director, the executive directors and specified executives are formalised in contracts of employment.

CMA Corporation Limited has the following key employees:

- John Pedersen as the Managing Director from 16 January 2012 onwards;
- Peter Lancken as the Interim Managing Director from 24 January 2011 to 16 January 2012;
- Trevor Schmitt, Chief Financial Officer and Company Secretary; and
- Paul Mann, Chief Operating Officer from 25 May 2011 to 9 May 2012.

The key employees (except the Managing Director):

- have no contracted entitlement to annual bonus payments but are included in the Performance Based Remuneration Policy of the Group;
- have standard leave entitlements;
- may terminate their employment or have their employment terminated by CMA Corporation Limited, by giving appropriate notice;
- receive total remuneration as follows:
    - Trevor Schmitt, $464,134 as Chief Financial Officer and Company Secretary;
    - Paul Mann, $473,888 during his services as Chief Operating Officer;
- are entitled to participate in any employee share or option arrangements; and
- are subject to restrictive covenants during their employment or following termination of their employment.

The Managing Director:

- has no contracted entitlement to annual bonus payments but is included in the Performance Based Remuneration Policy of the Group;
- has standard leave entitlements;
- may terminate his employment or have his employment terminated by CMA Corporation Limited, by giving appropriate notice;
- John Pedersen received $201,790, as Managing Director.
- Peter Lancken received $265,949 during his services as the Interim Managing Director;
- is entitled to participate in the employee share and option arrangements; and
- is subject to restrictive covenants during his employment, or following termination of his employment.

For all these key employees, either party may terminate the employment by giving appropriate notice period, and CMA Corporation Limited may also terminate with payment in lieu of notice. Rights of summary dismissal are preserved.

	Short-term Benefits		Post-employment Benefits		Share-based Payments		
	Salaries	Cash Bonus	Super-annuation	Termination Benefits	Options & Shares	Total	Performance Related
2012	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
Parag-Johannes Bhatt	100,000	-	9,000	-	-	109,000	-
Peter Lancken (i)	242,626	-	23,323	21,226	-	287,175	-
Joseph Tong Hong Chung (ii)	356,641	-	44,473	190,784	-	591,898	-
Mike Greulich	64,000	-	5,760	-	-	69,760	-
Oliver Scholz	64,000	-	5,760	-	-	69,760	-
Trevor Schmitt	421,725	92,593	42,409	-	-	556,727	-
Paul Whitehead	53,333	-	4,800	-	-	58,133	-
John Pedersen (iii)	185,128	-	16,662	-	-	201,790	-
	1,487,453	92,593	152,187	212,010	-	1,944,243	

2012	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Specified Executives							
Paul Mann (iv)	432,137	101,852	-	41,751	-	575,740	-
	432,137	101,852	-	41,751	-	575,740	

(i) Peter Lancken resigned as interim managing director on 16 January 2012.
(ii) Joseph Tong Hong Chung resigned as a director on 19 October 2011.
(iii) John Pedersen was appointed managing director on 16 January 2012.
(iv) Paul Mann resigned as Chief Operating Officer on 9 May 2012.

	Short-term Benefits		Post-employment Benefits		Share-based Payments		
	Salaries	Cash Bonus	Super-annuation	Termination Benefits	Options & Shares	Total	Performance Related
2011	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
Parag-Johannes Bhatt	100,000	-	9,000	-	-	109,000	-
Peter Lancken	529,700	-	47,673	-	-	577,373	-
Joseph Tong Hong Chung	352,338	-	31,710	-	-	384,048	-
Mike Greulich	64,000	-	5,760	-	-	69,760	-
Oliver Scholz	64,000	-	5,760	-	-	69,760	-
Trevor Schmitt	528,848	-	43,040	-	-	571,888	-
Michael Humphris (i)	39,056	-	3,515	-	-	42,571	-
Craig Tuhoro (ii)	317,649	-	-	157,409	-	475,058	-
Grant Anderson (iii)	1,969	-	177	-	-	2,146	-
	1,997,560	-	146,635	157,409		2,301,604	-

2011	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Specified Executives							
Paul Mann (iv)	345,079	-	-	-	-	345,079	-
Mike Keenan (v)	103,380	-	6,553	183,314	-	293,247	-
	448,459	-	6,553	183,314	-	638,326	-

(i) Michael Humphris resigned as a director on 17 December 2010.

(ii) Craig Tuhoro resigned as the managing director on 5 December 2010.

(iii) Grant Anderson resigned as a director on 13 July 2010.

(iv) Paul Mann was appointed Chief Operating Officer on 25 May 2011.

(v) Mike Keenan resigned as a specified executive on 8 December 2010.

Meetings of Directors

During the financial year ended 30 June 2012, 16 meetings of the Board of Directors were held. Attendances by each director during the financial year were as follows:

Director	Directors' Meetings Eligible to Attend	Directors' Meetings Attended	Audit Committee Meetings Eligible to Attend (iv)	Audit Committee Meetings Attended (iv)
Parag-Johannes Bhatt	16	16	-	-
Peter Lancken (i)	16	15	-	-
Joseph Tong Hong Chung (ii)	5	5	-	-
Mike Greulich	16	16	-	-
Oliver Scholz	16	15	-	-
Trevor Schmitt	16	16	-	-
Paul Whitehead	12	11	-	-
John Pedersen (iii)	7	7	-	-

Director	Remuneration Committee Meetings Eligible to Attend	Remuneration Committee Meetings Attended	Nomination Committee Meetings Eligible to Attend	Nomination Committee Meetings Attended
Parag-Johannes Bhatt	-	-	-	-
Peter Lancken (i)	-	-	-	-
Joseph Tong Hong Chung (ii)	-	-	-	-
Mike Greulich	-	-	-	-
Oliver Scholz	-	-	-	-
Trevor Schmitt	-	-	-	-
Paul Whitehead	-	-	-	-
John Pedersen (iii)	-	-	-	-

(i) Peter Lancken resigned as interim managing director on 16 January 2012.
(ii) Joseph Tong Hong Chung resigned as a director on 19 October 2011.
(iii) John Pedersen was appointed managing director on 16 January 2012.
(iv) Post Michael Humphris' resignation on 17 December 2010 CMA has not had an Audit Committee as since then CMA has had insufficient non-executive directors and no independent directors.

Indemnifying Officers

During or since the end of the financial year, the Company has paid or agreed to pay insurance premiums in relation to its directors and officers. The terms of the insurance policy prevent disclosure of the amount of the premium paid, or the specific coverage that it provides.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Non-audit Services

The Board of Directors, in accordance with any advice from the Audit Committee, is satisfied that the provision of non-audit services during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- Deloitte Touche Tohmatsu provided consultancy services during the financial year.
- all non-audit services have been reviewed by the Audit Committee or in its absence the Board to ensure they do not impact the impartiality and objectivity of the auditor.
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Rounding Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the Directors' Report and financial report have been rounded to the nearest thousand dollars, where rounding applicable.

Auditor's Independence Declaration

The lead auditor's independence declaration for the financial year ended 30 June 2012 has been received and is set out on page 21.

Signed in accordance with a resolution of the Board of Directors.

John Pedersen
Managing Director

Dated at Sydney, 31 August 2012

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
CMA Corporation Limited
Level 5, 160 Sussex Street
SYDNEY NSW 2000

31 August 2012

Dear Board Members

CMA Corporation Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CMA Corporation Limited.

As lead audit partner for the audit of the financial statements of CMA Corporation Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012	2011
Continuing operations		**$000**	**$000**
Revenue from continuing operations	**2a**	238,141	337,917
Other income	**2a**	3,085	16
Gain on debt/equity swap		5,063	-
Changes in inventories of finished goods	**2b**	(6,876)	33
Inventories used	**2b**	(167,702)	(257,092)
Employee benefits expense	**2b**	(29,601)	(34,664)
Consultants and professional fees		(4,914)	(3,842)
Abandoned financing costs		(3,510)	(2,704)
Restructuring costs		(1,424)	-
Hire of equipment and transport expenses		(18,908)	(19,804)
Office and yard rent expense		(13,713)	(16,074)
Provision for bad debts and doubtful debts recoveries		(896)	(487)
Profit/(loss) on disposal of assets		(227)	136
Impairment losses	**2b**	(20,609)	(58,702)
Legal claims		(2,343)	(5,357)
Provision for slow moving inventories		(390)	(2,647)
Provision for impairment of receivables		(456)	(490)
Site closure and rehabilitation costs		-	(2,207)
Provision for waste processing costs		-	(500)
Foreign exchange gains		1,216	153
Other general expenses		(7,461)	(7,163)
Depreciation and amortisation expense		(11,669)	(14,954)
Finance costs	**2b**	(13,744)	(15,557)
Loss before income tax		(56,938)	(103,989)
Income tax expense	**3**	(14,360)	(19,171)
Loss for the financial year from continuing operations		(71,298)	(123,160)
Discontinued operation			
Loss for the year from discontinued operation	**31**	(4,288)	(433)
Loss for the year		**(75,586)**	**(123,593)**
Other comprehensive loss			
Exchange differences arising on translation of foreign operations	**19**	(1,369)	(4,255)
Total comprehensive loss		**(76,955)**	**(127,848)**
Loss per share			
From continuing and discontinued operations			As restated
Basic loss per share (cents per share)	**6**	(40.0)	(529.3)
Diluted loss per share (cents per share)	**6**	(40.0)	(529.3)
From continuing operations			
Basic loss per share (cents per share)	**6**	(37.7)	(527.5)
Diluted loss per share (cents per share)	**6**	(37.7)	(527.5)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2012	2011
		$000	$000
ASSETS			
Current Assets			
Cash and cash equivalents	7	7,607	1,461
Trade and other receivables	8	12,818	16,561
Inventories	9	16,703	23,969
Other assets	10	6,727	8,144
Total Current Assets		43,855	50,135
Non-Current Assets			
Trade and other receivables	8	17,962	18,093
Financial assets	11	-	-
Property, plant and equipment	12	87,081	104,402
Deferred tax assets	3	5,000	19,624
Intangible assets	13	-	15,181
Total Non-Current Assets		110,043	157,300
TOTAL ASSETS		153,898	207,435
LIABILITIES			
Current Liabilities			
Trade and other payables	15	23,273	41,647
Borrowings	16	88,666	137,152
Current tax liabilities		470	946
Provisions	17	2,339	2,849
Total Current Liabilities		114,748	182,594
Non-Current Liabilities			
Trade and other payables	15	34,739	1,294
Borrowings	16	262	18,561
Deferred tax liabilities	3	669	592
Provisions	17	596	224
Total Non-Current Liabilities		36,266	20,671
TOTAL LIABILITIES		151,014	203,265
NET ASSETS		2,884	4,170
EQUITY			
Issued capital	18	326,987	251,318
Accumulated losses		(320,040)	(244,454)
Other reserves	19	(4,063)	(2,694)
TOTAL EQUITY		2,884	4,170

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Issued Capital	Accumulated Losses	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total
	$000	$000	$000	$000	$000
At 30 June 2010	**251,318**	**(120,861)**	**305**	**1,256**	**132,018**
Loss for the year	-	(123,593)	-	-	(123,593)
Exchange differences on translation of foreign operations	-	-	-	(4,255)	(4,255)
At 30 June 2011	**251,318**	**(244,454)**	**305**	**(2,999)**	**4,170**
Loss for the year	-	(75,586)	-	-	(75,586)
Issue of share capital	77,464	-	-	-	77,464
Share issue costs	(6,732)	-	-	-	(6,732)
Shares issued for debt/equity swap	4,937	-	-	-	4,937
Exchange differences on translation of foreign operations	-	-		(1,369)	(1,369)
At 30 June 2012	**326,987**	**(320,040)**	**305**	**(4,368)**	**2,884**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$000	$000
Cash Flows from Operating Activities			
Receipts from customers		254,969	362,745
Payments to suppliers and employees		(281,502)	(344,456)
Interest received		756	16
Finance costs		(13,744)	(15,945)
Income tax paid		-	-
Net cash (used in)/generated by operating activities	**22a**	(39,521)	2,360
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		915	4,666
Purchase of property, plant and equipment		(2,170)	(10,119)
Net cash used in investing activities		(1,255)	(5,453)
Cash Flows from Financing Activities			
Proceeds from issue of shares		77,464	-
Outlays in respect of share issue		(6,732)	-
Advance from related parties		41,351	-
Proceeds from borrowings		72,386	8,866
Repayment of borrowings		(128,758)	(17,759)
Net cash provided by/(used in) financing activities		55,711	(8,893)
Net increase/(decrease) in cash held		14,935	(11,986)
Cash and cash equivalents at beginning of financial year		(7,651)	4,765
Effects of exchange rate changes on cash and cash equivalents		34	(430)
Cash and cash equivalents at end of financial year	**22b**	**7,318**	**(7,651)**
Attributable to:			
Continuing operations		7,289	(7,651)
Discontinued operation		29	-
Total cash at end of financial year		**7,318**	**(7,651)**

The accompanying notes form part of these financial statements.

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial statements are for the consolidated entity of CMA Corporation Limited and its controlled entities.

a. Basis of preparation

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

CMA Corporation Limited is a company limited by shares, which is incorporated and domiciled in Australia. The shares of CMA Corporation Limited are publicly traded on the Australian Stock Exchange following its listing on 8 July 2005.

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified when applicable by the revaluation of selected noncurrent assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The consolidated financial statements are presented in Australian dollars.

The consolidated financial statements were authorised for issue by the directors on 31 August 2012.

b. Going concern

The full year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a net loss from continuing operations after income tax of $71,298 thousand during the full year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $70,893 thousand.

The Directors in their consideration of the appropriateness of the going concern basis for the preparation of the financial report have reviewed the Group's cash flow forecasts and revenue and results projections based on current market conditions and its business plans.

The Directors consider that there are reasonable grounds to support that the Group will be able to pay its debts as and when they become due and payable. In forming this opinion, the Directors have considered the following factors:

Revised financing

In July 2012, as previously announced, CMA renegotiated the application of certain covenants under its debt finance facilities with Stemcor Trade Finance Limited (Stemcor Finance), GE Commercial Corporation (Australia) Pty Limited (GE) and Bank of New Zealand (BNZ). In summary, the material covenant waivers and variations agreed with the financiers were as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance has agreed to defer financial covenant testing under these facilities until 1 January 2013. Stemcor has also extended the maturity date of its term loan facility from 1 March 2013 to 1 September 2013.
- **GE Commercial equipment finance facility (Australia):** GE has agreed to a relaxation of CMA's fixed charge cover ratio financial covenant (which compares EBITDA to payments due in respect of borrowings) until 31 December 2013. In addition CMA is required to repay GE up to approximately $5,822,222 by 31 August 2013.
- **BNZ facilities:** BNZ provides a term loan facility, a revolving credit facility and a working capital facility to CMA Group. BNZ has agreed to extend the expiry date of the revolving credit facility by 12 months to 30 September 2013, to extend the availability period of the working capital facility until 31 December 2012, and to waive the testing of financial covenants scheduled for 30 June 2012 and 30 September 2012. This is on the basis CMA pays to BNZ NZ$4,000,000 by 31 August 2012. Also, CMA needs to use its best endeavours to deliver a proposal to BNZ by 30 October 2012 for the full repayment of BNZ facilities by 31 December 2012.

Subsequent to the above agreements, CMA engaged in further discussion with GE, BNZ and Stemcor Finance and revised some of the previously agreed waivers and variations during August 2012 which are summarised as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance agreed to:
    - waive the requirement for CMA to provide a Borrowing Base Report under clause 18.1 of the facility agreement or a Borrowing Base Audit Report under clause 18.2 of the Facility Agreement until 31 July 2013
    - waive the financial covenant reporting and financial covenant testing for both the working capital and term loan facilities until 31 July 2013
    - extend the maturity date of the term loans on a continuing basis until 30 September 2013.
- **GE Commercial equipment finance facility (Australia):** CMA is now required to pay GE $2,800,000 on or prior to 31 August 2012 and equal monthly principal repayment of $485,185 on and from 1 November 2012.

  These revised terms are subject to CMA providing GE by 15 October 2012 a corporate guarantee issued by Scholz and/or Stemcor (See section below on Corporate Guarantees) for a face value equal to the total amount outstanding under the facility after the 31 August 2012 payment. GE may make a demand under the corporate guarantee at any time within 5 business days of the company's failure to pay any amount due and payable on the date due. The guarantee will be released by GE after it has received the monthly unaudited financial statements for the month ending 31 July 2013 and that all the financial covenants are satisfied at the calculation date falling on 31 July 2013.
- **BNZ facilities:** BNZ has further approved all covenants to be waived up to and including 31 December 2012 and the EBIT and EBITDA based covenants including the interest cover covenant will be waived up to and including 30 June 2013, conditional on CMA making payments of NZ$2,000,000 on 31 August 2012 and 30 April 2013 respectively (instead of the previously agreed NZ$4,000,000 by 31 August 2012). CMA will also need to deliver a corporate guarantee issued by Scholz and/or Stemcor in a form reasonably acceptable to the BNZ in respect of the 30 April 2013 payment on or prior to 30 October 2012. (See section below on Corporate Guarantees).

Corporate guarantees

Subsequent to the above discussions with GE and BNZ, the company's major shareholders, Scholz has undertaken to provide the corporate guarantees required under the GE Waiver Letter and the BNZ Waiver Letter, and the Company is in discussions with Stemcor regarding provision of a corporate guarantee, in the forms and by the deadlines set out by GE and BNZ above.

Prepaid purchase facilities

In July 2012, as previously announced, two of its major shareholders, Scholz and Stemcor, increased the aggregate funding available to CMA under the prepayment purchase facilities.

The aggregate level of funding available to CMA under the facilities was increased from $20 million to $33.5 million (with Scholz contributing up to $21 million and Stemcor contributing up to $12.5 million under their respective agreements with CMA). The agreements specify the funds should be used for the purpose of purchasing inventory or any other purpose agreed between the parties.

Advances under the facilities are interest-free and may, at CMA's election, be settled either by delivery of processed scrap material at market value (subject to purchase orders being agreed with the relevant funds provider from time to time), or in cash. The facilities do not bind CMA to make deliveries of processed scrap to Scholz and Stemcor to settle advances under the facilities; if better sale terms are available from other customers, CMA is free to sell to those other customers in the ordinary course and to settle the facility advances in cash.

Subsequent to the above agreements, during August 2012:

- Scholz has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA; and
- Stemcor Australia Pty Limited has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA.

Both Scholz and Stemcor have also agreed to extend their Prepayments to 1 October 2013, from 1 July 2013. Both Scholz and Stemcor have also agreed to extend settlement of their prepayment purchase facilities, whether through delivery or cash, to 1 October 2013, from 1 July 2013.

The CMA Board believes the increased funding available under the prepayment facilities will provide CMA with additional financial flexibility to increase its volumes of scrap inventory, leading to increased utilisation of CMA's processing capacity and increased sales volumes.

Letter of Support

In addition to all of the above, Scholz have provided the directors of CMA a letter of support undertaking to make available to CMA funds up to a maximum of $10 million to pay its debts incurred up to the expiry date of the letter of support. The expiry date of the letter of support is the earliest of:

- 30 September 2013;
- CMA raising at least $10 million in capital; and

The Board of CMA resolving it can meet its debts as and when they fall due without the benefit of the letter.

Notwithstanding the above, if the Group should breach one or more of its banking covenants under the renegotiated facility agreements, the Group's financiers decide to require the Group's debt to be repayable immediately and Scholz not meeting its undertakings outlined above, or should the Group not achieve its future forecast results, then, in the opinion of the Directors, there will be significant uncertainty regarding the ability of the Company and the Group to continue as a going concern and pay their debts as and when they become due and payable.

If the Company and the Group is unable to continue as going concerns they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

No adjustments have been made to the financial report relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

c. Statement of compliance

The consolidated financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

d. Comparative figures

The comparative figures in the consolidated financial statements are for the financial year from 1 July 2010 to 30 June 2011.

e. Rounding of amounts

The amounts contained in the Directors' Report and the consolidated financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

f. Principles of consolidation

The consolidated financial statements comprise the financial statements of CMA Corporation Limited (the Company) and its subsidiaries as at 30 June each year (the Group).

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intercompany balances and transactions within the Group, including any unrealised profits or losses, have been eliminated in full upon consolidation.

Subsidiaries are consolidated from the date on which control is acquired by the Group. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of the controlled entities is included in Note 14 to the consolidated financial statements.

g. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

h. Expenditure

Expenditure is brought to account on an accrual basis. The following specific recognition criteria must also be met before expenses are recognised:

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

i. Income tax

The charge for current income tax expense is based on the profit for the financial year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for in respect of all taxable and deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the temporary difference relates to the initial recognition of an asset or a liability in a transaction other than a business combination, where neither accounting profit nor taxable profit or loss is affected at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax is credited in the profit or loss except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- Where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST payable or recoverable included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated Balance Sheet.

Cash flows are included in the consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k. Cash and cash equivalents

Cash in the consolidated Balance Sheet comprises cash on hand and at banks, and in short-term deposits with an original maturity of three months or less. For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents per the consolidated Balance Sheet, net of fluctuating bank overdrafts. Bank overdrafts are shown within Borrowings in current liabilities on the consolidated Balance Sheet.

l. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

m. Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are carried in the consolidated Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent impairment losses.

Plant and equipment, leasehold improvements are stated at cost less accumulated depreciation and impairment. Construction in progress is stated at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

Depreciation

Depreciation methods, estimated useful lives and residual values are reviewed on a regular basis.

Depreciation is provided on plant and equipment, and freehold buildings, but excluding land. Depreciation of property, plant and equipment is calculated on a straight-line basis or reducing balance method, so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Assets held under finance leases are depreciated over their expected useful lives, but where shorter, the term of the relevant lease, using the reducing balance method. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the reducing balance method.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Leasehold improvements	10%
Plant and equipment	5%-33%
Leased plant and equipment	Over the lease term
Buildings	20 – 30 years

n. Leases

<u>*The Group as lessor*</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

<u>*The Group as lessee*</u>

Finance leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not legal title, are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised at the inception of the lease, recording an asset and a liability equal to the fair value or, if lower, the value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives where it is likely that the Group will obtain ownership of the asset, or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease expense for the financial year.

Operating leases

Leases where substantially all the risks and benefits remain with the lessor are classified as operating leases.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

o. Intangible assets

Goodwill

Goodwill is initially recognised at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be fully recoverable. As at the acquisition date, any goodwill arising is allocated to each of the cash-generating units expected to benefit from the business combination. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and its value in use.

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The amortisation rates used for each class of intangible assets are:

Class of intangible asset	**Amortisation rate**
Patents	30 years
Intellectual property	3 – 30 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

p. Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, a formal assessment of recoverable amount is made. The recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and the excess is written off to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

q. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of a past transaction or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted to their present values.

<u>Onerous Contracts</u>

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

<u>Restructurings</u>

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

r. Share based payments

Share based compensation benefits are provided to employees via the employee equity plan. Information relating to this scheme is set out in Note 24.

Shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Options are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a black-scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

s. Foreign currency translation

Functional and presentation currency

Both the functional and presentation currencies of CMA Corporation Limited and its Australian subsidiaries are Australian dollars.

The functional currency of the overseas subsidiaries (refer to Note 14 to the financial statements for a list of subsidiaries incorporated outside Australia) are the currencies of the countries in which those subsidiaries were incorporated, except the Singaporean subsidiary which uses United States Dollars as its functional currency. The functional currencies applied by overseas subsidiaries are Malaysian Ringgit, Papua New Guinean Kina, New Zealand and United States Dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the end of the reporting period using the rate of exchange at the reporting date. All exchange differences arising are recognised in the profit or loss.

Group companies

At the end of the reporting period, the assets and liabilities of overseas subsidiaries are translated into the presentation currency of CMA Corporation Limited at the rate of exchange ruling at the reporting date, and the income statement and statement of comprehensive income are translated using the weighted average exchange rates for the reporting period.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the re-translation of overseas subsidiaries are taken directly to a separate component of equity. These differences are recognised in the profit or loss in the period in which the operation is disposed.

t. Financial instruments

Recognition

Financial instruments incorporate both financial assets and financial liabilities. Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial Assets at Fair Value through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the financial year in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Loans and receivables include current and non-current trade and other receivables (refer to Note 1v).

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Financial liabilities include current and non-current trade and other payables (refer to Note 1w).

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in the value of derivative financial instruments are recognised immediately in the profit or loss unless they are designated as hedges. The Group does not hedge account.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

u. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their normal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date.

v. Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

w. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within one to three months.

x. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

y. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

z. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Aa. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 6).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Ab. Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or assets are acquired. Cost is measured at the fair value of the assets given and shares issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised in profit or loss as incurred. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1o). If the cost of acquisition is less than the Group’s share of the fair value of the identifiable net assets of the business acquired, the difference is recognised directly in profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

Where any part of the consideration is dependent on the acquired business achieving certain future performance targets, this part of the consideration is recognised only when it is probable that the targets will be achieved.

Ac. Parent entity financial information

The financial information for the parent entity, CMA Corporation Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of CMA Corporation Limited. Dividends received from subsidiaries are recognised in the parent entity’s profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Financial Guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair value of these guarantees are accounted for as contributions and recognised as part of the cost of investment.

(iii) Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. CMA Corporation Limited is the head entity in the tax-consolidated group. Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “separate taxpayer within group” approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Ad. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The Directors believe that these impairments were appropriate given the operational throughput was lower than expected during the period under review. At that stage there was also uncertainty surrounding the level of future cash flows which could be generated by these assets.

Refer to Note 13 for the goodwill impairment testing and the assumptions used.

Property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, in prior years the Group recognised deferred tax assets relating to carried forward tax losses. However, given the history of losses incurred during the last 3 years, no account has been taken of deferred tax assets arising from losses until there is convincing evidence that there will be sufficient taxable profits.

Employee benefits

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance sheet date:

(i) future on-cost rates;

(ii) experience of employee departures and period of service; and

(iii) future increase in wages and salaries.

Ae. Standards and interpretations issued but not yet adopted by the Group

The following new standards and amendments to standards have not yet been adopted by the group:

(i) AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements Standards

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The group's investment in the joint venture partnership will be classified as a joint venture under the new rules. As the group already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognized in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognized in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013) AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods.

Note 2: Loss before income tax	**Note**	**2012**	**2011**
Continuing operations		**$000**	**$000**
a. Revenues			
Sale of goods		238,141	337,917
Other income			
Legal settlement		2,329	-
Interest income		756	16
Total other income		3,085	16
Total revenues		241,226	337,933
b. Expenses			
Cost of sales		174,578	257,059
Sale of goods less cost of sales		63,563	80,874
Employee benefits expense			
- Superannuation		1,430	1,626
- Termination benefits		849	1,760
- Salaries and wages		27,322	31,278
Total employee benefits expense		29,601	34,664
Impairment losses			
Plant and equipment		5,883	13,852
Goodwill		14,640	44,471
Intellectual property		86	-
EcoCycle intellectual property		-	379
Total impairment losses		20,609	58,702

In 2012, the Group raised impairments of $20,609 thousand (2011: $58,702 thousand), charged against the goodwill assets in Metals of $14,640 thousand (2011: $44,471 thousand), plant and equipment of $5,883 thousand (2011: $13,852 thousand) and intellectual property of $86 thousand (2011: $379 thousand). These impairments were raised, given the operational throughput was lower than expected during the year and there was also uncertainty surrounding the level of future cash flows which could be generated by these assets.

Finance costs			
- External		10,955	15,114
- Related parties	**25**	2,789	443
Total finance costs		13,744	15,557

	2012 $000	2011 $000
Note 3: Income tax benefit		
a. Major components of income tax benefit comprise:		
Current income tax benefit	-	-
Deferred tax relating to the origination and reversal of temporary differences and tax losses	(14,360)	(19,171)
Income tax expense relating to continuing operations	(14,360)	(19,171)
b. Reconciliation between income tax expense and prima facie tax on accounting loss:		
Accounting loss from continuing operations	(56,938)	(103,989)
Tax at 30%	(17,081)	(31,197)
Effect of tax rates in foreign jurisdictions	1	(21)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	812	2,982
Impairment loss recognised	6,183	11,951
Other	-	(144)
Deferred tax asset not recognised	10,085	40,474
Deferred tax asset not previously recognised	-	(4,874)
Deferred tax asset previously recognised now written down	14,360	-
Income tax expense relating to continuing operations	14,360	19,171
The applicable weighted average effective tax rates are as follows:	(25%)	(18%)

	Opening balance $000	Credited/ (charged) to profit/loss $000	Net exchange differences on translation of foreign operations $000	Total $000
c. Deferred tax assets – 30 June 2012				
Accruals and provisions	1,260	(168)	-	1,092
Foreign exchange fluctuations	940	(109)	-	831
Losses	825	(825)	-	-
Capital raising costs	2,044	(2,044)	-	-
Non-current receivables and other	9,774	(9,744)	-	-
Plant and equipment	4,781	(1,363)	(341)	3,077
	19,624	(14,283)	(341)	5,000

The directors have recognised deferred tax assets to the extent that they will be utilised over the next 3 to 5 years using the forecast results of the group.

Deferred tax assets – 30 June 2011	Opening balance $000	Credited/ (charged) to profit/loss $000	Net exchange differences on translation of foreign operations $000	Total $000
Accruals and provisions	2,047	(787)	-	1,260
Foreign exchange fluctuations	1,139	(199)	-	940
Losses	30,725	(29,803)	(97)	825
Capital raising costs	856	1,188	-	2,044
Non-current receivables and other	1,538	8,236	-	9,774
Plant and equipment	1,056	3,725	-	4,781
	37,361	(17,640)	(97)	19,624

	Opening balance $000	Credited/ (charged) to profit/loss $000	Net exchange differences on translation of foreign operations $000	Total $000
d. Deferred tax liabilities – 30 June 2012				
Plant and equipment	(498)	(64)	-	(562)
Provisions and other	(94)	(13)	-	(107)
	(592)	(77)	-	(669)
Deferred tax liabilities – 30 June 2011				
Plant and equipment	(477)	(89)	68	(498)
Provisions and other	(13)	(81)	-	(94)
	(490)	(170)	68	(592)

Tax Losses

Deferred tax assets are recognised for carried forward tax losses to the extent that realisation of the related tax benefit through future taxable profit is probable. As at 30 June 2012, the Group has tax-effected unused tax losses of approximately $54,383 thousand (30 June 2011: $41,847 thousand) available for offset against future profit. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profits.

The benefit of tax losses will only be obtained if (i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised; (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation; and (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the losses.

Note 4: Key management personnel disclosure

Details of directors' and executives' remuneration are as below.

At the date of this report, the Board consists of seven members. The names, status and date of appointment or resignation of all the directors of the Company during the year and up to the date of this report are:

Parag-Johannes Bhatt	Executive Chairman	Appointed 10 August 2010
	Executive Director	Appointed 4 February 2010
John Pedersen	Managing Director	Appointed 16 January 2012
Peter Lancken	Non-Executive Deputy Chairman	Appointed 10 August 2010
	Interim Managing Director	Resigned 16 January 2012
Joseph Tong Hong Chung	Executive Director	Appointed 11 March 2005
		Resigned 19 October 2011
Mike Greulich	Executive Director	Appointed 23 November 2009
Oliver Scholz	Executive Director	Appointed 4 February 2010
Trevor Schmitt	Executive Director	Appointed 10 August 2010
	Company Secretary	Appointed 12 May 2008
Paul Whitehead	Non-Executive Director	Appointed 6 September 2011

Shareholdings of directors and specified executives

Number of Shares Held by Directors and Specified Executives as at 30 June 2012:

Directors	**Balance at 30 June 2011**	**Received as remuneration**	**Net change other**		**Balance at 30 June 2012**
Parag-Johannes Bhatt	-	-	-		-
Peter Lancken (iii)	-	-	250,000	(i)	250,000
Joseph Tong Hong Chung (iv)	873,363	-	5,458,670	(i)	6,332,033
Mike Greulich	17,000	-	136,000	(i)	153,000
Oliver Scholz	9,528,513	-	105,000,000	(i)(ii)	114,528,513
Trevor Schmitt	15,000	-	120,000	(i)	135,000
Paul Whitehead	-	-	-		-
John Pedersen (v)	-	-	-		-
Specified executives					
Paul Mann (vi)	100,900	-	807,194	(i)	908,094
Total	10,534,776	-	111,771,864		122,306,640

(i) Securities issued pursuant to the 8 for 1 Non-renounceable Entitlement Offer as detailed in the Prospectus dated 18 July 2011 (pre Consolidation on a 40 to 1 basis as approved by shareholders at the company's EGM on 17 August 2011). All shares have been restated following the 40:1 share consolidation on 19 September 2011.
(ii) Securities issued to Scholz Invest GmbH pursuant to the Debt for Equity Swap as approved by shareholders at the company's EGM on 11 May 2012 (post Consolidation) of 25,000,000
(iii) Peter Lancken resigned as the interim managing director on 16 January 2012.
(iv) Joseph Tong Hong Chung resigned as executive director on 19 October 2011.
(v) John Pedersen was appointed managing director on 16 January 2012.
(vi) Paul Mann resigned as Chief Operating Officer on 9 May 2012.

	Balance at 30 June 2010 (vii)	Received as remuneration (vii)	Net change other (vii)	Balance at 30 June 2011 (vii)
Directors				
Parag-Johannes Bhatt	-	-	-	-
Peter Lancken	-	-	-	-
Joseph Tong Hong Chung	873,363	-	-	873,363
Mike Greulich	17,000	-	-	17,000
Oliver Scholz	9,528,513	-	-	9,528,513
Trevor Schmitt	15,000	-	-	15,000
Michael Humphris (i)	-	-	-	-
Craig Tuhoro (ii)	22,964	-	-	22,964
Douglas Rowe (iii)	1,630,760	-	(1,630,760)	-
Grant Anderson (iv)	10,200	-	-	10,200
Specified executives				
Paul Mann (v)	100,900	-	-	100,900
Mike Keenan (vi)	-	-	-	-
Total	12,198,700	-	(1,630,760)	10,567,940

(i) Michael Humphris resigned as a director on 17 December 2010.
(ii) Craig Tuhoro resigned as the managing director on 5 December 2010.
(iii) Doug Rowe resigned as a director on 22 July 2010.
(iv) Grant Anderson resigned as a director on 13 July 2010.
(v) Paul Mann was appointed Chief Operating Officer on 25 May 2011.
(vi) Mike Keenan resigned as a specified executive on 8 December 2010.
(vii) All shares have been restated following the 40:1 share consolidation on 19 September 2011.

Remuneration of directors and key management personnel

	Short-term benefits		Post-employment benefits		Share-based payments		
	Salaries	Cash bonus	Super-annuation	Termination benefits	Options & shares	Total	Performance related
2012	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
Parag-Johannes Bhatt	100,000	-	9,000	-	-	109,000	-
Peter Lancken (i)	242,626	-	23,323	21,226	-	287,175	-
Joseph Tong Hong Chung (ii)	356,641	-	44,473	190,784	-	591,898	-
Mike Greulich	64,000	-	5,760	-	-	69,760	-
Oliver Scholz	64,000	-	5,760	-	-	69,760	-
Trevor Schmitt	421,725	92,593	42,409	-	-	556,727	-
Paul Whitehead	53,333	-	4,800	-	-	58,133	-
John Pedersen (iii)	185,128	-	16,662	-	-	201,790	-
	1,487,453	92,593	152,187	212,010	-	1,944,243	

	Salaries	Cash bonus	Super-annuation	Termination benefits	Options & shares	Total	Performance related
2012	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Specified executives							
Paul Mann (iv)	432,137	101,852	-	41,751	-	575,740	-
	432,137	101,852	-	41,751	-	575,740	

(i) Peter Lancken resigned as interim managing director on 16 January 2012.
(ii) Joseph Tong Hong Chung resigned as a director on 19 October 2011.
(iii) John Pedersen was appointed managing director on 16 January 2012.
(iv) Paul Mann resigned as Chief Operating Officer on 9 May 2012.

	Short-term benefits		Post-employment benefits		Share-based payments		
	Salaries	Cash bonus	Super-annuation	Termination benefits	Options & shares	Total	Performance related
2011	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
Parag-Johannes Bhatt	100,000	-	9,000	-	-	109,000	-
Peter Lancken	529,700	-	47,673	-	-	577,373	-
Joseph Tong Hong Chung	352,338	-	31,710	-	-	384,048	-
Mike Greulich	64,000	-	5,760	-	-	69,760	-
Oliver Scholz	64,000	-	5,760	-	-	69,760	-
Trevor Schmitt	528,848	-	43,040	-	-	571,888	-
Michael Humphris (i)	39,056	-	3,515	-	-	42,571	-
Craig Tuhoro (ii)	317,649	-	-	157,409	-	475,058	-
Grant Anderson (iii)	1,969	-	177	-	-	2,146	-
	1,997,560	-	146,635	157,409		2,301,604	-

2011	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Specified executives							
Paul Mann (iv)	345,079	-	-	-	-	345,079	-
Mike Keenan (v)	103,380	-	6,553	183,314	-	293,247	-
	448,459	-	6,553	183,314	-	638,326	-

(i) Michael Humphris resigned as a director on 17 December 2010.
(ii) Craig Tuhoro resigned as the managing director on 5 December 2010.
(iii) Grant Anderson resigned as a director on 13 July 2010.
(iv) Paul Mann was appointed Chief Operating Officer on 25 May 2011.
(v) Mike Keenan resigned as a specified executive on 8 December 2010.

	2012 $000	2011 $000

Note 5: Dividends

The directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2012 (2011: nil).

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	2012 $000	2011 $000
- Franking account balance as at the end of the financial year at 30%	388	388
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-

The tax rate at which dividends have been franked was 30%.

Note 6: Earnings per share ("EPS")

a. Reconciliation of earnings to net loss after tax

	2012 $000	2011 $000
Earnings used in the calculation of basic and diluted EPS	(75,586)	(123,593)
Loss for the year from discontinued operation used in the calculation of basic and diluted EPS (Note 31)	(4,288)	(433)
Earnings used in the calculation of basic and diluted EPS from continuing operations	(71,298)	(123,160)

	No.	No. (As restated)
b. Basic weighted average number of ordinary shares	188,935,146	23,349,508
Diluted weighted average number of ordinary shares	190,297,238	24,227,957
Weighted average number of options outstanding	3,125	20,625
Weighted average number of treasury shares	1,358,967	857,824

	Cents per share	Cents per share (As restated)
Basic earnings per share		
From continuing operations	(37.7)	(527.5)
From discontinued operation	(2.3)	(1.8)
Total basic earnings per share	(40.0)	(529.3)
Diluted earnings per share		
From continuing operations	(37.7)	(527.5)
From discontinued operation	(2.3)	(1.8)
Total diluted earnings per share	(40.0)	(529.3)

Earnings per share and dividends per share have been restated following a share consolidation in 2012. All weighted average shares have been restated by the 40:1 share consolidation as a result and basic earnings per share has been recalculated using the restated weighted average number of shares.

c. Classification of shares

All shares included in the calculation of basic and diluted EPS are classified as ordinary shares.

	Note	2012 $000	2011 $000
Note 7: Cash and cash equivalents			
Cash at bank and on hand (i)	**22**	7,607	1,461

(i) Effective interest rate is 1.83% (2011: 1.85% p.a.).

	2012 $000	2011 $000
Note 8: Trade and other receivables		
Current		
Trade debtors	15,987	18,903
Provision for impairment of receivables	(3,169)	(2,342)
	12,818	16,561
Ageing of not past due not impaired		
0-60 days	12,107	14,802
Ageing of past due but not impaired		
61-90 days	704	734
91-120 days	7	908
121+days	-	117
Total	711	1,759
	12,818	16,561
Movement in the provision for impairment of receivables		
Balance at the beginning of the year	(2,342)	(3,732)
Impairment loss recognised on receivables	(896)	1,268
Net exchange differences on translation of foreign operations	69	122
Balance at the end of the year	(3,169)	(2,342)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to prompt collections from major customers and the remaining customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for impairment of receivables.

	2012	2011
Ageing of impaired trade receivables	**$000**	**$000**
0-60 days	-	-
61-90 days	-	-
91-120 days	50	-
121+ days	3,119	2,342
Total	3,169	2,342
Non-current		
Retentions and deposits (i)	573	586
Contract receivable (ii)	17,378	17,226
Sundry debtors (i)	11	281
	17,962	18,093
Ageing of past due but not impaired		
121+ days	17,962	17,226
Total	17,962	17,226

(i) The retention and deposits, and sundry debtors are not past due. They will be fully recovered upon the completion of the leases or on provision of the services.

(ii) CMA Corporation Limited maintains its legal actions against John Holland Limited in the sum of $25,360 thousand (2011: $22,550 thousand), which relates to contract variations, have a proper legal basis and are recoverable. In coming to this view, the entity has also considered the risks associated with the counterclaim lodged by John Holland Limited (refer Note 23b).

Note 9: Inventories

Finished Goods at cost:		
Scrap metal	19,607	26,367
Manufactured ingots	-	116
	19,607	26,483
Provision for slow moving inventories	(2,904)	(2,514)
	16,703	23,969

Note 10: Other assets (Current)

Prepayments and other receivables	3,953	2,374
GST Receivable	2,214	2,641
Receivable from sale of equipment (i)	-	2,368
Bank guarantees	560	761
	6,727	8,144
Receivable from investing party	-	490
Provision for impairment of receivables	-	(490)
	6,727	8,144

(i) The Group disposed of a barge and four excavators, the proceeds of which were received in full in July 2011.

	2012	2011
	$000	$000
Note 11: Other financial assets (Non-current)		
Unlisted investments, at cost		
- Shares in other entities	525	525
Provision for impairment of investment cost (i)	(525)	(525)
The Group's investment in CMA Engineering Pty Limited was recorded at cost less a provision for impairment.	-	-

(i) The Group's investment in other entities related to a 7% interest held in CMA Engineering Pty Limited, a company established to hold the distribution rights for Australasia for hydroxy based steel cutting equipment.

CMA Engineering Pty Ltd was registered on 3 July 2006, at which time the Group held 51% of the voting shares. On 31 December 2006, the Group's interest in CMA Engineering was reduced from 51% to 7% through the injection of additional capital by other shareholders.

Note 12: Property, plant and equipment

	Leasehold improvements $000	Land $000	Buildings $000	Plant and equipment $000	Leased plant and equipment $000	Total $000
Gross carrying amount – at cost						
Balance at 1 July 2010	15,287	1,385	404	141,235	27,679	185,990
Additions	5,276	620	-	4,223	-	10,119
Disposals	(36)	-	-	(19,463)	(2,021)	(21,520)
Net exchange differences on translation of foreign operations	(362)	(143)	-	(3,320)	(224)	(4,049)
Balance at 30 June 2011	20,165	1,862	404	122,675	25,434	170,540
Additions	266	-	-	1,904	-	2,170
Disposals	(4)	-	-	(3,226)	-	(3,230)
Transfers	6,503	639	-	16,486	(23,628)	-
Net exchange differences on translation of foreign operations	(310)	27	-	(774)	13	(1,044)
Balance at 30 June 2012	26,620	2,528	404	137,065	1,819	168,436
Accumulated depreciation and impairment						
Balance at 1 July 2010	(4,763)	-	(25)	(40,353)	(8,669)	(53,810)
Disposals	-	-		17,037	662	17,699
Depreciation expense	(1,925)	-	(36)	(13,294)	(800)	(16,055)
Impairment losses (i)	-	-	-	(13,852)	-	(13,852)
Net exchange differences on translation of foreign operations	(19)	-	-	(98)	(3)	(120)
Balance at 30 June 2011	(6,707)	-	(61)	(50,560)	(8,810)	(66,138)
Disposals	1	-	-	2,087	-	2,088
Depreciation expense	(2,018)	-	(2)	(9,956)	(251)	(12,227)
Transfers	(384)	-	-	(7,546)	7,930	-
Impairment losses (i)	-	-	-	(5,883)	-	(5,883)
Net exchange differences on translation of foreign operations	220	-	-	558	27	805
Balance at 30 June 2012	(8,888)	-	(63)	(71,300)	(1,104)	(81,355)
Net book value						
As at 30 June 2012	17,732	2,528	341	65,765	715	87,081
As at 30 June 2011	13,458	1,862	343	72,115	16,624	104,402

(i) Impairment losses were charged against property, plant and equipment in Metals as there was uncertainty surrounding the level of future cash flows which could be generated by these assets (refer to note 1ad).

Note 13: Intangible assets	**Goodwill $000**	**Patents $000**	**Intellectual property $000**	**Total $000**
Gross carrying amount – at cost				
Balance at 1 July 2010	75,001	14,808	4,131	93,940
Net exchange differences on translation of foreign operations	(556)	-	(25)	(581)
Balance at 30 June 2011	74,445	14,808	4,106	93,359
Net exchange differences on translation of foreign operations	(417)	-	(24)	(441)
Balance at 30 June 2012	74,028	14,808	4,082	92,918
Accumulated amortisation and impairment				
Balance at 1 July 2010	(14,917)	(14,808)	(3,499)	(33,224)
Impairment loss	(44,471)	-	(379)	(44,850)
Amortisation expense	-	-	(104)	(104)
Balance at 30 June 2011	(59,388)	(14,808)	(3,982)	(78,178)
Impairment loss	(14,640)	-	(86)	(14,726)
Amortisation expense	-	-	(14)	(14)
Balance at 30 June 2012	(74,028)	(14,808)	(4,082)	(92,918)
Net book value				
As at 30 June 2012	-	-	-	-
As at 30 June 2011	15,057	-	124	15,181

The impairment loss of $14,640 thousand relates to the provision for impairment of the goodwill in investments in subsidiary companies, and $86 thousand represents the provision for impairment of intellectual property.

These impairments were raised as there was uncertainty surrounding the level of future cash flows which could be generated by these assets.

Impairment tests for goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections over a five-year period plus a terminal value, and are based on the detailed financial budget and business plan approved by management and the Board of Directors.

In 2012, the Group raised impairments against the goodwill assets of $14,640 thousand and intellectual property of $86 thousand. These impairments were raised, given the operational throughput was lower than expected during the year and there was also uncertainty surrounding the level of future cash flows which could be generated by these assets.

Note 14: Controlled entities and associates	Country of incorporation	Percentage owned 2012	Percentage owned 2011
CMA Corporation Limited (i)	Australia		
Subsidiaries of CMA Corporation Limited are:			
CMA Assets Pty Limited (ii)	Australia	100%	100%
CMA Recycling Australia Pty Limited (ii)	Australia	100%	100%
T & T Metal & Asbestos Services Pty Limited (ii)	Australia	100%	100%
Asia Pacific Metals Pty Limited (ii)	Australia	100%	100%
Asia Pacific Metals Unit Trust (ii)	Australia	100%	100%
CMA Recycling Pty Limited (ii)	Australia	100%	100%
CMA Recycling Victoria Pty Limited (ii)	Australia	100%	100%
Advanced Recycling Australasia Pty Limited (ii)	Australia	100%	100%
RBP Trading Pty Limited	Papua New Guinea	100%	100%
CMA Recycling Limited	New Zealand	100%	100%
Scrap Metal Recyclers (Waikato) Limited	New Zealand	100%	100%
Steel Can Recycling Limited	New Zealand	100%	100%
CMA Peakmore Pte Limited	Singapore	100%	100%
Purata Keuntungan Sdn Bhd	Malaysia	100%	100%
CMA Recycling Corporation, Ltd	United States	100%	100%
CMA USA Corporation, Ltd	United States	100%	100%
CMA Property Corporation, Ltd	United States	100%	100%

(i) CMA Corporation Limited is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

Note 15: Trade and other payables	2012	2011
Current	**$000**	**$000**
Unsecured liabilities		
Trade creditors	11,717	30,696
Sundry creditors and accrued expenses	8,907	10,951
Advance from related party (refer to note 25)	2,649	-
	23,273	41,647
Non-current		
Unsecured liabilities		
Operating lease liability arising on straight lining of lease costs	1,616	1,285
Sundry creditors	-	9
Advances from related parties (refer to note 25)	33,123	-
	34,739	1,294

Note 16: Borrowings

Current	**Note**	**2012**	**2011**
Secured liabilities		**$000**	**$000**
Bank overdrafts (i)	**22**	289	9,112
Finance lease liabilities	**28b**	432	8,752
Bank loans (ii)		40,637	111,512
Loans from a related party (iii)		19,608	-
Unsecured liabilities			
Loans from a related party (iii)		27,700	7,776
		88,666	137,152
Non-Current			
Secured liabilities			
Finance lease liabilities	**28b**	248	8,540
Bank loans (iv)		14	10,021
Total borrowings		262	18,561
Current borrowings		88,666	137,152
Non-current borrowings		262	18,561
		88,928	155,713

(i) Bank overdraft has an average interest rate of 9.69% p.a. (2011: 10.38% p.a.)
(ii) Relates to the current portion of long-term borrowings.
(iii) Amounts repayable to related parties of the Group. An average interest rate of 8.75% p.a. (2011: 10.29% p.a.).
(iv) The bank loans are with maturity periods not exceeding 3 years. Weighted average interest rate of 12.18% p.a. (2011: 9.04% p.a.) applied on the loans.

Capital management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to target that the Group's gearing ratio remains between 25% to 55%, post the underwritten Rights Issue raise. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows.

Total borrowings	**16**	88,928	155,713
Less: Cash at bank and on hand	**7**	(7,607)	(1,461)
Net debt		81,321	154,252
Total equity		2,884	4,170
Total		84,205	158,422
Gearing ratio		97%	97%

Credit standby and loan facility arrangements with banks

At 30 June 2012 the Group had financing arrangements with various banks in Australia, New Zealand, Singapore and United States. These facilities are summarised below.

Total facilities	**2012**	**2011**
Secured	**$000**	**$000**
Australia (i)	44,352	128,052
New Zealand (ii)	14,318	16,866
Singapore (iii)	-	5,680
United States (iii)	2,657	4,270
Other	51	190
Total secured facilities	61,378	155,058
Unsecured		
Australia	27,700	4,500
Singapore	-	3,276
	89,078	162,834
Total net debts used		
Secured		
Australia	40,057	126,551
New Zealand	13,939	15,897
Singapore	(2,785)	1,364
United States	2,466	2,706
Other	(56)	(42)
Unsecured	53,621	146,476
Australia	27,700	4,500
Singapore	-	3,276
	81,321	154,252
Total net debts unused		
Australia	4,295	1,501
New Zealand	379	969
Singapore	2,785	4,316
United States	191	1,564
Other	107	232
	7,757	8,582

Securities have been provided as follows:

(i) Australia

- First Registered Fixed and Floating Company Charge over all the Australian assets
- A debenture charge over all the Malaysian assets
- Corporate Guarantee and Indemnity unlimited as to amount given by CMA Corporation Limited

(ii) New Zealand

- First register debenture over the assets and undertaking of CMA Recycling Limited and Scrap Metal Recyclers (Waikato) Limited.
- A series of asset finance agreements over specific assets

(iii) Singapore and United States

- Corporate guarantee from CMA Corporation Limited

Note 17: Provisions	**2012**	**2011**
	$000	**$000**
Provision for employee entitlements (i)	1,985	2,147
Provision for site closure (ii)	-	426
Provision for EcoCycle waste processing (iii)	500	500
Provision for onerous lease (iv)	450	-
	2,935	3,073
Analysis of total provisions		
Current	2,339	2,849
Non-current	596	224
	2,935	3,073

(i) Provision for employee entitlements

A provision has been recognised for employee entitlements relating to annual leave, rostered days off, long service leave and, where required under the terms of the workplace agreements in place, sick leave. The measurement and recognition criteria relating to provisions of employee entitlements have been included in Note 1u to this report.

(ii) Provision for site closure

This provision was raised for site closure costs at St Mary's.

(iii) Provision for EcoCycle waste processing

This provision was raised for the costs to process waste products resulting from the EcoCycle recycling process.

(iv) Onerous lease

The provision for onerous lease contract represents the one month lease payment and the make good of premises that the Group is presently obliged to make under the terms of the operating lease contract.

Movements in provision

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

	Site closure	**Waste processing**	**Onerous lease**	**Total**
	$000	**$000**	**$000**	**$000**
Balance at the beginning of the year	426	500	-	926
Additional provisions recognised	-	-	484	484
Provisions utilised	(426)	-	(34)	(460)
Balance at the end of the year	-	500	450	950

	2012	**2011**
	$000	**$000**
Note 18: Issued capital		
Ordinary shares		
Issued and fully paid	326,987	251,318

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Movements in ordinary shares on issue	30 Jun 2012 $000	30 Jun 2011 $000	30 Jun 2012 Shares	30 Jun 2011 Shares
Balance at the beginning of the period (ii)	251,318	251,318	24,207,332	24,207,332
Issued through rights issue (ii)	77,464	-	193,659,583	-
Share issue costs	(6,732)	-	-	-
Issued through private placements (ii)	-	-	13	-
Debt for equity swap (iii)	4,937	-	25,000,000	-
Share buy-back	-	-	(1,630,760)	-
Balance at the end of the period	326,987	251,318	241,236,168	24,207,332
Treasury shares held by the Group (i)	-	-	-	(1,630,760)
	326,987	251,318	241,236,168	22,576,572

(i) In the context of the settlement of the litigation against Mr Rowe and WMRI Investments Pty Limited, CMA Corporation Limited received 65,230,388 fully paid ordinary shares in CMA (pre share consolidation), which were accounted for as Treasury Shares. These shares were cancelled on 1 May 2012.

(ii) All shares have been restated following the share consolidation on 19 September 2011 where shares were consolidated for 40:1.

(iii) On 29 May 2012, 25,000,000 shares were issued at 40 cents per share under a debt for equity swap agreement with a related party. These shares were fair valued at the ruling market price resulting in equity of $4,937 thousand and a gain on debt equity swap recognised in income of $5,063 thousand.

Note 19: Reserves	2012 $000	2011 $000
Foreign currency translation reserve	(4,368)	(2,999)
Asset revaluation reserve	305	305
Total reserves	(4,063)	(2,694)

a. Movement in reserves

Movements in reserves are detailed fully in the consolidated Statement of Changes in Equity.

b. Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of the Group's foreign subsidiaries are taken to the foreign currency translation reserve, as described in Note 1s. The reserve is recognised in profit and loss at such time as the Group disposes of its net investment.

Share option reserve

The share option reserve is used to record the movement arising from the issue, conversion and lapsing of share options.

Note 20: Segment reporting

Information regarding the reportable segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The segment information is provided on the same basis as internal management reporting to the Board of Directors and Chief Executive Officer and reflects how the Group is organised and managed. The following is an analysis of the Group's revenue and results by continuing reportable operating segment for the periods under review:

Geographical segment Continuing operations	Pacific (i)	Asia (ii)	US	Unallocated /elimination	Total
30 June 2012	**$000**	**$000**	**$000**	**$000**	**$000**
Segment Revenue	204,329	42,818	712	-	247,859
Inter-segment revenue	(6,028)	(3,690)	-	-	(9,718)
Revenue from external customers	198,301	39,128	712	-	238,141
Adjusted EBITDA	(3,637)	(1,218)	(932)	-	(5,787)
Costs incurred to sell US business	(252)	-	-	-	(252)
Redundancy costs	(839)	(23)	-	-	(862)
Impairment losses	(5,989)	(2,328)	(5,883)	(6,409)	(20,609)
Depreciation and amortisation expenses	(10,474)	(845)	(350)	-	(11,669)
Provision for impairment of receivables	(688)	(664)	-	-	(1,352)
Provision for onerous lease	(484)	-	-	-	(484)
Gain on debt/equity swap	-	-	-	5,063	5,063
Non-recurring legal claims	(2,272)	(71)	-	-	(2,343)
Abandoned refinancing costs	(3,510)	-	-	-	(3,510)
Restructuring costs	(1,424)	-	-	-	(1,424)
Non-recurring straight line lease rental adjustment	(331)	-	-	-	(331)
Provision for slow moving inventory	-	(390)	-	-	(390)
Adjusted EBIT	(29,900)	(5,539)	(7,165)	(1,346)	(43,950)
30 June 2011					
Segment Revenue	285,381	80,163	2,125	-	367,669
Inter-segment revenue	(21,635)	(8,117)	-	-	(29,752)
Revenue from external customers	263,746	72,046	2,125	-	337,917
Adjusted EBITDA	909	4,290	(1,159)	-	4,040
Abandoned financing costs	(2,704)	-	-	-	(2,704)
Redundancy costs	(1,760)	-	-	-	(1,760)
Impairment losses	(52,807)	(284)	(929)	(4,682)	(58,702)
Depreciation and amortisation expenses	(13,884)	(712)	(358)	-	(14,954)
Provision for impairment of receivables	(490)	-	-	-	(490)
Costs incurred to mothball the Meretec facility	(2,244)	-	-	-	(2,244)
Site closure and rehabilitation	(2,207)	-	-	-	(2,207)
Non-recurring legal claims	(5,357)	-	-	-	(5,357)
Provision for waste processing	(500)	-	-	-	(500)
Non-recurring straight line lease rental adjustment	(923)	-	-	-	(923)
Provision for slow moving inventory	(133)	(2,514)	-	-	(2,647)
Adjusted EBIT	(82,100)	780	(2,446)	(4,682)	(88,448)

(i) Pacific includes Australia, New Zealand and Papua New Guinea. Their revenue was Australia $91,450 thousand (2011: $142,489 thousand), New Zealand $101,233 thousand (2011: $113,685 thousand), and Papua New Guinea $5,618 thousand (2011: $7,572 thousand) respectively.

(ii) Asia includes Singapore and Malaysia.

Adjusted EBITDA and EBIT

The Board of Directors and Chief Executive Officer assess the performance of the operating segments based on a measure of adjusted EBITDA and adjusted EBIT. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairment losses when the impairment losses were the result of isolated, non-recurring event. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of EBIT to operating loss after income tax is provided as follows:	2012	2011
	$000	$000
Adjusted EBIT	(43,950)	(88,448)
Interest income	756	16
Finance cost	(13,744)	(15,557)
Income tax	(14,360)	(19,171)
Loss after income tax from continuing operations	(71,298)	(123,160)

	Pacific	Asia	US	Unallocated / elimination	Total
Total segment assets	**$000**	**$000**	**$000**	**$000**	**$000**
30 June 2012	132,162	16,935	61	(260)	148,898
30 June 2011	122,206	27,255	6,589	7,625	163,675
Total segment liabilities					
30 June 2012	141,335	4,899	3,619	22	149,875
30 June 2011	139,944	17,083	14,510	-	171,537

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segment other than tax assets. Goodwill is allocated to reportable segments as described in Note 13.
- All liabilities are allocated to reportable segments other than current and deferred tax liabilities.

	Pacific (i)	Asia	US	Unallocated/ elimination	Total
Total segment non-current assets	**$000**	**$000**	**$000**	**$000**	**$000**
30 June 2012	96,003	9,026	14	-	105,043
30 June 2011	89,165	12,167	7,366	7,332	116,030

(i) The segment non-current assets included in Pacific region represented Australia $75,012 thousand (2011: $60,867 thousand), New Zealand $20,476 thousand (2011: $27,537 thousand), and Papua New Guinea $515 thousand (2011: $761 thousand).

Note 21: Events subsequent to reporting date

The Group has completed significant refinancing since the close of the financial year. The table below sets out a pro-forma statement of financial position at 30 June 2012 for the group to reflect the impact on the group's consolidated Balance Sheet of the revised financing arrangements.

	Balance Sheet as at 30 June 2012	Pro-forma Balance Sheet as at 30 June 2012
	$'000	**$'000**
Current Assets	43,855	56,855
Current Liabilities	(114,748)	(47,387)
Net Current (Liabilities)/Assets	**(70,893)**	**9,468**
Non-Current Assets	110,043	110,043
Non-Current Liabilities	(36,266)	(116,627)
Total Assets	153,898	166,898
Total Liabilities	(151,014)	(164,014)
Net assets	**2,884**	**2,884**

The pro-forma Balance Sheet increase in Net Current Assets of $80,361,362 relates to current borrowings of $67,361,362 being reclassified as non-current borrowings, reflecting the terms of the revised financing arrangements (detailed below) being, Stemcor term loan of $25,000,000, Stemcor working capital facility of $19,607,843, GE Capital commercial equipment finance facility of $18,062,962 and the BNZ term loan of $4,690,557, and also the increase in the prepaid purchase facilities of $13,000,000.

Revised financing

In July 2012, as previously announced, CMA renegotiated the application of certain covenants under its debt finance facilities with Stemcor Trade Finance Limited (Stemcor Finance), GE Commercial Corporation (Australia) Pty Limited (GE) and Bank of New Zealand (BNZ). In summary, the material covenant waivers and variations agreed with the financiers were as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance has agreed to defer financial covenant testing under these facilities until 1 January 2013. Stemcor has also extended the maturity date of its term loan facility from 1 March 2013 to 1 September 2013.
- **GE Commercial equipment finance facility (Australia):** GE has agreed to a relaxation of CMA's fixed charge cover ratio financial covenant (which compares EBITDA to payments due in respect of borrowings) until 31 December 2013. In addition CMA is required to repay GE up to approximately $5,822,222 by 31 August 2013.
- **BNZ facilities:** BNZ provides a term loan facility, a revolving credit facility and a working capital facility to CMA Group. BNZ has agreed to extend the expiry date of the revolving credit facility by 12 months to 30 September 2013, to extend the availability period of the working capital facility until 31 December 2012, and to waive the testing of financial covenants scheduled for 30 June 2012 and 30 September 2012. This is on the basis CMA pays to BNZ NZ$4,000,000 by 31 August 2012. Also, CMA needs to use its best endeavours to deliver a proposal to BNZ by 30 October 2012 for the full repayment of BNZ facilities by 31 December 2012.

Subsequent to the above agreements, CMA engaged in further discussion with GE, BNZ and Stemcor Finance and revised some of the previously agreed waivers and variations during August 2012 which are summarised as follows:

- **Stemcor working capital and term loan facilities:** Stemcor Finance agreed to:
  - waive the requirement for CMA to provide a Borrowing Base Report under clause 18.1 of the facility agreement or a Borrowing Base Audit Report under clause 18.2 of the Facility Agreement until 31 July 2013
  - waive the financial covenant reporting and financial covenant testing for both the working capital and term loan facilities until 31 July 2013

- extend the maturity date of the term loans on a continuing basis until 30 September 2013.

- **GE Commercial equipment finance facility (Australia):** CMA is now required to pay GE $2,800,000 on or prior to 31 August 2012 and equal monthly principal repayment of $485,185 on and from 1 November 2012.

  These revised terms are subject to CMA providing GE by 15 October 2012 a corporate guarantee issued by Scholz and/or Stemcor (See section below on Corporate Guarantees) for a face value equal to the total amount outstanding under the facility after the 31 August 2012 payment. GE may make a demand under the corporate guarantee at any time within 5 business days of the company's failure to pay any amount due and payable on the date due. The guarantee will be released by GE after it has received the monthly unaudited financial statements for the month ending 31 July 2013 and that all the financial covenants are satisfied at the calculation date falling on 31 July 2013.
- **BNZ facilities:** BNZ has further approved all covenants to be waived up to and including 31 December 2012 and the EBIT and EBITDA based covenants including the interest cover covenant will be waived up to and including 30 June 2013, conditional on CMA making payments of NZ$2,000,000 on 31 August 2012 and 30 April 2013 respectively (instead of the previously agreed NZ$4,000,000 by 31 August 2012). CMA will also need to deliver a corporate guarantee issued by Scholz and/or Stemcor in a form reasonably acceptable to the BNZ in respect of the 30 April 2013 payment on or prior to 30 October 2012. (See section below on Corporate Guarantees).

Corporate guarantees

Subsequent to the above discussions with GE and BNZ, the company's major shareholders, Scholz has undertaken to provide the corporate guarantees required under the GE Waiver Letter and the BNZ Waiver Letter, and the Company is in discussions with Stemcor regarding provision of a corporate guarantee, in the forms and by the deadlines set out by GE and BNZ above.

Prepaid purchase facilities

In July 2012, as previously announced, two of its major shareholders, Scholz and Stemcor, increased the aggregate funding available to CMA under the prepayment purchase facilities.

The aggregate level of funding available to CMA under the facilities was increased from $20 million to $33.5 million (with Scholz contributing up to $21 million and Stemcor contributing up to $12.5 million under their respective agreements with CMA). The agreements specify the funds should be used for the purpose of purchasing inventory or any other purpose agreed between the parties.

Advances under the facilities are interest-free and may, at CMA's election, be settled either by delivery of processed scrap material at market value (subject to purchase orders being agreed with the relevant funds provider from time to time), or in cash. The facilities do not bind CMA to make deliveries of processed scrap to Scholz and Stemcor to settle advances under the facilities; if better sale terms are available from other customers, CMA is free to sell to those other customers in the ordinary course and to settle the facility advances in cash.

Subsequent to the above agreements, during August 2012:

- Scholz has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA; and
- Stemcor Australia Pty Limited has provided an additional A$6.5 million of funds to CMA under its prepayment agreement with CMA.

Both Scholz and Stemcor have also agreed to extend their Prepayments to 1 October 2013, from 1 July 2013. Both Scholz and Stemcor have also agreed to extend settlement of their prepayment purchase facilities, whether through delivery or cash, to 1 October 2013, from 1 July 2012.

The CMA Board believes the increased funding available under the prepayment facilities will provide CMA with additional financial flexibility to increase its volumes of scrap inventory, leading to increased utilisation of CMA's processing capacity and increased sales volumes.

Letter of Support

In addition to all of the above, Scholz has provided the directors of CMA a letter of support undertaking to make available to CMA funds up to a maximum of $10 million to pay its debts incurred up to the expiry date of the letter of support. The expiry date of the letter of support is the earliest of:

- 30 September 2013;
- CMA raising at least $10 million in capital; and
- The Board of CMA resolving it can meet its debts as and when they fall due without the benefit of the letter.

The Board of CMA resolving it can meet its debts as and when they fall due without the benefit of the letter..

Note 22: Cash flow information

22a Reconciliation of cash flow from operations with losses after income tax

	Note	2012	2011
		$000	$000
Loss after income tax		(75,586)	(123,593)
Non-cash flows in profit from ordinary activities			
Depreciation and amortisation		12,240	16,159
Net loss/(profit) on disposal of property, plant and equipment		227	(845)
Unrealised foreign exchange losses		223	525
Net non cash interest expense		1,659	221
Impairment losses		20,609	58,702
Provision for impairment of amounts receivable		456	6,164
Provision for slow moving inventory		390	1,500
Provision for site closure and foundry rehabilitation costs		-	1,547
Provision for waste processing costs		-	500
Provision for doubtful debts		896	487
Gain on debt/equity swap		(5,063)	-
Changes in assets and liabilities			
Decrease in trade and other receivables		3,062	15,031
Decrease in inventories		7,227	18,125
Increase in other receivables		(930)	(7,609)
Decrease in deferred tax assets		14,624	17,640
Decrease in trade payables and accruals		(19,319)	(1,749)
(Decrease)/increase in income taxes payable		(476)	505
Increase in deferred tax liabilities		77	170
Decrease in provisions		(138)	(2,414)
Increase in non-current payables		301	1,294
Net cash (outflow)/inflow from operating activities		(39,521)	2,360

22b Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	Note	2012	2011
Cash and cash equivalents	7	7,607	1,461
Bank overdrafts	16	(289)	(9,112)
		7,318	(7,651)

Note 23: Contingent Liabilities and Assets

a. Third Party Guarantees provided by the Group

The Group has provided guarantees to third parties in relation to the performance and obligations of entities in the Group in relation to banking facilities, approved deeds and contracts, and property lease rentals.

The guarantees are for the terms of the facilities, deeds and contracts and leases.

The periods covered by the guarantees range from half a year to approximately nine years.

	2012	2011
	$000	$000
	1,646	1,820

b. Contract Dispute

CMA Corporation Limited maintains its legal actions against John Holland Limited of $25,360 thousand, have a proper legal basis and are recoverable. The counterclaim by John Holland Limited in the total sum of $16,500 thousand is being challenged by CMA Corporation Limited. This contract has been completed.

c. Related Party Guarantees provided by the Group

Cross guarantees have been provided between the Company and its wholly owned subsidiaries in Australia in relation to the banking facilities of each entity.

Note 24: Share-based Payments

a. Employee Equity Plans

The establishment of the Company's employee equity plans was approved by shareholders at the Annual General Meeting of shareholders held on 18 November 2005. The plans were agreed by shareholders at the meeting and again were approved for a further three years by shareholders at the Annual General Meeting held on 24 November 2008. The plans are of two types:

1. **Employee Share Plans**

   The employee share plans enable employees to acquire shares in the Company through salary deductions on a tax-effective basis.

2. **Employee Equity Incentive Plans**

   The remuneration plans enable shares or options to be issued to senior management for no consideration as an incentive subject to the achievement of individual, division and Company performance levels.

At 30 June 2012 no share options were issued.

b. Expenses Arising from Share-based Payment Transactions

At the inaugural Annual General Meeting of CMA Corporation Limited on 18 November 2005, shareholders approved four Employee Remuneration Schemes, being:

- Tax Exempt Plan
- Tax Deferred Plan
- Performance Share Plan
- Share Option Plan

The share issue under the Tax Exempt Plan was made to all Australian and New Zealand resident permanent employees of the Group, excluding executive directors and the direct reports of the Managing Director, who have been continuously employed by the Group for a period of at least three months.

Eligible employees were entitled to receive $1,000 worth of fully paid ordinary shares in CMA Corporation Limited. The number of shares issued to participants in the Plan is the offer amount divided by the closing price of CMA Corporation Limited shares on the day prior to the issue.

The fair value of shares issued under the Plan, measured as the closing price of CMA Corporation Limited shares on the day prior to the issue, is recognised in the Balance Sheet as issued capital and as part of employee benefits expense in the profit or loss in the period the shares are granted.

The issue was made for no cash consideration by the employees, and the shares are exempt from the employees' taxable income.

Shares issued under the Tax Exempt Plan are subject to a 12 month escrow period. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

Where shares are issued to employees of subsidiaries within the Group, the subsidiaries compensate CMA Corporation Limited for the fair value of these shares.

During the financial year ended 30 June 2012, no shares were issued under Employee Remuneration Schemes.

Employee Share Option Plan

The Group has a compensation scheme for executives and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares at an exercise price of $0.40 per ordinary share.

Each employee share option converts into one ordinary share of CMA Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

On 30 November 2007, 825,000 options were issued as compensation to executives and senior employees, with 700,000 options expiring on 30 June 2012 and 125,000 options expiring on 30 November 2012.

The weighted average fair value of the options granted during 2008 was $0.37. This price was calculated by using a black-scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.4
Weighted average life of the option	5 years
Underlying share price	$0.73
Expected share price volatility	60%
Risk free interest rate	6.32%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

In accordance with the terms of the share-based arrangement, options issued during the year vest at the date of their issue. No options were exercised during the year.

Note 25: Related Party Transactions

a. Parent Entity

The parent entity of the Group is CMA Corporation Limited. CMA Corporation Limited is also the ultimate parent entity and ultimate controlling party.

b. Subsidiaries

Interests in subsidiaries are detailed in Note 14.

c. Transactions with Related Parties

The following transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Related Entities

	2012	2011
Sale of goods and services	**$**	**$**
The Group sold inventory to Scholz and associates, a shareholder of the company.	14,564,343	-
The Group sold inventory to Stemcor, a shareholder of the company.	36,772,453	-
Rental of premises		
The Group paid rent and related outgoings to interests associated with Mr Douglas Rowe in relation to commercial premises occupied.	-	4,960,842
The Group paid rent to interests associated with Mr Alvin Ng in relation to industrial premises occupied.	-	62,130
Interest		
Interest was accrued for on the loan from Scholz and its associates, a shareholder of the Company.	651,360	221,400
Interest was accrued for on the loan from Stemcor, a shareholder of the Company.	1,986,644	-
Interest was accrued for on the loan from Alvin Ng, a shareholder of the Company.	151,535	222,171

d. Outstanding Balances with Related Parties

The following balances are outstanding at reporting date in relation to transactions with related parties:

Related Entities	2012 $	2011 $
Receivable by the Group		
Amount owing from Scholz and its associates, a shareholder of the Company.	1,347,262	-
Amount owing from Stemcor, a shareholder of the Company.	50,916	-
Payable by the Group		
Interest bearing loan owing to Scholz and its associates, a shareholder of the Company.	-	4,500,000
Interest bearing term loan owing to Stemcor, a shareholder of the Company.	25,000,000	-
Interest bearing overdraft facility owing to Stemcor, a shareholder of the Company.	2,700,000	-
Interest bearing working capital facility owing to Stemcor, a shareholder of the Company.	19,607,843	-
Non interest bearing advances owing to Stemcor, a shareholder of the Company, under a prepaid purchase agreement.	12,500,000	-
Non interest bearing advances owing to Scholz and its associates, a shareholder of the Company, under a prepaid purchase agreement.	20,623,300	-
Non interest bearing advance from Scholz and its associates, a shareholder of the Company.	2,649,000	-
Interest bearing loan owing to Alvin Ng, a shareholder of the company.	-	3,276,086
Trade payables owing by the Group to WMR Family Trust in relation to rental expenses (owned by Douglas Rowe).	-	3,382
Trade payables owing by the Group to WMR Investments Pty Limited in relation to rental expenses (owned by Douglas Rowe).	-	68,371
Trade payables owing to Universal Metals (New Zealand) Limited (owned by Douglas Rowe).	-	8,863

Note 26: Financial Risk Management

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposit funds with banks, accounts receivable and payable, bank borrowings, loan from a related party and leases.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

Forward Exchange Contracts are used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

(i) Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

(ii) Interest Rate Risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mixture of fixed and floating rate borrowings.

(iii) Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies (usually USD) arising from the purchase and sale of scrap metal in currencies other than the Group's functional currency. The exposure is managed by entering into contracts to buy and sell the foreign currency of relevant entity receipts forward. The Group's policy is that forward contracts will only be entered into for known foreign currency risks.

(iv) Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. Included in Note 16 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

(v) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements.

Other than as stated in Note 8, the Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

(vi) Price Risk

The Group is exposed to commodity price fluctuations for metals in the Scrap Metals Trading Division. Risks are managed through a margin trading policy such that wherever possible an appropriate spread is maintained between buy and sell transactions. Short term spread narrowing or widening can cause short term fluctuations in profitability.

(vii) Sensitivity Analysis

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate borrowings.

At reporting date, if interest rates had been 100 basis points (2011: 100 basis points) higher or lower and all over variables were held constant, the effect on profit and equity would be as follows:

	2012	2011
Change in profit after tax	**$000**	**$000**
Increase in interest rate by 1% (2011: 1%)	(855)	(1,551)
Decrease in interest rate by 1% (2011: 1%)	855	1,551

Foreign currency sensitivity analysis

The Group is exposed to US, New Zealand, Malaysian Ringgit, Papua New Guinea Kina and Singaporean Dollars. An analysis has been performed on the Group's sensitivity to a 5% increase and decrease in the Australian Dollar against the foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the wholly owned group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

Change in profit after tax		
Appreciation in AUD to Forex by 5%	(709)	(57)
Depreciation in AUD to Forex by 5%	783	63

b. Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Forward Exchange Contracts

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for the contracted future purchases and sales undertaken in foreign currencies.

The accounting policy in regard to forward exchange contracts is detailed in Note 1s.

At balance date, the details of outstanding forward exchange contracts are:

Buy AU Dollars	**Sell US Dollars**		**Exchange Rate**	
	2012	**2011**	**2012**	**2011**
	US$000	**US$000**		
Settlement less than 6 months	-	3,700	-	0.9419

Buy NZ Dollars	**Sell US Dollars**		**Average Exchange Rate**	
	2012	**2011**	**2012**	**2011**
	US$000	**US$000**		
Settlement less than 6 months	7,350	4,767	0.7818	0.8092

(ii) Interest Rate Risk

The Group's exposure to interest rate risk on financial assets is limited to the amount of interest received on bank cheque accounts.

The Group's exposure to interest rate risk on financial liabilities is limited to the interest payable on new hire purchase and lease agreements which are fixed for the life of the agreement at the time the lease or hire purchase agreement is entered in to, plus interest payable to banks at bill rates plus a margin.

(iii) Net Fair Value

The directors consider that the carrying amounts of the financial assets and liabilities recorded in the financial statements approximate their fair values.

	Average Interest Rate	Maturing within 1 Year	Maturing 1 to 5 Years	Total
2012		**$000**	**$000**	**$000**
Financial Assets:				
Non- interest bearing	-	12,818	584	13,402
Cash	1.83%	7,607	-	7,607
Trade and other receivables	8.74%	-	17,378	17,378
Total financial assets		20,425	17,962	38,387
Financial Liabilities:				
Non-interest bearing	-	23,273	34,739	58,012
Bank loans and overdrafts	11.76%	40,926	14	40,940
Lease and hire purchase liabilities	10.24%	432	248	680
Loans from a related party	8.75%	47,308	-	47,308
Total financial liabilities		111,939	35,001	146,940
2011				
Financial Assets:				
Non- interest bearing	-	16,561	-	16,561
Cash	1.85%	1,461	-	1,461
Trade and other receivables	8.61%	-	18,093	18,093
Total financial assets		18,022	18,093	36,115
Financial Liabilities:				
Non-interest bearing	-	41,647	1,294	42,941
Bank loans and overdrafts	9.04%	120,447	9,846	130,293
Lease and hire purchase liabilities	9.22%	8,929	8,715	17,644
Loans from a related party	10.29%	7,776	-	7,776
Total financial liabilities		178,799	19,855	198,654

<u>Fair value measurements recognised in the statement of financial position</u>

The fair value measurements of the above financial instruments are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

	2012	2011
	$	**$**
Note 27: Auditors' Remuneration		
Auditor of the parent entity		
- An audit or review of the financial report of the entity	484,000	562,300
Other services in relation to the entity:		
- Other	60,000	-
	544,000	562,300
Other auditors		
Deloitte international associates		
- An audit or review of the financial report of the entity	111,000	122,700
	111,000	122,700

The auditor of CMA Corporation Limited is Deloitte Touche Tohmatsu (2011: Deloitte Touche Tohmatsu).

Note 28: Capital and Leasing Commitments

a. Operating Lease Commitments

The Group as lessee

	2012 $000	2011 $000
Non-cancellable operating leases payables at 30 June are as follows:		
Within one year	8,634	7,313
After one year but not later than five years	25,189	25,765
After five years	22,469	21,654
	56,292	54,732

The majority of operating leases held by the Group relate to commercial premises in Australia and New Zealand where CMA's scrap metal trading yards and head office facilities are located. There are also some operating leases for temporary accommodation at demolition and remediation sites, and for certain items of plant and equipment which the Group has determined are not in its best interest to purchase.

The Group as lessor

Operating leases relate to the plant and equipment owned by the Group with lease terms of between 2 to 3 years. The lessee does not have an option to purchase the plant and equipment at the expiry of the lease period. Operating leases also include sub-leases for the rental contracts noted above.

	2012 $000	2011 $000
Non-cancellable operating leases receivables at 30 June are as follows:		
Within one year	329	40
After one year but not later than five years	386	-
After five years	-	-
	715	40

b. Finance Lease and Hire Purchase Commitments

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2012 $000	2011 $000
Within one year	490	10,088
After one year but not later than five years	262	9,175
After five years	-	-
Total minimum lease payments	752	19,263
Less future finance charges	(72)	(1,619)
Present value of minimum lease payments	680	17,644
The present value of finance lease liabilities is as follows:		
Within one year	432	8,929
After one year but not later than five years	248	8,715
After five years	-	-
Total minimum lease payments	680	17,644

The Group has a number of hire purchase agreements in place for plant and equipment used in the Scrap Metal Trading division.

Note 29: Deed of Cross Guarantee

CMA Corporation Limited, CMA Assets Pty Ltd (formerly CMA Contracting Pty Ltd), T&T Metal & Asbestos Services Pty Limited, CMA Recycling Australia Pty Limited, Asia Pacific Metals Pty Limited, CMA Recycling Pty Limited, CMA Recycling Victoria Pty Limited and Advanced Recycling Australasia Pty Limited are parties to deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by CMA Corporation Limited, they also represent the 'extended closed group'.

Set out below is the consolidated statement of comprehensive income of the closed group.

	2012 $000	2011 $000
Revenue	100,754	166,815
Other income	3,846	6,798
Gain on debt/equity swap	5,063	-
Changes in inventories of finished goods and work in progress	789	-
Inventories used	(60,977)	(116,320)
Employee benefits expense	(21,042)	(26,893)
Consultants and professional fees expense	(4,593)	(4,023)
Hire of equipment and transport expenses	(11,037)	(12,743)
Office and yard rent expense	(8,869)	(10,819)
Provision for bad debts and doubtful debts recoveries	(232)	(487)
(Loss)/profit on disposal of assets	(49)	951
Impairment loss	(21,394)	(17,449)
Legal claims	(5,962)	(4,489)
Provisions against amounts receivable	(281)	(6,164)
Abandoned financing costs	(3,510)	(2,704)
Restructuring costs	(1,424)	-
Site closure and rehabilitations costs	-	(2,207)
Exchange (loss)/gain	(54)	(1,592)
Other general expenses	(4,618)	(11,446)
Depreciation and amortisation expense	(8,706)	(12,573)
Finance costs	(11,888)	(13,577)
Loss before income tax	(54,184)	(68,922)
Income tax expense	(13,885)	(16,873)
Loss for the financial year	(68,069)	(85,795)

Set out below is a summary of movements in consolidated accumulated losses of the closed group.

Accumulated losses at the beginning of the financial year	(196,612)	(110,817)
Loss for the year	(68,069)	(85,795)
Accumulated losses	(264,681)	(196,612)

Note 29: Deed of Cross Guarantee (Continued)

Set out below is a consolidated statement of financial position of the closed group.	**2012**	**2011**
ASSETS	**$000**	**$000**
Current Assets		
Cash and cash equivalents	4,298	516
Trade and other receivables	4,916	7,493
Inventories	8,544	7,755
Other assets	3,606	5,510
Total Current Assets	21,364	21,274
Non-Current Assets		
Trade and other receivables	17,891	18,029
Investment in subsidiaries	59,398	59,398
Intercompany receivables	23,526	21,765
Property, plant and equipment	57,489	65,465
Deferred tax assets	4,490	18,381
Intangible assets	-	21,394
Total Non-Current Assets	162,794	204,432
TOTAL ASSETS	184,158	225,706
LIABILITIES		
Current Liabilities		
Trade and other payables	14,108	31,421
Borrowings	72,052	123,701
Provisions	1,937	2,567
Total Current Liabilities	88,097	157,689
Non-Current Liabilities		
Trade and other payables	33,123	-
Intercompany payables	-	4,818
Borrowings	-	7,867
Deferred tax liabilities	91	97
Provisions	236	224
Total Non-Current Liabilities	33,450	13,006
TOTAL LIABILITIES	121,547	170,695
NET ASSETS	62,611	55,011
EQUITY		
Issued capital	326,987	251,318
Accumulated losses	(264,681)	(196,612)
Other reserves	305	305
TOTAL EQUITY	62,611	55,011

Note 30: Parent Entity Disclosures

	2012	2011
	$000	$000
(a) Financial Position		
Assets		
Current assets	5,662	1,993
Non-current assets	76,716	90,584
Total Assets	82,378	92,577
Liabilities		
Current liabilities	76,329	90,076
Non-current liabilities	3,860	256
Total liabilities	80,189	90,332
Equity		
Issued capital	326,987	251,318
Accumulated losses	(325,103)	(249,378)
Other reserves	305	305
Total equity	2,189	2,245
(b) Financial Performance		
Loss for the year	(75,725)	(150,562)
Other comprehensive income	-	-
Total comprehensive income	(75,725)	(150,562)

(c) Guarantees entered into by the parent entity in relation to debts of the subsidiaries

Cross guarantees have been provided between the Company and its wholly owned subsidiaries in Australia in relation to the banking facilities of each entity. The guarantees are for the terms of the facilities, deeds and contracts and leases. The periods covered by the guarantees range from half a year to approximately five years.

Guarantee provided under the deed of cross guarantee	1,646	1,129

Note 31: Discontinued Operation

(a) Disposal of Contracting Business Assets

On 20 August 2010, CMA sold its CMA Contracting business assets to the Delta Group.

(b) Analysis of loss for the year from discontinued operation

The results of the discontinued operation are set out below.

	2012	2011
	$000	$000
Loss for the year from discontinued operation		
Revenue	16	2,911
Other gains	-	709
	16	3,620
Expenses	(4,304)	(4,903)
Loss before tax	(4,288)	(1,283)
Attributable income tax benefit	-	850
Loss for the year from discontinued operation	(4,288)	(433)
Cash flows from discontinued operation		
Net cash flows from operating activities	-	(149)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	96
Net cash flows	-	(53)

Note 32: Company Details

The registered office of the Company is:

Level 5, 160 Sussex Street

Sydney NSW 2000

The principal places of business are:

Australia

Level 5, 160 Sussex Street

Sydney NSW 2000

New Zealand

273A Church Street, Onehunga
Auckland, New Zealand

188 Ellis Street
Hamilton, New Zealand

Singapore

25 Pioneer Sector 1
Singapore 628432

Malaysia

61-02 Medan Cahaya
Jalan Tun Abdul Razak

United States

415 East 151st Street
East Chicago, Indiana 46312

Papua New Guinea

P O Box 546
Waigani, Port Moresby

DIRECTORS' DECLARATION

The directors of CMA Corporation Limited declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

(c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 29 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

....
John Pedersen
Managing Director
Dated at Sydney, 31 August 2012

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the members of CMA Corporation Ltd

Report on the Financial Report

We have audited the accompanying financial report of CMA Corporation Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 75.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CMA Corporation Ltd., would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of CMA Corporation Ltd. is in accordance with the *Corporations Act 2001*, including:

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

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss from continuing operations after income tax of $71,298,000 during the year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $70,893,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Gustafson
Partner
Chartered Accountants
Sydney, 31 August 2012