

<b>Results for announcement to market</b>	<b>Up / Down</b>	<b>% Change</b>	<b>2014 \$</b>
Revenue from ordinary activities	Up	61%	19,786
Profit after tax from ordinary activities attributable to members	Up	63%	(532,113)
Profit attributable to members	Up	63%	(532,113)

<b>Dividend Information</b>	<b>Amount per share</b>	<b>Franked Amount per share</b>
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

<b>Net Tangible Asset Backing per Ordinary Share</b>	<b>cents</b>
Net tangible asset backing per ordinary share – current reporting period	0.14
Net tangible asset backing per ordinary share – previous reporting period	0.22

### **Commentary on the Results for the Period**

The net loss for the year ended 30 June 2014 was incurred in the ordinary course of business.

During the prior year, the loss mainly comprised of an amount of \$550,000 paid to the Administrators under the terms of the Deed of Company Arrangement as well as a share based payment expense.

### **Audit**

This Preliminary Final Report is based on the Annual Financial Report which is in the process of being audited.



**Stephen Hewitt-Dutton**

**Director**

Dated at Perth this 29<sup>th</sup> day of August 2014

## Review of Operations

### Heads of Agreement

On 15<sup>th</sup> May 2014, the Company entered into a Heads of Agreement (“**HoA**”) to acquire 100% of all rights and title in all the issued capital of Employment Management Systems Pty Ltd (“**EMS**”). EMS is the legal and beneficial owner of Skills Connect Pty Ltd (“**SCL**” or “**Skills Connect**”).

Under the terms of the HoA:

- The Company will issue 400,000,000 fully paid ordinary Consideration Shares upon completion of the acquisition;
- The Company will issue 350,000,000 fully paid ordinary shares upon the achievement of Milestone 1;
- The Company will issue 300,000,000 fully paid ordinary shares upon the achievement of Milestone 2 and;
- The Company will issue 20,000,000 fully paid ordinary Facilitation Shares upon completion of the acquisition.

The HoA is also subject to a number of conditions as follows:

- i) the Company successfully completing capital raisings to raise not less than \$2,500,000;
- ii) the Company, SCL and EMS obtaining all required shareholder and regulatory approvals;
- iii) EMS Shareholders agreeing to execute the Shares Sale Agreement; and
- iv) The Company and the Vendors completing their due diligence on the other, to their absolute satisfaction. As at the date of this report the due diligence has been completed to the satisfaction of both parties.

SCL is entitled to nominate three persons to the Board of the Directors on completion of the transaction.

### *Re-Compliance with Chapters 1 & 2*

It has been determined by the ASX that the Company is required to re-comply with Chapters 1& 2 of the ASX Listing Rules to acquire EMS. The Company will therefore be required to complete a number of elements determined by the ASX Listing Rules.

### *Skills Connect*

Skills Connect is a privately owned cloud based business that provides a business intelligence solution for multi-sourced human capital. Skills Connect has patented a three way connectivity system between a candidate, HR/Recruitment firms and businesses. This is the first fully integrated, secure, searchable, multi-site enterprise cloud solution with mass personalised individual candidate account management. By utilising a customised Google Search Application, Skills Connect is able to deliver rapid search and filtration of candidates in order to streamline the recruitment process. The key benefits of the Skills Management System are that it provides transparency, accountability and significant cost savings that ensures margins are maintained.

Subsequent to year end, Mr Graham Steer was appointed as a Director of SCL. In addition to this, Dr Kate Cornick will become the new Managing Director of SCL, effective of 8<sup>th</sup> September 2014.

On 28<sup>th</sup> May 2014, the Company entered into a Loan Agreement with SCL to advance a secured loan for the purpose of providing SCL with working capital funds. Subsequent to year end, the Company completed an additional raising of \$1,020,000 to advance further loans to SCL and to provide working capital funds. The shares issued under the latter placement will not be tradable on ASX until after re-compliance with Chapter 1 & 2. Following the re-compliance, the shares will be subject to escrow in accordance with the ASX Listing Rules.

### **Director Appointment and Resignation**

On 5<sup>th</sup> March 2014, Mr Bruce Franzen resigned as a Non-Executive Director of RCM and was replaced by Mr David Scoggin.

### **Share Issues**

Also on 28<sup>th</sup> May 2014, the Company raised \$582,000 at \$0.006. The Company issued 56,000,000 on 28<sup>th</sup> May 2014 and 41,000,000 on 2<sup>nd</sup> July 2014.

## Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

		Company	Consolidated
	Note	2014	2013
		\$	\$
Revenue from continuing operations		-	-
Other Income		19,786	12,326
Directors fees		(119,903)	(70,000)
Finance costs		(599)	(545)
Rent		(24,000)	(24,000)
Administration expenses		(407,397)	(560,019)
Share based payment		-	(245,610)
Deed of Company Arrangement (DOCA) costs		-	(550,000)
<b>Loss before income tax</b>		<b>(532,113)</b>	<b>(1,437,848)</b>
Income tax expense		-	-
<b>Loss after income tax for the year</b>		<b>(532,113)</b>	<b>(1,437,848)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(532,113)</b>	<b>(1,437,848)</b>
<b>Loss per share for the year attributable to the members of Reclaim Industries Limited</b>			
<b>Continued operations</b>			
Basic and diluted loss per share (cents per share)	2	(0.14)	(0.60)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2014

		Company	Consolidated
	Note	2014	2013
<b>ASSETS</b>		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		437,085	828,459
Trade and other receivables		43,625	57,571
Other		500,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>980,710</b>	<b>886,030</b>
<b>TOTAL ASSETS</b>		<b>980,710</b>	<b>886,030</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		376,224	55,967
<b>TOTAL CURRENT LIABILITIES</b>		<b>376,224</b>	<b>55,967</b>
<b>TOTAL LIABILITIES</b>		<b>376,224</b>	<b>55,967</b>
<b>NET ASSETS</b>		<b>604,486</b>	<b>830,063</b>
<b>EQUITY</b>			
Issued capital	3	3,257,877	2,951,341
Accumulated losses		(2,653,290)	(2,121,278)
<b>TOTAL EQUITY</b>		<b>604,486</b>	<b>830,063</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the financial year ended 30 June 2014

	Issued Capital	Reserves – Employee Shares	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2012 (Consolidated)</b>	-	55,000	(683,430)	(628,430)
Loss for the period	-	-	(1,437,848)	(1,437,848)
<i>Transactions with owner's in their capacity as owners</i>				
Issue of ordinary shares under a placement	2,795,000	-	-	2,795,000
Issue costs	(144,269)	-	-	(144,269)
Reclassification of issued capital	55,000	(55,000)	-	-
Equity-settled share based payment	245,610	-	-	245,610
<b>Balance as at 30 June 2013 (Consolidated)</b>	<b>2,951,341</b>	<b>-</b>	<b>(2,121,278)</b>	<b>830,063</b>
Loss for the period	-	-	(532,113)	(532,113)
<i>Transactions with owner's in their capacity as owners</i>				
Issue of ordinary shares under a placement	336,000	-	-	336,000
Issue costs	(29,464)	-	-	(29,464)
<b>Balance as at 30 June 2014 (Company)</b>	<b>3,257,877</b>	<b>-</b>	<b>(2,653,391)</b>	<b>604,486</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the financial year ended 30 June 2014

	Company	Consolidated
Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(462,997)	(758,385)
Interest and other costs of finance paid	(599)	(545)
Net cash used in operating activities	(463,596)	(758,930)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	19,786	12,326
Loan advancement	(500,000)	-
Cash disposed on liquidation of subsidiary	(100)	-
Net cash provided by/(used in) investing activities	(480,314)	12,326
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of convertible notes	-	-
Proceeds from share issue applications	582,000	2,195,000
Share issue costs	(29,464)	(144,269)
Payment to administrator	-	(550,000)
Net cash provided by financing activities	552,536	1,500,731
Net decrease in cash held	(391,374)	754,127
Cash at beginning of financial year	828,459	74,332
Cash at end of financial year	437,085	828,459

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1. Disposal of Subsidiaries

During the year, the Company disposed of or lost control of all subsidiary companies as follows:

<i>Name</i>	<i>Date of Disposal</i>	
Reclaim Energy Pty Ltd	13 February 2014	Loss of control upon appointment of liquidator.
Reclaim Corporation Pty Ltd	13 February 2014	Loss of control upon appointment of liquidator.
Reclaim SA Pty Ltd	13 February 2014	Loss of control upon appointment of liquidator.
Reclaim Asia Pty Ltd	13 February 2014	Loss of control upon appointment of liquidator.
Duskview Pty Limited	13 February 2014	Loss of control upon appointment of liquidator.
Reclaim SA Pty Ltd	13 February 2014	Loss of control upon appointment of liquidator.

There was no gain or loss on the disposal of the subsidiaries.

## 2. Loss Per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic loss per share computations:

	<b>Company 2014</b>	<b>Consolidated 2013</b>
	<b>\$</b>	<b>\$</b>
Loss attributable to ordinary equity holders	(532,113)	(1,437,848)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>Number</b> 384,654,385	<b>Number</b> 241,002,672
	<b>Cents/share</b>	<b>Cents/share</b>
Basic and diluted loss per share	(0.14)	(0.60)

## 3. Issued Capital

	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>	<b>\$</b>	<b>\$</b>
Fully paid ordinary shares	435,999,473	379,999,473	3,186,000	3,095,610



**3. Issued Capital (continued)**

	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>	<b>\$</b>	<b>\$</b>
At the beginning of the financial year	379,999,473	22,718,964	2,951,341	-
Share transactions:				
- 15 November 2012 <sup>(i)</sup>	-	357,280,509	-	3,095,610
- 28 May 2014 <sup>(ii)</sup>	56,000,000	-	336,000	-
Transaction costs:	-	-	(29,464)	(144,269)
Balance at the end of financial year	<u>435,999,473</u>	<u>379,999,473</u>	<u>3,257,877</u>	<u>2,951,341</u>

(i) On 15 November 2012, pursuant to the Prospectus, the Company issued: 225,000,000 shares through public offering raising \$2,250,000; 120,000,000 shares valued at \$600,000 upon the conversion of convertible notes and; 12,280,509 shares for nil consideration to the deed administrators as compensation for services provided.

(ii) On 28 May 2014, the Company completed the first tranche of a Sophisticated Placement and issued 56,000,000 fully ordinary paid shares.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**4. Segment Reporting**

The Company has identified its operating segments based on the annual report that are audited and used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming the annual report for the year ended 30 June 2014.