RECLAIM

ANNUAL REPORT

2014

Reclaim Industries Limited

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Corporate Directory

Directors	Mr Stephen Hewitt-Dutton (appointed 13 March 2012) Mr KC Ong (appointed 13 March 2012) Mr Bruce Franzen (resigned 5 March 2014) Mr David Scoggin (appointed 5 March 2014)
Company Secretary	Miss Deborah Ho
Registered Office	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Share Registry	Security Transfer Registrars Pty Limited 770 Canning Highway, APPLECROSS WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Website	www.reclaimindustries.com.au
Place of Incorporation	Western Australia
Principal Place of Business	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Auditors	BDO (Audit) WA Pty Ltd 38 Station Street SUBIACO WA 6008 Telephone: (08) 6382 4600 Facsimile: (08) 6382 4601
Solicitors	Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH WA 6000
Banker	National Australia Bank Limited Ground Floor,100 St Georges Terrace PERTH WA 6000 Suncorp Bank 41-43 St Georges Terrace PERTH WA 6000
Stock Exchange	ASX Limited Exchange Plaza, 2 The Esplanade PERTH WA 6000
ASX Code	RCM

Directors' Report

The directors of Reclaim Industries Limited ("the Company") present their annual report of Reclaim Industries Limited for the financial year ended 30 June 2014.

Directors

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

Mr Stephen Hewitt-Dutton	Appointed 13th March 2012
Mr KC Ong	Appointed 13th March 2012
Mr Bruce Franzen	Appointed 13th March 2012 - Resigned 5th March 2014
Mr David Scoggin	Appointed 5th March 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Ms Deborah Ho	Appointed 7th November 2012

Principal Activities

On 30 November 2012, the Company was reinstated to official quotation with the Australian Securities Exchange following its successful recapitalisation.

In line with the strategy outlined by the Company in its May 2012 prospectus, the Company has continued to review investment opportunities. To date the review of the opportunities in the tyre collection and recycling industry has not resulted in directors believing that its re-entry into that industry is warranted. However, the directors had continued to monitor opportunities and developments in that market.

As at 15th May 2014, the Company entered into a Heads of Agreement to acquire Skills Connect company. Please refer below to 'Review of Operations' for further detail.

Operating Results

The loss after tax of the Company for the financial year ended 30 June 2014 was $532,113 (2013: $1,437,848).
During the year, the Company deconsolidated all of the Company's subsidiaries and incurred a gain on deconsolidation. During the prior year, the Company incurred costs such as legal costs, associated with the recapitalisation of the Company.

Review of Operations

Reinstatement

On 30 November 2012, the Company was reinstated to official quotation with the Australian Securities Exchange. Since this date, the Company had continued to review investment opportunities.

Director Changes

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

Heads of Agreement

On 15th May 2014, the Company entered into a Heads of Agreement with the Employment Management Systems Pty Ltd ("EMS"), Skills Connect Pty Ltd ("SCL" or "Skills Connect") and Employment Management Systems Pty Ltd Shareholders, to acquire 100% of all rights and title in all the issued capital of EMS. EMS is the legal owner and beneficial owner of SCL.

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.

On 28th 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.

Review of Operations (continued)

Share Issue
Also on 28th May 2014, the Company raised $582,000 at $0.006. The Company issued 56,000,000 on 28th May 2014 and 41,000,000 on 2nd July 2014.

Likely Developments and Expected Results of Operations
The Company has been in the process of performing its legal and accounting due diligence on the proposed acquisition as expressed by the Heads of Agreement. Once completed and if the Company is satisfied with the due diligence, then the Company will proceed with the acquisition.

Share options
During and since the end of the financial year, no options to acquire ordinary shares in the Company were granted under the Company's employee share option plan.

There were no shares options issued during or since the end of the financial year.

Environmental Issues
The Company's is not currently operating in the tyre collection and recycling industry which is regulated in WA by the respective State Environmental Protection Acts. There were no breaches of the various State Environmental Protection Acts during the financial year.

Dividends Paid or Recommended
The Directors recommend that no dividend be paid for the year ended 30 June 2014, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year (2013: nil).

Matters Subsequent to the Reporting Date
On 1 July 2014, the Company held a General Meeting at which shareholders approved the following resolutions:

- Ratify the issue of 56,000,000 fully paid ordinary shares at $0.006 per share to Sophisticated and Professional Investors under the Tranche 1 Placement; and
- Approval of the issue of 41,000,000 fully paid ordinary shares at $0.006 per share to Sophisticated and Professional Investors under the Tranche 2 Placement.

On 2 July 2014, the Tranche 2 Placement shares were issued.

On 31 July 2014, a further 68,000,000 fully paid ordinary shares were issued under a completed Sophisticated Placement raising $1,020,000 at $0.015 per share. The funds raised enable the Company to advance further loan funds of $900,000 to Skills Connect Pty Ltd as well as provide additional working capital for the Company.

Re-compliance with Chapters 1 and 2
It has been confirmed by ASX that the Company is to re-comply with Chapters 1 and 2 of the ASX Listing Rules to acquire Employment Management Systems Pty Ltd ("EMS"), 100% owners of SCL. The Company will therefore be required to complete a number of elements determined by the ASX Listing Rules summarised but not limited to the following.

1) RCM will be required to convene a meeting of shareholders, at which the shareholders will be asked to vote on the proposal to acquire EMS. If the shareholders approve the transaction to acquire EMS, the Company's shares will be suspended from trading on the ASX until the requirements of Chapters 1 & 2 of the ASX Listing Rules have been satisfied.

2) RCM will prepare and issue a necessary disclosure document to raise sufficient funds to enable the re-compliance with Chapters 1 & 2 of the ASX Listing Rules. The capital raising will be conducted at a minimum of $0.20 per share in accordance with the requirements of Chapters 1 & 2 of the ASX Listing Rules. Funds raised will be used to support the revenue generating initiatives of EMS and SCL as well as to cover the ongoing corporate administration and operating costs of the Company.

Directors' Report

Matters Subsequent to the Reporting Date (continued)

3) The 68,000,000 shares issued under the Sophisticated Placement noted above will not be tradeable on ASX until after re-compliance. Following the re-compliance, the shares will be subject to escrow in accordance with the ASX Listing Rules.

On 23 September 2014, the Company executed a formal Share Sale Agreement ("**SSA**") to acquire 100% of all rights and title in all the issued capital Employment Management Systems Pty Ltd ("**Transaction**"), the 100% owner of Skills Connect Pty Ltd ("**Skills Connect**").

- The Share Sale Agreement is binding, subject to satisfaction or waiver of conditions precedent including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

- The Transaction will include an equity raising of at least $2,000,000 to provide funding for the Skills Connect business and working capital for the Company.

Key terms of the SSA (as contemplated by the Heads of Agreement executed on 15 May 2014) include the following:

1) The Company agreed to acquire all the issued capital of Employment Management Systems held by the Skills Connect Shareholders in consideration for the Company:
   a) agreeing to issue to the Skills Connect Shareholders 400,000,000 Consideration Shares (pre-consolidation) pro rata to their respective shareholdings;
   b) agreeing to issue the following Performance Shares:
      i) 10,000 Class A Performance Shares which convert to 350,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of $2,750,000 by 28 May 2015 or Skills Connect being sold for not less than $150,000,000; and
      ii) 10,000 Class B Performance Shares which convert to 300,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of $20,000,000 by 28 November 2015 or Skills Connect being sold for not less than $150,000,000.

2) The Share Sale Agreement is subject to and conditional upon the following conditions precedent:

   a) Both parties completing their due diligence on the other to their absolute satisfaction;
   b) Completion of a capital raising of not less than $2,000,000; and
   c) The Company obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in respect of the status of Employment Management Systems, Skills Connect and Reclaim which are considered standard for agreements of this kind.

Employment Management Services will be entitled to nominate three persons to the Board of Directors on completion of the transaction, and following that appointment the existing directors will resign.

Directors' Report

Information on Directors during the financial year

Mr. Stephen Hewitt-Dutton	Chairman - Appointed 13 March 2012
Experience	Mr. Hewitt-Dutton has over 20 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. Previously Mr. Hewitt-Dutton was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years.
Interest in Shares and Options	Mr. Hewitt-Dutton holds 2,000,000 shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr. Hewitt-Dutton has served as a Director for the following other listed companies. (a) Safety Medical Products Ltd – appointed 6 October 2010.
Mr Bruce Franzen	Non-Executive Director - Appointed 13 March 2012 - Resigned 5th March 2014 Mr. Franzen is a Certified Practicing Accountant with over 20 years local and international experience in the resources industry. Bruce has substantial experience in commercial administration and financial control related to offshore oil and gas drilling, exploration and development of large scale capital resource projects. Mr. Franzen has held senior positions for large companies such as Woodside Petroleum, Inpex and Origin Energy. He was also a former Chief Financial Officer and Company Secretary for Globe Metals and Mining from 2007-2009 and a founding director of DMC Mining Limited. He served as an executive director, Company Secretary and Chief Financial Officer of DMC Mining from 2006–2009. Mr Franzen was founding director of Riedel Resources Limited from 2010 to 2013, and currently holds the position of Company Secretary and Chief Financial Officer.
Interest in Shares and Options	Mr Franzen holds nil shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr Franzen has served as a Director for the following other listed company; (a) Riedel Resources Limited – appointed 9 April 2010, resigned 31 January 2013.
Mr David Scoggin	Non- Executive Director - Appointed 5th March 2014 David is an 18 year veteran of the international finance Industry. He began his career as a proprietary trader for ING Baring and Credit Agricole Idosuez, splitting time between Japan and Hong Kong from 1996-2001. In 2001, he began working for Susquehanna International Company as a hedge fund manager and in 2005, David Joined Evolution Capital's Global Opportunities fund. He has spent the past 7 years specialising in the Australian natural resource sector and has been managing a portfolio of small/mid cap resource companies and has been involved in early stage financings in exploration and development projects.
Interest in Shares and Options	Mr Scoggin holds 10,450,000 shares indirectly in the Company. Nil Options
Directorships held in	During the past three years Mr Scoggin has not held directorship of any ASX listed companies in the last three years.

Directors' Report

Information on Directors during the financial year (continued)

Mr. KC Ong	Non-Executive Director - Appointed 13 March 2012
Experience	Mr. Ong has over 25 years of extensive and diverse experience in corporate finance and business advisory to corporations in Australia and South-East Asia. Mr. Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant.
Interest in Shares and Options	Mr Ong holds nil shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr Ong has served as a Director for the following other listed companies; (a) Windimurra Vanadium Limited – appointed 30 July 2012. (b) My ATM Holdings Limited – appointed 23 July 2012. (c) Cell Aquaculture Ltd – appointed 2 May 2013.

Company Secretary
Miss Deborah Ho was appointed Company Secretary on 7 November 2012. Deborah holds a Bachelor of Commerce from Curtin University and is an associate of Governance Institute of Australia Ltd. Deborah has experience in company secretarial matters, corporate compliance and financial accounting areas including the preparation of financial statements.

Indemnifying Officers or Directors
During the financial year the Company paid insurance premiums in respect to Director's and Officer's liability insurance. The insurance policy precludes us from disclosing the amount of coverage. These insurance premiums relate to insurance of the Directors of the Company named in the report and former Directors and Executive Officers of the Company. The policy does not specify the premium for individual Directors and Executive Officers.

The Director's and Officer's liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as a Director or Executive Officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

No liability has arisen under the indemnity as at the date of this report.

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 party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.
The Company was not a party to any such proceedings during the year.

Non-Audit Services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are also satisfied that the provision of non-audit services by an auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 9, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants.

Directors' Report

Non-Audit Services (continued)

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2014 $	2013 $
(a) BDO Audit (WA) Pty Ltd		
i. Audit and other assurance services		
Audit and review of financial statements	36,800	16,080
Total remuneration for audit and other assurance services	36,800	16,080
ii. Non-audit services		
Taxation services	14,382	16,080
Total non-audit services	14,382	16,080

The current auditor of the Company is BDO Audit (WA) Pty Ltd.

	2014 $	2013 $
(b) Deloitte Touche Tohmatsu		
i. Audit and other assurance services		
Audit and review of financial statements	3,375	130,392
Other assurance services:		
Letter of consent	-	1,733
Total remuneration for audit and other assurance services	3,375	132,125

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Annual Financial Report.

Corporate Governance Statement

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

The Company's Corporate Governance policy is available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. Unless otherwise stated, the policies below were in effect during the year ended 30 June 2014.

Principle 1 – Lay solid foundations for management and oversight

The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose. The Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising performance and the protection and enhancement of long-term shareholder value.

The Board has also established a Nomination and Remuneration Committee Charter which, amongst other functions, guides the Board in its evaluation of the performance of senior executives and encourages an appropriate mix of skills, experience, expertise and diversity on the Board.

The role of management is the efficient and effective operation of the activities of the Company in accordance with the objectives, strategies and policies determined by the Board. The performance of senior management is reviewed annually in a formal process with the executive's performance assessed against the company and personal benchmarks. Benchmarks are agreed with the executives and reviews are based upon the degree of achievement against those benchmarks.

Directors' Report

Corporate Governance Statement (continued)

Principle 2 – Structure the Board to add value

The Board ultimately takes responsibility for corporate governance, and will be accountable to the Shareholders for the performance of the Company. The functions and responsibilities of the Board are set out in the Company's Constitution and the Corporations Act.

The Company has adopted a Nomination and Remuneration Committee Charter which encourages a transparent Board selection process in searching for and selecting new directors to the Board and having regard to any gaps in the skills and experience of the directors of the Board and ensuring that a diverse range of candidates is considered. The Board composition is reviewed on an ongoing basis with regard to the activities of the Company and the skills sets required to support those activities.

A separate nomination committee has not been formed. The role of the nomination committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board
- The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.
  In assessing the independence of directors, the Board follows the ASX guidelines and will consider whether the director:
- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- Is employed, or has previously been employed in executive capacity by the Company or another company member, and there has not been a period of at least three years between ceasing such employment and serving the on board
- Has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another company member, or an employee materially associated with the service provided
- Is a material supplier or customer of the Company or another company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has a material contractual relationship with the Company or another company member other than as director of the Company

The Board does not currently have a majority of independent directors. It is comprised of one independent director and two non-independent directors. The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company.

Principle 3 – Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, managers, employees and officers of the Company with respect to matters relevant to the Company's legal and ethical obligations and the expectations of stakeholders.

The Code of Conduct requires officers and employees to avoid or ensure proper management of conflicts of interest, to not use confidential information for personal gain and to act in fair, honest and respectful manner. The Board has procedures in place for reporting any matters that give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company.

Diversity Policy

The Board has also established a Diversity Policy which affirms the Company's commitment to promoting a corporate culture that is supportive of diversity and outlines strategies that the Board can undertake to encourage and promote a diverse working environment.

The Company does not select candidates based on gender or ethnicity, rather the recruitment process chooses candidates from a diverse company after widely canvassing the market and by selecting the most appropriate candidate based on merit and suitability for the role.

Currently the Company has no employees as the operations are managed by the Board. Operations are carried out through the engagement of independent consultants and the administration is outsourced to a management company. There are currently no women on the Board of the Company or employed by the Company.

Directors' Report

Corporate Governance Statement (continued)

Principle 3 – Promote ethical and responsible decision making (continued)
Diversity Policy (continued)
Given the Company's size and that it currently has no employees the Board does not consider it appropriate to set objectives regarding gender diversity at this time. As the operations grow, the Board will give consideration to the setting of such objectives and their achievement through the appointment of appropriate candidates to the Board and senior executive positions as they become available.

Securities Trading Policy
The Board encourages directors and employees to hold shares in the Company to align their interest with the interests of all Shareholders. The Company has adopted a Securities Trading Policy which guides directors, employees or contractors in trading the Company's securities in accordance with ASX Listing Rules. Trading the Company's shares is prohibited under certain circumstances and a director, employee or contractor must not deal in the Company's securities at any time when he or she is in possession of information which, if generally available, may affect the price of the Company's shares.

The Policy sets out the following information:
(a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
(b) trading in the Company's securities which is not subject to the Companys Trading Policy; and
(c) the procedures for obtaining written clearance for trading in exceptional circumstances.

Principle 4 – Safeguard integrity in financial reporting
The Directors require the Chief Financial Officer and Chief Executive Officer and external company auditors to state in writing to the Board that the Company's financial condition and operational results and are in accordance with relevant accounting standards.

A separate audit committee has not been formed. However, the Company has adopted an Audit Committee Charter. The role of the audit committee is carried out by the full Board in accordance with the Audit Committee Charter. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate audit committee.

Principle 5 – Make timely and balanced disclosure
The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the Listing Rules and the Corporations Act. The Directors have established a written policy and procedure to ensure compliance with the disclosure requirements of the Listing Rules. At each meeting of the directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made to all investors.

Under the policy the Company's employees and contractors must disclose any relevant information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

Principle 6 – Respect the rights of Shareholders
The Directors have established a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will ensure that all relevant documents are released on the Company's website.

Communication with Shareholders is achieved through the distribution of the following information:
- The Annual Report is distributed to Shareholders;
- The Half Yearly Report is available on the Company's website
- Regular reports and announcements are released through the ASX
- The Annual General Meeting and other meetings called by the Company to obtain Shareholder approval as appropriate
- Investor information released through the Company's website

Principle 7 – Recognise and manage risk
The Board is responsible for overseeing the risk management function and ensuring that risks and opportunities are identified on a timely basis. The Directors have established a Risk Management Policy regarding the oversight and management of material business risks.

Responsibility for the control and risk management is delegated to the appropriate level of management within the Company, with the Executive Director having ultimate responsibility to the Board for monitoring the risk management and control framework. Risk analysis and evaluation occurs on an ongoing basis in the course of the activities of the Company. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies.

Corporate Governance Statement (continued)

Principle 8 – Remunerate fairly and responsibly

A separate remuneration committee has not been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the remuneration committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The charter details how the Board fulfils its duties in regards to the Company's remuneration plans, policies and practices, including the compensation of non-executive directors, executive directors and management. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

The Board has provided disclosure within this Annual Report in relation to Directors' remuneration and remuneration policies in accordance with the ASX Listing Rules and the Corporations Act. There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

The Company has a policy to prohibit its directors and employees, who participate in an equity-based incentive plan of the Company, from entering into transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. Directors and employees are encouraged to take sufficient professional advice in relation to their individual financial position.

Other information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.reclaimindustries.com.au.

Meetings of Directors

The number of meetings of the company's Board of Directors attended by each Director during the year ended 30 June 2014 was:

	Meetings held while in office	Meetings attended
Stephen Hewitt-Dutton	2	2
Bruce Franzen (i)	2	2
David Scoggin (ii)	0	0
KC Ong	2	2

(i) Mr Franzen resigned on 5th March 2014

(ii) Mr Scoggin was appointed on 5th March 2014

The Board of Directors also approved six (6) circular resolution during the year ended 30 June 2014 which was signed by all Directors of the Company.

Directors' Report

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Company. There is no link between remuneration and the Company's performance.

Directors and key management personnel disclosed in this report

Non Executive Directors

Mr Stephen Hewitt-Dutton	Appointed 13th March 2012 to current
Mr KC Ong	Appointed 13th March 2012 to current
Mr David Scoggin	Appointed 5th March 2014 to current
Mr Bruce Franzen	Appointed 13th March 2012 to 5th March 2014

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Company's earnings and movements in shareholder wealth for the five years to June 2014:

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Revenue	-	-	-	7,316,369	15,489,133
Net (loss) before tax	(532,113)	(1,437,848)	(281,127)	(1,770,044)	(1,221,679)
Net (loss) after tax	(532,113)	(1,437,848)	(281,127)	(1,770,044)	(1,221,679)

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Share price at beginning of the year	$0.005	$0.04	$0.04	$0.04	$0.06
Share price at end of year	$0.03	$0.005	$0.04	$0.04	$0.04
Basic loss per share	(0.14) cents	(0.60) cents *	(1.24) cents *	(8.25) cents *	(1.25) cents
Diluted loss per share	(0.14) cents	(0.60) cents *	(1.24) cents *	(8.25) cents *	(1.25) cents

* Loss per share have been updated to reflect the impact of the share consolidation for 2012 and 2013.

No dividends have been declared during the five years ended 30 June 2014 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2014. There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to options for Directors and other Key Management Personnel.

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration Governance

Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

Directors’ Report

Remuneration Report (audited) (continued)

Non-Executive Director Remuneration

The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company’s development.

The Directors have resolved that Non-Executive Directors’ fees are $36,000 per annum for each Non-Executive Director and $48,000 per annum for the Non-Executive Chairman. Following reinstatement of Reclaim Industries Limited, Directors fees commenced from 1 December 2012.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Executive Remuneration

There were no executive employees during the year.

Summary of amounts paid to Key Management Personnel

The table below discloses the compensation of the Key Management Personnel of the Company during the year.

2014	**Short-term employee Benefits Salary & Fees**	**Bonus**	**Post employment superannuation**	**Share-based payments**	**Total**	**Percentage of total remuneration for the year that consists of options**
	$	$	$	$	$	%
Directors						
Non Executive Directors						
Mr Hewitt-Dutton	48,000	-	-	-	48,000	-
Mr Ong	36,000	-	-	-	36,000	-
Mr Scoggin [1]	11,419	-	-	-	11,419	
Mr Franzen [2]	24,484	-	-	-	24,484	-
2013 Total	**119,903**	**-**	**-**	**-**	**119,903**	-

2013	**Short-term employee Benefits Salary & Fees**	**Bonus**	**Post employment superannuation**	**Share-based payments**	**Total**	**Percentage of total remuneration for the year that consists of options**
	$	$	$	$	$	%
Directors						
Non Executive Directors						
Mr Hewitt-Dutton	28,000	-	-	-	28,000	-
Mr Ong	21,000	-	-	-	21,000	-
Mr Franzen	21,000	-	-	-	21,000	-
2013 Total	**70,000**	**-**	**-**	**-**	**70,000**	-

[1] Mr Scoggin was appointed on the 5th March 2014

[2] Mr Franzen resigned on the 5th March 2014.

Share Options held by Key Management Personnel

During the year ended 30 June 2014 no share options were granted or exercised that relate to Key Management Personnel.

Directors' Report

Remuneration Report (audited) (continued)

Shares held in escrow that had been issued to Key Management Personnel

No shares have been issued under the Employee Share Scheme to Key Management Personnel during the year.

The Director's report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the Corporations Act 2001.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company received more than 66% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Loans to key management personnel

During the year ended 30 June 2014, there were no loans to key management personnel.

Key Management Personnel equity holdings

Fully paid ordinary shares issued by Reclaim Industries Limited to Key Management Personnel are as follows:

2014	Balance at 1 July 2013 Number	Allotment of Shares Number	Net other changes[1] Number	Balance at 30 June 2014 Number	Balance Held Nominally Number
DIRECTORS					
Mr S Hewitt - Dutton	2,000,000	-	-	2,000,000	
Mr KC Ong	-	-	-	-	
Mr D Scoggin[1]	10,450,000	-	-	10,450,000	
Mr B Franzen[2]	1,000,000	-	(1,000,000)	-	

1 Mr Scoggin was appointed on the 5th March 2014.

2 Mr Franzen resigned on the 5th March 2014.

2013	Balance at 1 July 2012 Number	Allotment of Shares Number	Net other changes Number	Balance at 30 June 2013 Number	Balance Held Nominally Number
DIRECTORS					
Mr S Hewitt - Dutton	-	2,000,000	-	2,000,000	-
Mr KC Ong	-	-	-	-	-
Mr B Franzen	-	1,000,000	-	1,000,000	-

Options

Nil options were issued by Reclaim Industries Limited to Key Management Personnel during the current financial year (2013: Nil).

Other Related Party Transactions

Corporate advisory and office services:

Trident Capital Pty Ltd ("Trident Capital") is a company which is a substantial shareholder of the Company. Trident Capital also provides recapitalisation services, corporate advisory services and office accommodation. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Capital for the year ended 30 June 2014 was $224,400 (incl GST) (2013: $191,400). The amount payable to Trident Capital as at 30 June 2014 is $15,000 (excl GST) (2013: $15,000).

Reimbursement:

The amount paid to Trident Capital for the year ended 30 June 2014 was $314 (2013: $nil).

Directors' Report

Remuneration Report (audited) (continued)

Other Related Party Transactions (continued)

Company secretarial and accounting services:

KC Ong is a Director and shareholder of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Company with accounting and company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Management Services for the year ended 30 June 2014 was $82,569 (incl GST) (2013: $87,065). The amount payable to Trident Management Services as at 30 June 2014 is $6,850 (excl GST) (2013: $7,265).

Director fees:

Director fees for Bruce Franzen were paid to Zen Magnolia Pty Ltd ("Zen Magnolia"), a company of which Mr Franzen is a Director and shareholder. Director fees for Stephen Hewitt-Dutton and KC Ong were paid to Trident Capital. The amount paid to Zen Magnolia for the year ended 30 June 2014, was $30,232 (incl GST) (2013: $19,800). The amount payable to Zen Magnolia as at 30 June 2014 is $nil (2013: $3,300). The amount paid to Trident Capital for director fees, for the year ended 30 June 2014 was $92,400 (incl GST) (2013: $46,200). The amount payable to Trident Capital as at 30 June 2014 is $7,000 (excl GST) (2013: $7,000). The amount paid to David Scoggin for the year ended 30 June 2014, was $8,419 (No GST applicable) (2013:$nil). The amount payable to David Scoggin as at 30 June 2014 is $3,000 (no GST applicable) (2013: $nil).

End of audited Remuneration Report.

On behalf of the directors

Mr Stephen Hewitt-Dutton
Chairman
Perth, Western Australia, 30th day of September 2014

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF RECLAIM INDUSTRIES LIMITED

As lead auditor of Reclaim Industries Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2014

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2014

	Note	Company 2014 $	Consolidated 2013 $
Revenue from continuing operations		-	-
Other Income	3	19,786	12,326
Directors fees		(119,903)	(70,000)
Finance costs	4	(599)	(545)
Rent		(24,000)	(24,000)
Administration expenses	6	(407,397)	(560,019)
Share based payment	7	-	(245,610)
Deed of Company Arrangement (DOCA) costs	8	-	(550,000)
Loss before income tax		**(532,113)**	**(1,437,848)**
Income tax expense	5	-	-
Loss after income tax for the year		**(532,113)**	**(1,437,848)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(532,113)**	**(1,437,848)**
Loss per share for the year attributable to the members of Reclaim Industries Limited			
Continued operations			
Basic and diluted loss per share (cents per share)	10	(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	Note	Company 2014	Consolidated 2013
ASSETS		**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	11	437,085	828,459
Trade and other receivables	12	43,625	57,571
Other financial asset	13	500,000	-
TOTAL CURRENT ASSETS		**980,710**	**886,030**
TOTAL ASSETS		**980,710**	**886,030**
CURRENT LIABILITIES			
Trade and other payables	14	376,224	55,967
TOTAL CURRENT LIABILITIES		**376,224**	**55,967**
TOTAL LIABILITIES		**376,224**	**55,967**
NET ASSETS		**604,486**	**830,063**
EQUITY			
Issued capital	15	3,257,877	2,951,341
Accumulated losses		(2,653,290)	(2,121,278)
TOTAL EQUITY		**604,486**	**830,063**

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
	$	$	$	$
Balance as at 1 July 2012 (Consolidated)	**-**	**55,000**	**(683,430)**	**(628,430)**
Loss for the period	-	-	(1,437,848)	(1,437,848)
Transactions with owner's in their capacity as owners				
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
Balance as at 30 June 2013 (Consolidated)	**2,951,341**	**-**	**(2,121,278)**	**830,063**
Loss for the period	-	-	(532,113)	(532,113)
Transactions with owner's in their capacity as owners	-	-		
Issue of ordinary shares under a placement	336,000	-	-	336,000
Issue costs	(29,464)	-	-	(29,464)
Balance as at 30 June 2014 (Company)	**3,257,877**	**-**	**(2, 653,391)**	**604, 486**

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

	Note	Company 2014 $	Consolidated 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
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	19	(463,596)	(758,930)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		19,786	12,326
Loan payment		(500,000)	-
Cash disposed on liquidation of subsidiary		(100)	-
Net cash provided by / (used in) investing activities		(480,314)	12,326
CASH FLOWS FROM FINANCING ACTIVITIES			
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	11	437,085	828,459

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

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Statement of Compliance

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements of Reclaim Industries Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Directors on 30th September 2014

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and rounded to the nearest dollar.

Reclaim Industries Limited is a listed public company, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

In the application of the Company's accounting policies, as set out below, management is required to make judgments, 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 various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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.

New accounting standards and interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Company for the year ended 30 June 2014, and no change to the Company's accounting policy is:

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
AASB 9	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The Company has not yet made an assessment of the impact of these amendments.	1 July 2017

New accounting standards and interpretations (continued)

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
IFRS 15	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Due to the recent release of this standard, the Company has not yet made an assessment of the impact of these amendments.	1 July 2017
AASB 2012-6	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015
AASB 2014-1	Amendments to Australian Accounting Standards	Non-urgent but necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively or are disclosure impacts only.	1 July 2014, 1 July 2015, 1 July 2016
Improvements to IFRSs	Annual Improvements 2011-2013 Cycle	Non-urgent but necessary changes to standards • IFRS13 – Clarifies portfolio exception in relation to contracts under IAS 39 • IAS 40 – Clarifies interrelationship between IFRS 3 & IAS 40 when classifying the acquisition of property as investment or owner occupied	There will be no impact on the financial statements when these amendments are first adopted.	1 July 2014

The Company has not elected to early adopt any new Standards or Interpretations.

Changes in accounting policies and disclosures

In the year ended 30 June 2014, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual financial reporting year.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Going Concern

These financial statements have been prepared on the basis of a going concern. The Directors are of the opinion that the company has sufficient funds to meet its commitments as and when they fall due for a period of at least 12 months from the date of this report.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The company incurred an operating loss of $532,113 for the period ended 30 June 2014 (30 June 2013: $1,437,848) and a net cash outflow from operating activities amounting to $463,596 (30 June 2013: $758,930).

Going Concern (continued)

The ability of the Company to continue as a going concern is principally dependent upon a capital raising to be conducted under a Prospectus. This condition indicates a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have prepared a cash flow forecast which indicates that the company will have sufficient cash flow to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report. Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Significant Accounting Policies

The following significant accounting policies have historically been adopted in the preparation and presentation of the financial report and are expected to be relevant to the Company:

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts, where drawn, are shown within borrowings in current liabilities in the statement of financial position.

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables.

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

(c) Income Tax

Current tax

Current tax is calculated by references to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognized if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Notes to the Financial Statements

Significant Accounting Policies (continued)

(c) Income Tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacting by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(d) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(e) Contributed Equity

Ordinary share 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.

(f) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the assets. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Financial Statements

Significant Accounting Policies (continued)

(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.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(h) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment. Interest income is recognised by applying the effective interest rate method.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(i) Segment Reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the Company, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Significant Accounting Policies (continued)

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Company will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

(l) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2. Financial Risk Management

a) Capital risk management

The Company's overall strategy remains unchanged from 2013.

The capital structure of the Company consists equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 17 and 18 respectively.

Operating cash flows and share issues are used to maintain and expand the Company's operations.

b) Categories of financial instruments

	2014	**2013**
	$	**$**
Financial assets		
Trade and receivables	43,625	57,571
Cash and cash equivalents	437,085	828,459
Financial liabilities		
Trade and payables	376,224	55,967

2. Financial Risk Management (continued)

c) Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified management.

d) Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates (refer note 2(e)). The Company does not enter into interest rate caps and/or swaps to mitigate the risk of rising interest rates.

e) Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company hold funds on deposit at floating interest rates.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net revenue would increase by $2,185 and decrease by $2,185 respectively (2013: $4,142).

f) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis. The Company does not have any significant credit risk exposure to a single counterparty or any company of counterparties having similar characteristics.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2014 $	2013 $
Cash and cash equivalents - AA	437,085	828,459
Other assets	500,000	-

g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

2. Financial Risk Management (continued)

g) Liquidity risk management (continued)

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years
2014	**%**		**$**	**$**
Non-interest bearing	-	376,224	-	-
Variable interest rate instruments	2.35	-	-	-
Fixed interest rate instruments	-	-	-	-
		376,224	-	-
2013				
Non-interest bearing	-	55,967	-	-
Variable interest rate instruments	-	-	-	-
Fixed interest rate instruments	-	-	-	-
		55,967	-	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Financial Assets	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years
2014			**$**	**$**
Non-interest bearing	-	43,625	-	-
Variable interest rate instruments	2.35	437,085	-	-
Other	7.00	500,000	-	-
		980,710	-	-
2013				
Non-interest bearing	-	57,571	-	-
Variable interest rate instruments	2.60	828,459	-	-
		886,030	-	-

h) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

3. Revenue

Company Consolidated

	2014 $	2013 $
Bank Interest	19,786	12,326
Total Revenue	19,786	12,326

4. Finance Costs

	Company 2014 $	Consolidated 2013 $
Interest expense	(599)	(545)
	(599)	(545)

5. Income Tax

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

	Company 2014 $	Consolidated 2013 $
Loss before income tax	(532,012)	(1,437,848)
Income tax @ 30% (2013:30%)	(159,603)	(431,354)
Tax effect of amounts which are not deductible in calculating taxable income:		
- Entertainment	95	-
	(159,508)	(431,354)
Permanent differences	-	238,683
Timing differences not recognised	159,508	192,671
Total Income Tax Expense	-	-

The unrecognised deferred tax assets will be available for offset against future Australian assessable income provided that the rules for loss recoupment are satisfied.

6. Administration expenses

	Company 2014 $	Consolidated 2013 $
Legal fees	(44,883)	(7,199)
Director fees	-	(70,000)
Audit and accounting fees	(69,865)	(166,354)
Consulting and corporate fees	(236,000)	(240,000)
Insurance	(18,110)	(18,640)
Other expenses	(38,537)	(127,826)
	(407,397)	(630,019)

7. Share Based Payment

Pursuant to the effectuation of the Deed of Company Arrangement ("DOCA") in November 2012, Mr Richard Albarran, Mr David Ross & Mr Blair Pleash in their capabilities as Deed Administrators of the DOCA, were issued 12,280,509 shares for no consideration. In disclosing the share based payment in the financial report, the Company has accounted for them in accordance to Australian Accounting Standards. The shares issued on 15 November 2012 have been valued at the share price on grant date of $0.02, which has been deemed equal to the value of the services rendered. The fair value was $245,610.

8. Deed of Company Arrangement

On 27 November 2012 $550,000 was paid to the Administrators under the terms of the Deed of Company Arrangement and the DOCA was extinguished.

9. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

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	Company 2014 $	Consolidated 2013 $
(c) BDO Audit (WA) Pty Ltd		
i. Audit and other assurance services		
Audit and review of financial statements	36,800	16,080
Total remuneration for audit and other assurance services	36,800	16,080
ii. Non-audit services		
Taxation services	14,382	16,080
Total non-audit services	14,382	16,080

The current auditor of the Company is BDO Audit (WA) Pty Ltd.

(d) Deloitte Touche Tohmatsu		
i. Audit and other assurance services		
Audit and review of financial statements	3,375	130,392
Other assurance services:		
Letter of consent	-	1,733
Total remuneration for audit and other assurance services	3,375	132,125

10. 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:

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

11. Cash and Cash Equivalents

	Company 2014 $	Consolidated 2013 $
Cash at bank	437,085	828,459
	437,085	828,459

The Company's exposure to interest rate risk is discussed in note 2.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand.

12. Trade and Other Receivables

	Company 2014 $	Consolidated 2013 $
Current		
Trade receivables	43,625	57,571
	43,625	57,571

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The Company did not have any receivables past due or impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Company does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title. Refer to Note 2 for more information.

13. Other Assets

	Company 2014 $	Consolidated 2013 $
Other – Loan Employment Management Systems	500,000	-
	500,000	-

In May 2014, a loan advance of $500,000 was made to SCL under a loan agreement entered into on 28 May 2014. This advancement is repayable within 2 years of the agreement (subject to the Proposed Transaction not proceeding). The advancement is also subject to interest of 7% per annum and is payable quarterly in arrears beginning from 31 October 2014.

The loan is repayable in the event that the Proposed Transaction does not proceed or an event of default occurs. In the event that the Proposed Transaction does proceed, SCL will become wholly-owned by the Company and the loan will no longer be repayable.

14. Trade and Other Payables

	Company 2014 $	Consolidated 2013 $
Trade payables (i)	72,748	43,967
Accrued expenses	57,476	12,000
Subscription monies received (ii)	246,000	-
	376,224	55,967

(i) The average credit period on purchases of goods is 30 days (2013: 30 days). The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) In June 2014, the Company raised $246,000 at $0.006. Following the Shareholder approval received at the Company's General Meeting held on 1 July 2014, the Company issued 41,000,000 shares in satisfaction of this amount raised.

All amounts are expected to be settled within 12 months, refer to risk management note 2.

15. Issued Capital

	2014 Number	2013 Number	2014 $	2013 $
Fully paid ordinary shares	435,999,473	379,999,473	3,257,878	3,095,610

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

(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.

16. Contingent Liabilities

The directors are of the opinion that there are no contingent liabilities as at 30 June 2014 (2013: nil).

17. Commitments

There were nil commitments in the prior year.

During the year, Reclaim Industries Limited renewed a service agreement with Trident Management Service Pty Ltd for a period of 1 year. Reclaim Industries Limited also entered into a corporate advisory fees mandate for a period of 1 year.

Commitments no longer than 1 year	2014 $
Company secretarial and office accommodation services	50,000
Corporate advisory services	60,000

18. Segment Reporting

Prior to entering administration the Company had been involved in rubber recycling and manufacturing. Subsequent to the relisting, the Company had continued to review all potential business opportunities presented to identify those that are consistent with the future direction of the Company. As the Company is continuing to review potential business opportunities there are currently no operating segments with discrete financial information. The Company does not have any customers, other than its' bankers, and all the Company's assets and liabilities are located within Australia. The Board of Director's review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

Notes to the Financial Statements

19. Cash Flow Information

Reconciliation of Cash Flow from Operations	Company 2014 $	Consolidated 2013 $
Loss after income tax	(532,113)	(1,437,848)
Non-operating cash flows:		
Interest received	(19,786)	(12,326)
Cash disposed on liquidation of subsidiaries	100	-
Share based payments	-	245,610
Gain on DOCA	-	550,000
Decrease/(increase) in trade and term receivables	13,944	(7,141)
Increase/(decrease) in trade payables and accruals	74,259	(97,225)
Cash flow used in operations	(463,596)	(758,930)

20. Related Party Transactions:

a) Details of the Company's Subsidiaries at the End of the Reporting Period are as follows:

	Country of Incorporation	Percentage Owned (%) 2014	2013
Parent Entity:			
Reclaim Industries Limited (i)	Australia	100	100
Subsidiaries of Reclaim Industries Limited:			
Reclaim Corporation Pty Ltd (i)	Australia	-	100
Reclaim Energy Pty Ltd (formerly Leisuresafe Holdings Pty Ltd) (i)	Australia	-	100
Reclaim SA Pty Ltd (i)	Australia	-	100
Reclaim Asia Pty Ltd (i)	Australia	-	100
Duskview Pty Ltd (i)	Australia	-	100

(i) All subsidiaries were deconsolidated on 13 February 2014.

b) Key management personnel

Disclosures relating to key management personnel are set out on page 14.

c) Transactions with Related Parties

Company secretarial and accounting services:

KC Ong is a Director and shareholder of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Company with accounting and company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Management Services for the year ended 30 June 2014 was $82,569 (incl GST) (2013: $87,065). The amount payable to Trident Management Services as at 30 June 2014 is $6,850 (excl GST) (2013: $7,265).

Corporate advisory and office services:

Trident Capital Pty Ltd ("Trident Capital") is a company which is a substantial shareholder of the Company. Trident Capital also provides recapitalisation services, corporate advisory services and office accommodation. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Capital for the year ended 30 June 2014 was $224,400 (incl GST) (2013: $191,400). The amount payable to Trident Capital as at 30 June 2014 is $15,000 (excl GST) (2013: $15,000).

Reimbursement:

The amount paid to Trident Capital for the year ended 30 June 2014 was $314 (2013: $nil).

20. Related Party Transactions (continued)

c) Transactions with Related Parties (continued)

Director fees:

Director fees for Bruce Franzen were paid to Zen Magnolia Pty Ltd ("Zen Magnolia"), a company of which Mr Franzen is a Director and shareholder. Director fees for Stephen Hewitt-Dutton and KC Ong were paid to Trident Capital. The amount paid to Zen Magnolia for the year ended 30 June 2014, was $30,232 (incl GST) (2013: $19,800). The amount payable to Zen Magnolia as at 30 June 2014 is $nil (2013: $3,300). The amount paid to Trident Capital for director fees, for the year ended 30 June 2014 was $92,400 (incl GST) (2013: $46,200). The amount payable to Trident Capital as at 30 June 2014 is $7,000 (excl GST) (2013: $7,000). The amount paid to David Scoggin for the year ended 30 June 2014, was $8,419 (No GST applicable) (2013:$nil). The amount payable to David Scoggin as at 30 June 2014 is $3,000 (no GST applicable) (2013: $nil).

d) Key Management Personnel compensation

Details of Key Management Personnel compensation are disclosed on page 13 of the Directors' Report.

Director fees for Bruce Franzen were paid to Zen Magnolia Pty Ltd ("Zen Magnolia"), a company of which Mr Franzen is a Director and shareholder. Director fees for KC Ong and Stephen Hewitt-Dutton were paid to Trident Capital Pty Ltd. Directors fees for David Scoggin were paid to him.

21. Matters Subsequent to the Reporting Date

Share Issues

On 1 July 2014, the Company held a General Meeting at which shareholders approved the following resolutions:

- Ratify the issue of 56,000,000 shares at $0.006 per share to Sophisticated and Professional Investors under the Tranche 1 Placement; and
- Approval of the issue of 41,000,000 shares at $0.006 per share to Sophisticated and Professional Investors under the Tranche 2 Placement.

On 2 July 2014, the Tranche 2 Placement shares were issued.

On 31 July 2014, a further 68,000,000 fully paid ordinary shares were issued under a completed Sophisticated Placement raising $1,020,000 at $0.015 per share. The funds raised enable the Company to advance further loan funds of $900,000 to Skills Connect Pty Ltd as well as provide additional working capital for the Company.

Re-compliance with Chapters 1 and 2

It has been confirmed by ASX that the Company is to re-comply with Chapters 1 and 2 of the ASX Listing Rules to acquire Employment Management Systems Pty Ltd ("EMS"), 100% owners of SCL. The Company will therefore be required to complete a number of elements determined by the ASX Listing Rules summarised but not limited to the following.

1) RCM will be required to convene a meeting of shareholders, at which the shareholders will be asked to vote on the proposal to acquire EMS. If the shareholders approve the transaction to acquire EMS, the Company's shares will be suspended from trading on the ASX until the requirements of Chapters 1 & 2 of the ASX Listing Rules have been satisfied.

2) RCM will prepare and issue a necessary disclosure document to raise sufficient funds to enable the re-compliance with Chapters 1 & 2 of the ASX Listing Rules. The capital raising will be conducted at a minimum of $0.20 per share in accordance with the requirements of Chapters 1 & 2 of the ASX Listing Rules. Funds raised will be used to support the revenue generating initiatives of EMS and SCL as well as to cover the ongoing corporate administration and operating costs of the Company.

3) The 68,000,000 shares issued under the Sophisticated Placement noted above will not be tradeable on ASX until after re-compliance. Following the re-compliance, the shares will be subject to escrow in accordance with the ASX Listing Rules.

21. Matters Subsequent to the Reporting Date (continued)

On 23 September 2014, the Company executed a formal Share Sale Agreement ("**SSA**") to acquire 100% of all rights and title in all the issued capital Employment Management Systems Pty Ltd ("**Transaction**"), the 100% owner of Skills Connect Pty Ltd ("**Skills Connect**").

- The Share Sale Agreement is binding, subject to satisfaction or waiver of conditions precedent including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

- The Transaction will include an equity raising of at least $2,000,000 to provide funding for the Skills Connect business and working capital for the Company.

Key terms of the SSA (as contemplated by the Heads of Agreement executed on 15 May 2014) include the following:

1) The Company agreed to acquire all the issued capital of Employment Management Systems held by the Skills Connect Shareholders in consideration for the Company:
   a) agreeing to issue to the Skills Connect Shareholders 400,000,000 Consideration Shares (pre-consolidation) pro rata to their respective shareholdings;
   b) agreeing to issue the following Performance Shares:
      i) 10,000 Class A Performance Shares which convert to 350,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of $2,750,000 by 28 May 2015 or Skills Connect being sold for not less than $150,000,000; and
      ii) 10,000 Class B Performance Shares which convert to 300,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of $20,000,000 by 28 November 2015 or Skills Connect being sold for not less than $150,000,000.

2) The Share Sale Agreement is subject to and conditional upon the following conditions precedent:

   a) Both parties completing their due diligence on the other to their absolute satisfaction;
   b) Completion of a capital raising of not less than $2,000,000; and
   c) The Company obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in respect of the status of Employment Management Systems, Skills Connect and Reclaim which are considered standard for agreements of this kind.

Employment Management Services will be entitled to nominate three persons to the Board of Directors on completion of the transaction, and following that appointment the existing directors will resign.

Directors' Declaration

In accordance with a resolution of the directors of Reclaim Industries Limited, I state that:

1. In the opinion of the directors:

   a) the financial statements and notes of Reclaim Industries Limited for the financial year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the year ended on that date; and

      (ii) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Mr Stephen Hewitt-Dutton
Chairman

Perth, Western Australia, 30th day of September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Reclaim Industries Limited

Report on the Financial Report

We have audited the accompanying financial report of Reclaim Industries Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 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 about 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Reclaim Industries Limited, 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 Reclaim Industries Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the Company to continue as a going concern is principally dependent upon a capital raising to be conducted under a Prospectus. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company 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 the directors' report for the year ended 30 June 2014. 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 Reclaim Industries Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 30 September 2014

ASX Additional Information (continued)

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 9 September 2014 is 544,999,469 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share. There are no listed options. The number of ordinary shares subject to voluntary escrow is nil.

Ordinary Shares

Shares Range	Holders
1-1,000	1,093
1,001-5,000	335
5,001-10,000	56
10,001-100,000	110
100,001-9,999,999	294
Total	**1,888**

Shareholders by Location	No. of Holders
Australian holders	1,810
Overseas holders	78
Total	**1,888**

Unmarketable parcels

There were 1,519 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 9 September 2014

	Name	Number of Shares	%
1	TRIDENT CAPITAL PTY LTD	43,500,000	7.98%
2	CITICORP NOMINEES PTY LIMITED	29,258,488	5.37%
3	HSBC CUSTODY NOMINEES	20,801,568	3.82%
4	ARLINGTON CAPITAL PTY LTD	16,666,667	3.06%
5	JAMESON NOMINEES PTY LTD	16,500,000	3.03%
6	TRANQUILO INVESTMENTS LIMITED	16,094,779	2.95%
7	AEGEAN CAPITAL PTY LTD	12,500,000	2.29%
8	MR DAVID ROSS &	12,280,509	2.25%
9	HSBC CUSTODY NOMINEES	10,473,489	1.92%
10	MR ROBERT E TURNER &	10,000,000	1.83%
11	J P MORGAN NOMINEES AUSTRALIA	9,733,333	1.79%
12	ALPHA FIRST PTY LTD	9,577,102	1.76%
13	PHILATON PTY LTD	9,500,000	1.74%
14	MR PETER WILLIAM CLARK &	8,353,000	1.53%
15	J P MORGAN NOMINEES AUSTRALIA	7,821,226	1.44%
16	CAFQUE PTY LIMITED	7,583,333	1.39%
17	KOBIA HOLDINGS PTY LTD	7,000,000	1.28%
18	MR JOHN ROLAND PARKMAN &	6,040,000	1.11%
19	GENERAL & PRIVATE FUNDS	6,000,000	1.10%
20	TOWER CORPORATE PTY LTD	5,500,000	1.01%
		265,183,494	**48.65%**

ASX Additional Information (continued)

3. Substantial Shareholders as at 9 September 2014

	Name	Number of Shares	%
1	TRIDENT CAPITAL PTY LTD	43,500,000	7.98%
2	CITICORP NOMINEES PTY LIMITED	29,258,488	5.37%

4. Unquoted equity securities

There are currently 67,999,996 unquoted securities of the Company as at 9 September 2014.

5. Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney, representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing fully paid ordinary share.

Reclaim Industries Limited
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