REVERSE CORP LIMITED

REVERSE CORP LIMITED ANNUAL REPORT 2015

ozcontacts
AUSTRALIA'S CONTACT LENS STORE

1800 REVERSE

CONTENTS

CHAIRMAN'S LETTER

Reverse Corp Limited
ABN 16 085 949 855
Level 1
30 Little Cribb Street
Milton QLD 4064

Dear Shareholder,

On behalf of your Board, I am pleased to present our Annual Report for the financial year ended 30 June 2015.

Your company achieved revenues of $8,810,844 with EBITDA (earnings before interest, tax, depreciation & amortisation) of $3,087,887 and NPAT (net profit after tax) of $2,062,073 for the year. The result represents a 26% increase in EBITDA and 38% increase in NPAT over the previous year.

1800-Reverse

The core business, 1800-Reverse, has benefitted from steady revenues and successful operational initiatives to improve profitability. The Team has continued to focus on improving the customer experience, general efficiencies and cost savings, plus strategic price changes. These initiatives have helped increase EBITDA by 12% over the previous year to $3,785,204 whilst revenues were up 3% to $6,792,202. The service continues to underpin all of the Group's earnings.

OzContacts.com.au

Profitability also improved in our online contact lenses store where EBITDA losses were $41,860 which was down from $344,670 in the previous year. Excluding one-offs, the business achieved breakeven across the year reflecting the emphasis on user experience and customer retention over acquisition. The business will build on these positive steps in the year ahead by investing in both the online platform to support scale and also customer base growth through acquisitions and marketing. In the second half of the year, changes to Management were implemented to help enable the growth plan for FY16.

Future Growth

The Board and Management remain committed to identifying strategic acquisitions which are essential for long term growth. The 1800-Reverse service continues to operate in a mature industry segment which faces ongoing pressure from voice commoditisation and data services enabled by Smart Phones and WiFi. Our goal is to complement our existing businesses with a suitable acquisition which can, in the medium term, replace and increase the earnings from our reverse charge calling business. Whilst we remain patient in order to identify the right opportunity, our net cash position continues to grow.

The company's improved performance has enabled the Board to declare a dividend of $0.01. The Board believes that this level of continuing annual dividend is appropriate and will have no material effect on completing strategic acquisitions and undertaking the necessary investment in OzContacts.com.au.

I would like to thank my fellow Board members and the team at Reverse Corp for their contribution to the company performance and our improved platform for future transformation.

Finally I would like to thank all of our shareholders for your continued support.

Yours faithfully

Peter D Ritchie
Chairman
Reverse Corp Limited

OPERATIONS REPORT

This year saw the completion of the turnaround plan which commenced in 2013, the final element being the exit of the loss-making TriTel Australia payphone business in October 2014. The company is now well positioned to capitalise on the right strategic acquisition which, in addition to the OzContacts.com.au business, will provide future growth.

Cash reserves to support a future acquisition were boosted by 1800-Reverse achieving EBITDA of $3,785,204 which is its best result since 2010. Despite operating in a highly mature industry segment, the product has benefited from stable overall demand and the continuing flow through of successful operational initiatives to increase profitability. Increased Group NPAT of $2,062,073 was driven by 1800-Reverse as well as improved profitably in the OzContacts.com.au business.

1800 Reverse – reverse charge calling

1800-Reverse revenue was up 3% on 2014 to $6,792,202 whilst EBITDA increased 12% to $3,785,204. The strong result was achieved despite calls-to-fixed lines decreasing 25% over the previous year as consumers across the wider market continue to shift their voice usage to mobiles. Calls-to-fixed lines represented approximately 16% of total calls but delivered 38% of total gross profit (GP). An increase in calls-to-mobiles over the previous year combined with operational initiatives to improve the profitability of these call types has ensured the business has offset the decline in calls-to-fixed lines.

Operational improvements successfully implemented in the first half of the year focused on calls-to-mobiles. These included shifting to a new billing aggregator for calls to Optus and Vodafone mobiles which provides a better customer experience and improved commercial terms. A price increase for calls-to-mobiles was also implemented in November 2014 with minimal impact on customer demand. In December 2014 an improved two year carriage agreement with Telstra Corporation was also agreed for all calls supported on the 1800-Reverse platform.

Over the last 12 months as expected, all Australian mobile network operators have made calls from mobile phones (including ‘out-of-credit’ prepaid services) to 1800 numbers in Australia free of charge. This change was made in accordance with Australian Communications and Media Authority (ACMA) recommendations and occurred between October 2014 and July 2015. To date the strong market position of 1800-Reverse and maturity of the overall industry have seen no negative impacts on the business. The change has resulted in cost savings with lower payments required to key carriers Telstra and Optus where special agreements continue to exist to access the full out-of-credit calling market.

The business also continues to benefit from favourable call traffic profiles based on its overall commercial arrangements, and a flow through of benefits from operational improvements delivered in the second half of last financial year. The service continues to utilise an efficient digital and direct marketing approach.

Mobile operator price led competition increased across the year, primarily reflecting steps by Optus and Vodafone to win market share. In addition to this, mobile virtual network operators (MVNOs) competed more aggressively in the low end of the market. Whilst the 1800-Reverse product has shown resilience and still offers the most accessible ‘call of last resort’ service in the country, price erosion in the mobile market and substitutional data services will reduce demand for ‘out-of-credit’ calling over time.

OzContacts.com.au – online contact lenses store

Reverse Corp has a 95% stake in Ozcontacts.com.au. The business achieved revenues of $1,818,843 which was down 16% on the previous year. This was due to the continuing focus from the second half of FY14 on refining the operating model for existing customers. Management priority has been to improve the in-life user experience including re-order communications to retain and grow the value of profitable existing customers, drive greater overall efficiencies and boost customer advocacy. In a market with aggressive competitors, this approach will reduce the reliance on high cost channels such as Google Adwords for future customer acquisition. As an additional consequence, acquisition marketing spend was reduced by 86% over the previous year which has contributed to some slowing of momentum and revenue declines in the short term.

The focus on lifecycle customer experience has driven improvements in satisfaction levels, as measured by Net Promoter Score®, which rose to 80% in the last quarter of the year. This metric indicates strong positive sentiment and referral potential within the customer base. Customer experience and our sole focus on contact lenses (as a pure-play provider) remain our points of differentiation. The customer base at the end of the year was 15,724.

An investment in our e-commerce platform is planned for the first half of FY16 to ensure we can support significant scale with the right customer experience. Following completion of the platform improvements we intend to more aggressively grow the base through a combination of acquisitions, branded marketing and investment in the core proposition. In March 2015, Michael Aarts was appointed as Managing Director to lead the business into its next phase. Michael was the first employee after the founder and possesses the right blend of digital, operational and customer management skills. Michael purchased an additional 4% equity stake in OzContacts.com.au in July 2015, taking his ownership to 5% and is supported by the wider Reverse Corp Team.

TriTel Australia - payphones

As foreshadowed last year, the loss making payphone business was divested on 1 October 2014. Total EBITDA loss for the year was $78,536 which included transition costs. The exit removes exposure to future wind-down costs and reduces complexity in the Group.

Group Outlook

The priority of management continues to be finding the right strategic acquisition which will provide future growth and complement the existing businesses. The Board and Management continue to seek a major acquisition, preferably in the business-to-consumer market, which provides a majority stake in an established business with growth potential.

The short term outlook for the Group is stable with earnings continued to be underpinned by 1800-Reverse. Barring rapid changes in prepaid mobile market dynamics, management believes the continuing declines in calls-to-fixed lines can be offset by operational initiatives, including strategic price changes, as the market continues to mature.

The year ahead is critical for our OzContacts.com.au business where we must invest in both our online platform to support increased scale with the right customer experience, and growing our base through acquisitions and efficient marketing. The learnings from FY15 together with new leadership mean we are well positioned for FY16.

The company focus in the year ahead remains:

1. Identifying the right major acquisition opportunity which will deliver long term growth utilising our improved cash reserves;
2. Developing and executing the plan to achieve scale in the OzContacts.com.au online contact lenses business and;
3. Maximising the profitability of the mature 1800-Reverse business

Charles Slaughter
Chief Executive Officer

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2015.

Directors

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

Mr Peter D Ritchie – Chairman
Mr Stephen C Jermyn
Mr Richard L Bell
Mr Gary B Hillberg

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

Principal Activities

The principal activity of the consolidated entity during the financial year was the provision of reverse charge calling services. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Operating Results

Net profit after tax for the year to 30 June 2015 amounted to $2,062,073 which was up 38% from a profit of $1,497,714 for the previous year (FY14), and $365,025 for the year prior (FY13). Revenue for the year was $8,810,844 which was down from $9,736,666 in the previous year.

The Group result continues to be underpinned by the Australia Reverse Charge business (1800-Reverse) where revenue increased 3% on the previous year to $6,790,209 and operational initiatives grew Earnings Before Interest Depreciation and Amortisation (EBITDA) by 11% to $3,785,204. Group profit was also boosted by an improved result in the online contact lenses business OzContacts.com.au where EBITDA losses reduced to $41,860 from $344,670 in the previous year.

Review of Operations

1800-Reverse. Significant operational improvements were implemented across the year with a focus on calls-to-mobiles which represented 84% of total calls in the period. The initiatives have been successful in improving the profitability of these call types through a combination of strategic price increases, improved commercial terms with mobile billing aggregators, lower mobile origination carrier payments and reduced call carriage rates. Profitability was also boosted by a more favourable mobile network call traffic profile.

Ozcontacts.com.au. The business focus throughout the year was proving the operating model through customer retention and in-life experience. Driven by clear customer insights, improvements have been implemented to the customer experience increasing satisfaction. Since January 2015 the business has consistently achieved Net Promoter Scores (NPS) of 70 and above. At an EBITDA level the business reached breakeven in November 2014. The focus on profitability resulted in the EBITDA loss decreasing 88% over the previous year to $41,860 but revenues decreasing 16% to $1,818,843. The total customer base at the end of June 2015 was 15,724. A management restructure was completed in March 2015 with Michael Aarts appointed Managing Director. An investment plan will be executed in the year ahead to enable the business to achieve the scale required to deliver a positive contribution to the Group. Reverse Corp has a 99% stake in the venture.

TriTel Australia. An exit of the loss making TriTel Australia payphone business was completed in October 2014.

Financial Position

The company generated operating cash flows of $2,413,307 up 8% compared to the previous year of $2,234,027. The balance sheet remains conservatively geared with net cash at year-end of $7,478,033.

Significant Changes in State of Affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Events arising since the end of the Reporting Period

No other matters or circumstances, other than the declared dividend have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' REPORT

Likely Developments, Prospects and Business Strategies

Group profits continue to be underpinned by the 1800-Reverse service in the short and medium term. 1800-Reverse operates in a sub-segment of the mature voice telecommunications sector with demand impacted by price erosion in the mobile market and consumer adoption of data services enabled by smart phones. An increased level of price led competition by the mobile operators occurred during the year, with all operators strengthening their offerings to grow and retain market share. Across the year the business also saw a continuing shift in the volume mix away from higher margin calls-to-fixed lines to lower margin calls-to-mobiles. It is anticipated that these market trends will continue in the year ahead. Assuming there is no rapid acceleration in the commoditisation of mobile voice services, it is anticipated that operational initiatives including strategic price changes can offset these industry dynamics in the short term.

As expected, all Australian mobile network operators have made calls from mobile phones (including 'out-of-credit' prepaid services) to 1800 numbers in Australia free of charge. This change was made in accordance with Australian Communications and Media Authority (ACMA) recommendations and occurred between October 2014 and July 2015. Whilst it has reduced barriers to entry as reverse charge calling providers are no longer required to negotiate special agreements with mobile operators to access the 'out of-credit' prepaid market, to date the strong market position of 1800-Reverse and maturity of the overall industry have resulted in no material impact on the business.

During the year the OzContacts.com.au focus shifted from growth to customer retention and profitability. In the year ahead the business aims to execute an investment plan to enable scale to be achieved and delivered. This will initially involve improvements to our e-commerce platform and infrastructure to offer the right customer experience and flexibility, followed by initiatives to grow the base through both acquisitions and branded marketing activity.

In the medium to long term the Board acknowledges that future growth is dependent upon strategic acquisitions and these continue to be evaluated. The company continues to pursue three key objectives in the 2016 financial year:

1. Identifying the right acquisition opportunity which will deliver long term growth utilising our improved cash reserves;
2. Developing and executing the plan to achieve scale in the OzContacts.com.au online contact lenses business and;
3. Maximising the profitability of the mature 1800-Reverse business

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

DIRECTORS' REPORT

Information on Directors

Mr Peter D Ritchie	—	Chairman (Non-executive)
Qualifications	—	B.Com, FCPA
Experience	—	Company Chairman since inception in 1999. Previously founding Director, Chief Executive and Chairman of McDonald's Australia Limited. Other previous directorships include Westpac Bank Limited, Seven Group Holdings Limited and Solution Six Holdings Limited.
Interest in Shares and Options	—	4,722,234 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Ritchie is a member of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee.
Directorships held in other listed entities	—	Current Chairman of Mortgage Choice Limited (since April 2004).
Mr Gary B Hillberg	—	Non-executive Director
Qualifications	—	B.Bus (Marketing)
Experience	—	Mr Hillberg has been a Board member since October 2005. He has over 30 years' experience in the Australian telecommunications industry and has held the roles of Chief Operating Officer and Group Managing Director with the company.
Interest in Shares and Options	—	250,356 Ordinary Shares in Reverse Corp Limited.
Mr Stephen C Jermyn	—	Non-executive Director
Qualifications	—	FCPA
Experience	—	Mr Jermyn joined the Board of Directors of McDonald's Australia in 1986 and was appointed Executive Vice President in 1993. In June 1999, he was appointed Deputy Managing Director. In August 2005 Mr Jermyn stepped down from executive duties at McDonald's. Mr Jermyn was appointed to the Board of Reverse Corp Limited in October 2005.
Interest in Shares and Options	—	2,901,544 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Jermyn is the Chairman of the Audit and Risk Committee, and a member of the Remuneration and Nomination Committee.
Directorships held in other listed entities	—	Mr Jermyn is a current director of Mortgage Choice Limited and a former director of Regional Express Holdings Limited (resigned June 2008).
Mr Richard L Bell	—	Non-executive Director
Qualifications	—	LLB
Experience	—	Mr Bell is Reverse Corp's founder and former Chief Executive and Board member since inception in 1999.
Interest in Shares and Options	—	20,370,588 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Bell is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.
Interest in Contracts	—	Mr Bell controls a company which leased office premises to group company 1800 Reverse Pty Ltd.

DIRECTORS' REPORT

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Dion M Soich – B.Com, CPA, MAICD

Dividends

The Board declared a 1c fully franked dividend on 27 August 2015, payable on 17 September 2015.

Meetings of Directors

The number of meetings of the company's Board of directors and Board committees held during the year and the number of meetings attended by each director and committee member were:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			Audit and Risk		Remuneration and Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter D Ritchie	6	6	2	2	2	2
Mr Stephen C Jermyn	6	5	2	2	2	2
Mr Richard L Bell	6	6	2	2	2	2
Mr Gary B Hillberg	6	6	2	2	2	2

Indemnities given and insurance premiums paid to Auditors and Officers

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The group has paid a premium to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the group, other than conduct involving a wilful breach of duty in relation to the group. Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the group against a liability incurred as such by an officer or auditor.

Unissued shares under option

At the date of this report, there are no unissued ordinary shares of Reverse Corp Limited under option.

During the year ended 30 June 2015, no shares were issued on the exercise of options. No further shares have been issued since the end of the year.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

For details of options issued to directors and executives as remuneration refer to the Remuneration Report and to Note 29 Share-based Payments.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT

Non-audit Services

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

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110: Code of Ethics for Professional accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid during the year ended 30 June 2015, or are payable, to the external auditors:

	Consolidated entity $
Taxation and other services	16,150

Auditor's Independence Declaration

The lead auditor's independence declaration as per section 307C of the *Corporations Act 2001* for the year ended 30 June 2015, which forms part of this report, has been received and can be found on page 14.

Remuneration Report – Audited

The Directors of Reverse Corp Limited present the Remuneration Report for Non-Executive Directors and Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporate Regulations 2001*.

(a) Principles used to determine the nature and amount of remuneration

Remuneration policy

The remuneration policy of Reverse Corp Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Reverse Corp Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated entity, as well as create goal congruence between key management personnel and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated entity is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Remuneration and Nomination Committee and approved by the Board.
- Key management personnel may receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options, employee share schemes and performance incentives.
- The Remuneration and Nomination Committee reviews key management personnel packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of key management personnel is measured against criteria agreed annually with each individual and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, shares and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

Key management personnel employed in Australia receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

DIRECTORS' REPORT

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Options and shares are valued using a binomial methodology.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

The company has adopted a policy in respect of directors and executives trading in the company'ssecurities. No formal policy has been adopted regarding directors and executives hedging exposure to holdings of the company's securities and no director or executive has hedged their exposure.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods are applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of shares under an employee share scheme to key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. In determining whether or not a KPI has been achieved, Reverse Corp Limited bases the assessment on audited figures.

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

Reverse Corp received more than 99% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2014. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

The following table shows the gross revenue, profits and dividends for the last 5 years for the listed entity, as well as the share prices at the end of the respective financial years. The Board is of the opinion that the previously described remuneration policy will result in increased shareholder wealth.

	2011	2012	2013	2014	2015
	$	$	$	$	$
Revenue	14,647,654	9,996,600	8,523,302	9,736,666	8,810,844
Net Profit/(loss)	1,310,409	(78,284)	365,025	1,497,714	2,062,073
Dividends paid	-	-	-	-	-
EPS (cents)	1.40	(0.10)	0.40	1.60	2.20
Share price at year-end	$0.05	$0.03	$0.04	$0.15	$0.14

To grow the share price the company is pursuing long term earnings through its growth pipeline, including by acquisition, product development and diversification.

DIRECTORS' REPORT

(b) Details of remuneration for year ended 30 June 2015

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. Details of the nature and amount of each element of the remuneration of each Key management personnel of Reverse Corp Limited are shown below.

Director and other Key Management Personnel remuneration										
		Short term employee benefits			Post-employment benefits	Termination benefits	Share-based payments		
Employee	Year	Cash salary and fees	Cash Bonus	Non-monetary benefits	Superannuation	Termination payments	Shares	Total	Performance based percentage of remuneration
Non-Executive Directors									
Peter Richie *Independent Chairman*	2015	86,957	-	-	8,261	-	-	95,218	0.0%
	2014	87,156	-	-	7,844	-	-	95,000	0.0%
Stephen Jermyn *Independent Director*	2015	45,767	-	-	4,348	-	-	50,115	0.0%
	2014	45,767	-	-	4,233	-	-	50,000	0.0%
RIchard Bell *Independent Director*	2015	-	-	-	-	-	-	-	0.0%
	2014	-	-	-	-	-	-	-	0.0%
Gary Hillberg *Independent Director*	2015	45,767	-	-	4,348	-	-	50,115	0.0%
	2014	45,767	-	-	5,249	84,686	-	135,702	0.0%
Key Management Personnel									
Charles Slaughter *Chief Executive Officer*	2015	201,373	60,169	-	20,000	-	47,445	328,987	18.3%
	2014	187,958	25,000	-	19,699	-	-	232,657	10.7%
Dion Soich *Chief Financial Officer*	2015	174,633	18,656	-	17,976	-	23,722	234,987	7.9%
	2014	167,202	25,000	-	17,779	-	-	209,981	11.9%
Luke Krasnoff[3] *Head of IT*	2015	118,216	10,413	-	12,220	-	-	140,849	7.4%
	2014	53,822	-	-	4,979	-	-	58,801	0.0%
Michael Aarts[1] *Managing Director - OzContacts*	2015	73,255	10,000	-	7,909	-	-	91,164	11.0%
	2014	64,220	-	-	5,940	-	-	70,160	0.0%
George Koukides[2] *CEO - OzContacts*	2015	73,660	-	-	7,971	22,883	-	104,514	0.0%
	2014	126,094	-	-	11,664	-	-	137,758	0.0%
2015 Total	**2015**	**819,628**	**99,238**	**-**	**83,033**	**22,883**	**71,167**	**1,095,949**	
2014 Total	**2014**	**777,986**	**50,000**	**-**	**77,387**	**84,686**	**-**	**990,059**	

1 Michael Aarts – Appointed 3 March 2015
2 George Koukides – Resigned 27 February 2015
3 Luke Krasnoff – Appointed 1 February 2014

Termination benefits provided to Mr. Koukides consisted of a payment in lieu of notice.

DIRECTORS' REPORT

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration	At risk – STI
Key Management Personnel		
Charles Slaughter	91%	9%
Dion Soich	91%	9%
Luke Krasnoff	91%	9%
Michael Aarts	91%	9%

(c) Employment contracts of key management personnel

The employment conditions of key management personnel are formalised in contracts of employment. All management personnel are permanent employees of 1800 Reverse Operations Pty Ltd or Oz Contacts Limited.

The employment contracts stipulate a range of one to four month resignation periods. The company may terminate an employment contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

(d) Share-based remuneration

The Board implemented a new Employee Loan Funded Share Plan during the financial year to provide key management personnel an incentive in a tax effective manner to better align the interests of the participants with the interests of Shareholders.

The terms of the Loan Funded Share Plan are such that participants receive an upfront entitlement to a certain number of shares with a corresponding limited recourse loan. The loan is interest free and is provided for a maximum term of 3 years. The shares are subject to a holding lock until the loan is repaid. There are no vesting conditions on these shares.

The following table details shares that have been provided to key management personnel through the Share Loan Funded Share Plan:

Name	Issue Date	Number of Loan Funded Shares Allocated	Number of Loan Funded Shares Vested	Issue Price	Fair Value	Total Amount of Loan	Expiry Date
Key Management Personnel							
Charles Slaughter	2 Sept 2014	706,215	706,215	$0.1416	$0.067	$100,000	1 Sep 2017
Dion Soich	2 Sept 2014	353,107	353,107	$0.1416	$0.067	$50,000	1 Sep 2017
Total		**1,059,322**	**1,059,322**			**$150,000**	

DIRECTORS' REPORT

(e) Bonuses included in remuneration

The details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the performance criteria is set out below.

Key Management Personnel	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Charles Slaughter	60,169	100%	0%
Dion Soich	18,656	100%	0%
Luke Krasnoff	10,413	100%	0%
Michael Aarts	10,000	100%	0%

(f) Other information

Options held by Key Management Personnel

There are no options held by key management personnel at year end.

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the key management personnel, including their related parties, is set out below:

	Balance 1.7.14	Granted as Remuneration	Options Exercised	Other [(1)]	Balance 30.6.15
Peter Ritchie	4,322,234	-	-	400,000	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Charles Slaughter [(2)]	-	706,215	-	-	706,215
Dion Soich [(2)]	-	353,107	-	-	353,107
Total	**27,844,722**	**1,059,322**	**-**	**400,000**	**29,304,044**

(1) Other refers to net shares purchased or sold during the financial year

(2) Subject to a holding lock until limited recourse loan is repaid

None of the shares included in the table above are held nominally by Key Management Personnel.

Loans to Key Management Personnel

The Company provides key management personnel with a limited recourse loan to purchase shares in the Company. Further details are outlined in Note 29 – Share-based payments.

The number of key management personnel included in the Company aggregate at year end is two (2).

There are no individuals with loans above $100,000 during the financial year.

Other transactions with Key Management Personnel

During 2015, 1800 Reverse Pty Ltd, a subsidiary of the Company, leased office premises from Bell Co Pty Ltd, a company which Non-executive Director Mr Richard Bell controls. The amount of the operating lease payments for 2015 was $211,335 (2014: $211,335). At year end there is $38,745 outstanding.

DIRECTORS' REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Mr. Peter D. Ritchie
Chairman

Dated this 27th day of August 2015

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration
To the Directors of Reverse Corp Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Reverse Corp Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M S Bell
Partner - Audit & Assurance

Brisbane, 27 August 2015

REVERSE CORP LIMITED AND CONTROLLED ENTITIES

ABN 16 085 949 855

Financial Report for the Financial Year

Ended 30 June 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Revenue	2	8,609,052	8,794,339
Other revenue	2	160,431	98,400
Direct costs associated with revenue	3	(3,297,868)	(4,139,086)
Employee benefits expense		(1,458,310)	(1,439,025)
Depreciation and amortisation expense		(196,887)	(313,501)
Other expenses		(682,430)	(667,735)
Finance costs	3	(164)	(5)
Profit /(loss) before income tax		3,133,824	2,333,387
Income tax (expense) / benefit	4	(950,349)	(710,429)
Profit/(loss) for the year from continuing operations		**2,183,475**	**1,622,958**
Profit/(loss) for the year from discontinued operations	13	(121,402)	(125,244)
Profit/(loss) for the year		**2,062,073**	**1,497,714**
Other comprehensive income			
Foreign currency translation differences		(259)	379
- Reclassification to profit or loss		-	-
Income tax on other comprehensive income	4	-	-
Other comprehensive income for the year, net of income tax		**(259)**	**379**
Total comprehensive income for the year		**2,061,814**	**1,498,093**
Profit/(loss) for the year attributable to:			
Non-controlling interest		(23,452)	(106,478)
Owners of the parent		2,085,525	1,604,192
		2,062,073	1,497,714
Other comprehensive income for the year attributable to:			
Non-controlling interest		-	-
Owners of the parent		(259)	379
		(259)	379
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		2,206,668	1,729,815
Discontinued operations		(121,402)	(125,244)
		2,085,266	1,604,571
Earnings per share	8		
Basic earnings per share		**0.02**	**0.02**
Earnings from continuing operations		0.02	0.02
Profit/(loss) from discontinued operations		0.00	0.00
Total			
Diluted earnings per share		**0.02**	**0.02**
Earnings from continuing operations		0.02	0.02
Profit/(loss) from discontinued operations		0.00	0.00
Total			

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	7,478,033	5,108,025
Trade and other receivables	10	697,338	658,507
Inventories	11	74,398	100,640
Other current assets	18	66,842	76,036
TOTAL CURRENT ASSETS		**8,316,611**	**5,943,208**
NON-CURRENT ASSETS			
Property, plant and equipment	16	36,008	181,984
Deferred tax assets	21	336,852	327,089
Intangible assets	17	2,002,322	2,169,374
Other non-current assets	18	650	650
TOTAL NON-CURRENT ASSETS		**2,375,832**	**2,679,097**
TOTAL ASSETS		**10,692,443**	**8,622,305**
CURRENT LIABILITIES			
Trade and other payables	19	649,136	737,495
Current tax liabilities	21	180,812	87,540
Short-term employee benefits	22	78,367	86,019
TOTAL CURRENT LIABILITIES		**908,315**	**911,054**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	19,891	24,064
Long-term employee benefits	22	16,080	7,534
TOTAL NON-CURRENT LIABILITIES		**35,971**	**31,598**
TOTAL LIABILITIES		**944,286**	**942,652**
NET ASSETS		**9,748,157**	**7,679,653**
EQUITY			
Issued capital	23	3,553,224	3,553,224
Reserves	24	442,233	371,325
Retained earnings		5,759,025	3,939,113
		9,754,482	7,863,662
Non- controlling interest		**(6,325)**	**(184,009)**
TOTAL EQUITY		**9,748,157**	**7,679,653**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	Consolidated Entity				
		Issued capital $	Retained earnings $	Non-controlling interest $	Reserves $	Total $
Balance at 1 July 2013		**3,553,224**	**2,334,921**	**(77,531)**	**370,946**	**6,181,560**
Total comprehensive income		-	1,604,192	(106,478)	379	1,498,093
Subtotal		3,553,224	3,939,113	(184,009)	371,325	7,679,653
Transactions with owners						
Share-based payments	**24**	-	-	-	-	-
Balance at 30 June 2014		**3,553,224**	**3,939,113**	**(184,009)**	**371,325**	**7,679,653**
Balance at 1 July 2014		**3,553,224**	**3,939,113**	**(184,009)**	**371,325**	**7,679,653**
Total comprehensive income		-	2,085,525	(23,452)	(259)	2,061,814
Subtotal		3,553,224	6,024,638	(207,461)	371,066	9,741,467
Transactions with owners						
Share-based payments	**24**	-	-	-	71,167	71,167
Acquisition of non-controlling interest in Oz Contacts Limited		-	(265,613)	201,136	-	(64,477)
Balance at 30 June 2015		**3,553,224**	**5,759,025**	**(6,325)**	**442,233**	**9,748,157**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 June 2015

	Note	Consolidated Entity	
		2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,899,173	10,419,518
Payments to suppliers and employees		(5,865,882)	(7,821,791)
Interest received		160,430	90,115
Finance costs		(164)	(61)
Income tax paid		(780,250)	(453,754)
Net cash provided by (used in) operating activities	28	2,413,307	2,234,027
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	15,546
Payments for property, plant and equipment		(7,541)	(15,689)
Proceeds from the sale of subsidiaries		1	96,463
Payments for intangible assets		(3,330)	(62,552)
Investment in subsidiaries		(32,239)	-
Net cash provided by (used in) investing activities		(43,109)	33,768
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Hire purchase repayments		-	-
Net cash provided by (used in) financing activities		-	-
Net increase in cash and cash equivalents		2,370,198	2,267,795
Cash and cash equivalents at beginning of financial year		5,108,025	2,840,748
Effect of exchange rates on cash holdings in foreign currencies		(190)	(518)
Cash and cash equivalents at end of financial year	9	**7,478,033**	**5,108,025**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Statement Of Significant Accounting Policies

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

The financial report covers the consolidated entity of Reverse Corp Limited and controlled entities ("consolidated group" or "group"). Reverse Corp Limited is a listed public company, incorporated and domiciled in Australia. Reverse Corp Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report of Reverse Corp Limited and controlled entities comply with all Australian Accounting Standards, which ensures that the financial report comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Basis of Consolidation

The Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 30 June 2015. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from the involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All subsidiaries have a reporting date of 30 June.

All balances and transactions between Group companies in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Statement Of Significant Accounting Policies

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility proposed by law.

Reverse Corp Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Reverse Corp Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office on 9 December 2004 that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered into a tax sharing agreement and a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(c) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Included in inventories are contact lenses sold online by Oz Contacts Limited.

(d) *Property, Plant and Equipment*

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment, motor vehicles and the calling platform are measured on the cost basis.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding the calling platform, are depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the assets are held ready for use. The calling platform is depreciated on a straight line basis over its useful life.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	11.25% to 40%
Calling Platform	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) *Leases*

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Statement Of Significant Accounting Policies

(f) Financial Instruments

Recognition

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost less impairment losses.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative Instruments

The group uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of highly probably forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

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

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) Impairment of Non-financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Statement Of Significant Accounting Policies

(h) *Interests in Associates*

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of any post acquisition reserves of associates.

(i) *Intangibles*

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 10 to 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development Costs and Contractual Rights

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Useful lives are generally 5 years.

Intellectual Property

All other intangible assets are recorded at cost less impairment and have indefinite life.

(j) *Foreign Currency Transactions and Balances*

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where this approximates the rate at the date of the transaction; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1: Statement Of Significant Accounting Policies

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share-based payment transactions

The group provides benefits to employees (including directors) in the form of share-based payments, whereby employees render services in exchange for rights over shares or options. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or options granted.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(n) Revenue

Revenue from calls is recognised on the day on which the call is completed.

Revenue from the sale of contact lenses is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Risk and rewards are considered passed to the customer when the contact lenses have been despatched.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST) and value added tax (VAT).

(o) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST or VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Reverse Corp Limited and its wholly-owned Australian subsidiaries have formed a GST group effective 1 April 2003. The impact of forming a GST group is GST is not charged on taxable supplies between members of the group.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgments

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

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

For additional details relating to the testing of goodwill impairment refer to Note 17: Intangible Assets.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 2: Revenue

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Sales revenue			
— Sale of products		1,818,843	2,167,622
— Rendering of services		6,790,209	6,626,717
Sales revenue		8,609,052	8,794,339
Other revenue			
— Interest received from other corporations		160,430	89,907
— Other revenue		1	8,493
Other revenue		160,431	98,400

Note 3: Expenses

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Direct costs associated with revenue		3,279,868	4,139,086
Realised foreign exchange loss/(gain)		(464)	(22,622)
Cost of inventories expensed		1,286,305	1,577,795
Inventory write-off expensed		25,760	3,395
Rental expenses on operating leases:			
— minimum lease payments		211,335	211,335
Finance costs:			
— External		164	5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 4: Income Tax Expense/(Benefit)

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
(a) The components of tax expense/(benefit) comprise:			
Current tax		965,583	696,165
Deferred tax	**21**	(13,936)	14,207
Under/(over) provision in respect of prior years		(1,298)	57
Income tax expense from continuing operations		950,349	710,429
Deferred tax expense (benefit) recognised in other comprehensive income	**21**	-	-
(b) The prima facie tax on profit from continuing operations before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from continuing operations before income tax at 30% (2014: 30%)		940,147	700,016
Add:			
Tax effect of:			
— Other non-allowable/(deductible) items		(9,850)	10,356
— Share payments expensed during year		21,350	-
— Under/ (over) provision in respect of prior years		(1,298)	57
		950,349	710,429
Less:			
Tax effect of:			
— Loans forgiven to and from subsidiaries which have been wound up / foreign tax differential		-	-
Income tax expense/(benefit) from continuing operations		**950,349**	**710,429**
The applicable weighted average effective tax rates are as follows:		30%	30%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 5: Key Management Personnel Remuneration

(a) Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2015.

Names and positions held by key management personnel in office at any time during the financial year are:

Directors	
Peter Ritchie	Non-executive Chairman
Gary Hillberg	Non-executive Director
Stephen Jermyn	Non-executive Director
Richard Bell	Non-executive Director
Management Personnel	
Charles Slaughter	Chief Executive Officer
Dion Soich	Chief Financial Officer
George Koukides	Chief Executive Officer – Oz Contacts Ltd (ceased 27 February 2015)
Michael Aarts	Managing Director – Oz Contacts Ltd (appointed 3 March 2015)
Luke Krasnoff	Head of IT

	Note	Consolidated Entity	
		2015 $	2014 $
(b) Remuneration for Key Management Personnel			
Short term employee benefits		918,866	827,986
Post-employment benefits		83,033	77,387
Share-based payments		71,167	-
Termination benefits		22,883	84,686
		1,095,949	990,059

(c) Remuneration Options

There were no options issued during the year as part of any executive's remuneration.

Further details on share-based payments can be found at Note 29: Share-based Payments.

(d) Employee Loan Funded Share Plan

There were 1,059,322 issued during the year as part of any executive's remuneration.

Further details on share-based payments can be found at Note 29: Share-based Payments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 5: Key Management Personnel Remuneration (cont)

(e) Shares issued on Exercise of Remuneration Options

There were no shares issued during the year as a result of options exercised.

(f) Shareholdings

Number of Shares held by Key Management Personnel during the year

	Balance 1.7.14	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.15
Peter Ritchie	4,322,234	-	-	400,000	4,722,234
Gary Hillberg	50,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Charles Slaughter (2)	-	706,215	-	-	706,215
Dion Soich (2)	-	353,107	-	-	353,107
Total	27,844,722	1,059,322	-	400,000	29,304,044

Number of Shares held by Key Management Personnel for the year ended 30 June 2014

	Balance 1.7.13	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.14
Peter Ritchie	3,833,073	-	-	489,161	4,322,234
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Total	27,355,561	-	-	-	27,844,722

(1) Other refers to net shares purchased or sold during the financial year.

(2) Subject to a holding lock until limited recourse loan is paid

Note 6: Auditors' Remuneration

	Consolidated Entity	
	2015 $	2014 $
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial report	51,991	61,047
– taxation services provided by related practice of auditor	16,150	16,400

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 7: Dividends

	Consolidated Entity	
	2015 $	2014 $
Dividends Paid	-	-
	-	-

Balance of franking account at year end:	5,874,323	5,094,073
— Adjustment for franking credits arising from payment of provision for income tax	54,244	-
Balance of franking account after post balance date adjustments	5,928,567	5,094,073

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

Note 8: Earnings per Share

	Consolidated Entity	
	2015 $	2014 $
(a) Reconciliation of Earnings to Profit or Loss		
Profit/(loss)	2,085,525	1,604,192
Earnings used to calculate basic EPS	2,085,525	1,604,192
Earnings used in the calculation of dilutive EPS	2,085,525	1,604,192
	No	No
(b) Weighted average number of ordinary shares during the year used in calculating basic EPS	93,258,153	92,382,175
	93,258,153	92,382,175
Weighted average number of options outstanding (i)	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	93,258,153	92,382,175

(i) Only those options which were “in-the-money” during the year were included in the weighted average number of outstanding options. At year end there were no options which were capable of being exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 9: Cash and Cash Equivalents

	Consolidated Entity	
	2015 $	2014 $
Cash at bank and on hand	76,478	65,099
Short-term deposits	7,401,555	5,042,926
	7,478,033	5,108,025

For the purposes of the Cash Flow Statement, cash and cash equivalents are comprised as above.
The effective interest rate on cash at bank and short-term bank deposits was 2.7% (2014: 3.2%).

Note 10: Trade and Other Receivables

	Note	Consolidated Entity	
		2015 $	2014 $
CURRENT			
Trade receivables	**10a**	567,535	199,679
Sundry receivables		129,803	458,828
		697,338	658,507

(a) Current trade receivables are on 30 day terms. No receivables are either past due or impaired. Refer to Note 32 for further information regarding credit risk.

Note 11: Inventories

	Consolidated Entity	
	2015 $	2014 $
Inventory at cost	74,398	100,640

Note 12: Controlled Entities

(a) Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest	
			2015 %	2014 %
1800 Reverse Pty Ltd	Reverse Charge Calling Services	Australia	100	100
0800 Reverse Pty Ltd	Reverse Charge Calling Services	Australia	100	100
Oz Contacts Ltd	Online Contact Lenses	Australia	99	65
15-15 Pty Ltd	Service Entity	Australia	100	100
15-15 Cobro Revertido, S.L. (i)	Service Entity	Spain	100	100
1800 Reverse Operations Pty Ltd (ii)	Service Entity	Australia	100	100
TriTel Australia Pty Limited (ii) (iii)	Payphone Services	Australia	0	100

(i) Subsidiary of 15-15 Pty Ltd

(ii) Subsidiary of 1800 Reverse Pty Ltd

(iii) Sold on 30 September 2014

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 13: Disposals and discontinued operations

On 30 September 2014, the Group disposed of its 100% interest in subsidiary TriTel Australia Pty Ltd as a going concern. The Group will settle all receivables and payables.

The consideration for the disposal is $1. The Group hasn't provided the purchaser with any material warranties.

	$
Inventories	4,635
Property, plant and equipment	59,326
Other intangibles	7,500
Total net assets	71,461
Consideration received in cash	1
Cash and cash equivalents disposed of	-
Net cash received	**1**

Operating profit/(loss) of the TriTel Australia business sold and discontinued operations until the date of disposal or discontinuation is summarised as follows:

	Consolidated Entity	
	2015 $	2014 $
Revenue	201,792	942,327
Other revenue	-	2,829
Direct costs associated with revenue	(219,670)	(861,003)
Employee benefits expense	(44,608)	(111,750)
Depreciation and amortisation	(59,326)	(60,577)
Impairment	-	(16,499)
Other expenses	(18,895)	(75,941)
Finance costs	-	(56)
Profit/(loss) from discontinued operations before tax	**(140,707)**	**(180,670)**
Tax benefit/(expense)	90,765	55,426
Profit/(loss) for the year	**(49,942)**	**(125,244)**
Profit/(loss) before tax on disposal	(71,460)	-
Tax benefit/(expense)	-	-
Total profit/(loss)	**(71,460)**	**-**
Profit/(loss) for the year from discontinued operations	**(121,402)**	**(125,244)**

Cash flows generated by the TriTel Australia business sold and discontinued operations for the reporting fields under review until the disposal or discontinuation are as follows:

Operating activities	(106,233)	267,933
Investing activities	94,104	(446,219)
Cash flows from discontinued operations	**(12,129)**	**(178,286)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 14: Parent Entity Information

Reverse Corp Limited	2015 $	2014 $
Assets		
Current assets	7,438,120	5,073,317
Non-current assets	(2,818,500)	(575,207)
Total Assets	**4,619,620**	**4,498,110**
Liabilities		
Current liabilities	288,934	169,075
Non-current liabilities	-	-
Total Liabilities	**288,934**	**169,075**
Equity		
Issued capital	3,553,224	3,553,224
Retained earnings	332,748	402,264
Reserves		
Share option reserve	444,714	373,547
Total Equity	**4,330,686**	**4,329,035**
Financial Performance		
Loss for the year	(69,516)	(740,543)
Other comprehensive income	-	-
Total Comprehensive Income	**(69,516)**	**(740,543)**

Guarantees in relation to the debts of subsidiaries:

Reverse Corp Limited has signed a debt and interest interlocking guarantee in favour of National Australia Bank Limited in relation to financing provided to its subsidiaries, 1800 Reverse Pty Ltd and 1800 Reverse Operations Pty Ltd. At the date of this report no funds were owed to National Australia Bank under this facility.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 15: Associated Companies

Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			2015 %	2014 %	2015 %	2014 %
Coinmate Pty Ltd	Retail coin collection services	Australia	-	50	-	-
			-	50	-	-

The group's ownership interest in Coinmate Pty Ltd at that company's balance date, which was 30 June 2015, was 0%. The group sold it's 50% share to Retail Vending Australia Pty Ltd, the other 50% partner, in April 2015 for $1.

Note 16: Property, Plant and Equipment

	Consolidated Entity	
	2015 $	2014 $
Plant and Equipment:		
At cost	192,609	5,603,384
Accumulated depreciation	(175,041)	(5,460,467)
	17,568	142,917
Calling Platform:		
At cost	1,049,926	1,044,120
Accumulated depreciation	(1,031,486)	(1,005,053)
	18,440	39,067
Total Property, Plant and Equipment	36,008	181,984

Movements in Carrying Amounts

	Consolidated Entity			
	Plant and Equipment	Calling Platform	Motor Vehicles	Total
	$	$	$	$
Year ended 30 June 2014				
Balance at the beginning of year	206,907	181,371	11,039	399,317
Additions	9,382	6,307	-	15,689
Disposals	(2,153)	-	(10,926)	(13,079)
Depreciation expense	(71,219)	(148,611)	(113)	(219,943)
Carrying amount at the end of year	142,917	39,067	-	181,984
Year ended 30 June 2015				
Balance at the beginning of year	142,917	39,067	-	181,984
Additions	1,735	5,806	-	7,541
Disposals	(59,326)	-	-	(59,326)
Depreciation expense	(67,758)	(26,433)	-	(94,191)
Carrying amount at the end of year	17,568	18,440	-	36,008

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 17: Intangible Assets

	Consolidated Entity	
	2015 $	2014 $
Goodwill		
Cost	1,671,024	1,671,024
Accumulated impairment losses	-	-
Net carrying value	1,671,024	1,671,024
Trademarks, Licences and Intellectual Property		
Cost	337,209	342,240
Accumulated amortisation	(174,213)	(128,192)
Net carrying value	162,996	214,048
Development Costs		
Cost	37,636	37,636
Accumulated amortisation	(36,000)	(34,000)
Net carrying value	1,636	3,636
Contractual Rights		
Cost	570,000	570,000
Accumulated amortisation	(403,334)	(289,334)
Net carrying value	166,666	280,666
Total intangible assets	2,002,322	2,169,374

Trademarks, licences and development costs have finite useful lives. The current amortisation charges in respect of these intangible assets are included under depreciation and amortisation expense. Intellectual property and goodwill do not have finite useful lives.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 17: Intangible Assets (cont)

Movements in Carrying Amounts

	Consolidated Entity				
	Goodwill	Trademarks, Licences & IP	Development Costs	Contractual Rights	Total
	$	$	$	$	$
Year ended 30 June 2014					
Balance at the beginning of year	1,671,024	206,128	5,636	394,667	2,277,455
Additions	-	62,553	-	-	62,553
Disposals	-	-	-	-	-
Impairment	-	(16,499)	-	-	(16,499)
Amortisation expense	-	(38,134)	(2,000)	(114,001)	(154,135)
Carrying amount at the end of year	1,671,024	214,048	3,636	280,666	2,169,374
Year ended 30 June 2015					
Balance at the beginning of year	1,671,024	214,048	3,636	280,666	2,169,374
Additions	-	3,329	-	-	3,329
Disposals	-	(8,360)	-	-	(8,360)
Impairment	-	-	-	-	-
Amortisation expense	-	(46,021)	(2,000)	(114,000)	(162,021)
Carrying amount at the end of year	1,671,024	162,996	1,636	166,666	2,002,322

Impairment Disclosures

Goodwill is allocated to the following cash-generating unit:

	2015 $	2014 $
1800 Reverse	1,671,024	1,671,024
Total	1,671,024	1,671,024

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over the estimated life of the business.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets assume minimal price increases for the life of the model and conservative assumptions for call volumes trends. The cash flows are discounted using an estimated weighted average cost of capital of 12.5%.

The following conservative assumptions were used in the value-in-use calculations:

		Growth Rate	Discount Rate
1800 Reverse (Australia)	Year 1	(8.0%)	12.5%
	Years 2-4	(25.0%)	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 18: Other Assets

	Consolidated Entity	
	2015 $	2014 $
CURRENT		
Prepayments	55,769	76,036
Rent Deposit	11,073	-
	66,842	76,036
NON-CURRENT		
Deposits	650	650

Note 19: Trade and Other Payables

	Consolidated Entity	
	2015 $	2014 $
CURRENT		
Unsecured liabilities		
Trade payables	294,634	417,308
Sundry payables and accrued expenses	354,502	320,187
	649,136	737,495

(a) Current trade payables are on 30 day terms. No payables are either past due or impaired. Refer to Note 32 for further information regarding currency risk.

Note 20: Financial Liabilities

NAB credit facility

The Group has a $50,000 credit card limit and a bank guarantee limit of $56,162. The bank holds a fixed and floating charge over the assets of the group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 21: Tax

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
(a) Current			
Income tax payable		180,812	87,540

	Balance Sheet		Comprehensive Income		Income Statement	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
(b) Non-Current						
Consolidated Entity						
Deferred tax liabilities:						
Prepaid expenses	(1,725)	(180)			1,545	(191)
Property, plant and equipment	(13,550)	(4,148)			9,402	(4,160)
Intangibles	(4,616)	(19,736)			(15,120)	2,229
Gross deferred income tax liability	(19,891)	(24,064)				
Deferred tax assets:						
Provisions	28,334	28,066			(268)	(4,144)
Carried forward tax losses	262,733	215,370			(47,363)	(663)
Intangibles	45,769	83,653			37,884	16,891
Other	16	-	-	-	(16)	4,245
Gross deferred income tax assets	336,852	327,089				
Deferred income tax charge			-	-	(13,936)	14,207

Due to the wind up of dormant foreign entities during 2011 the group realised capital tax losses. As a result a deferred tax of asset of $748,000 was generated. This asset, and the corresponding deferred tax benefit, have not been recognised but are available for the tax consolidated group to utilise should the group incur a capital tax gain in future years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 22: Employee Benefits

	Consolidated Entity
	$
Employee Benefits	
Opening balance at 1 July 2014	93,553
Movement in employee benefits	894
Balance at 30 June 2015	94,447

Analysis of Total Employee Benefits

	Consolidated Entity	
	2015 $	2014 $
Employee Benefits		
Current	78,367	86,019
Non-current	16,080	7,534
	94,447	93,553

Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an estimate of expected service periods. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 23: Issued Capital

	Note	Consolidated Entity	
		2015 $	2014 $
93,441,497 (2014: 92,382,175)			
Fully paid Ordinary shares	**23(a)**	3,553,224	3,553,224
		3,553,224	3,553,224

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the consolidated entity does not have authorised capital or par value in respect of its issued capital.

(a) Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2015	2014
	No.	No.
At the beginning of reporting period	92,382,175	92,382,175
Shares issued during the year	1,059,322	-
At reporting date	93,441,497	92,382,175

Note 23: Issued Capital (cont)

(a) Options

(i) For information relating to the Reverse Corp Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 29.

(ii) For information relating to share options issued to executives during the financial year, refer to Note 29.

(b) Capital Management

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

The group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Management felt it was prudent to hold no group debt to provide maximum financial flexibility for future growth. The gearing ratios for the year ended 30 June 2015 and 30 June 2014 are as follows:

	Note	Consolidated Entity	
		2015 $	2014 $
Total borrowings	20	-	-
Less cash and cash equivalents	9	(7,478,033)	(5,108,025)
Net debt		(7,478,033)	(5,108,025)
Total equity		9,812,634	7,679,653
Total capital		2,334,601	2,571,628
Gearing ratio		0.0%	0.0%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 24: Reserves

	Consolidated Entity		
	Share Option Reserve	Foreign Currency Translation Reserve	Total
	$	$	$
At 1 July 2013	372,548	(1,602)	370,946
Currency translation differences	-	379	379
Deferred tax (expense) benefit	-	-	-
Share-based payments	-	-	-
At 30 June 2014	372,548	(1,223)	371,325
Currency translation differences	-	(259)	(259)
Deferred tax (expense) benefit	-	-	-
Share-based payments	71,167	-	71,167
At 30 June 2015	443,715	(1,482)	442,233

Share Option Reserve

The share option reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign operations into AUD. All foreign operations have been either disposed of or discontinued in 2013, and as such no group entities have a functional currency other than AUD, except 15-15 Cobro Revertido SL.

Note 25: Leasing Commitments

	Note	Consolidated Entity	
		2015 $	2014 $
Operating Lease Commitments as Lessee			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Minimum lease payments			
— not later than 12 months		136,222	176,113
— greater than 1 year but not greater than 5 years		214,281	-
		350,503	176,113

(a) The current operating lease for the office in Brisbane, Australia is in a holding over phase until 31 August 2015. A new operating lease was signed for a new office in Brisbane, Australia to commence on 1 August 2015. This lease has an annual increase of a fixed 4%.

(b) At balance date, the group had no other capital commitments.

Note 26: Contingent Liabilities and Contingent Assets

Reverse Corp Limited has signed a debt and interest interlocking guarantee in favour of National Australia Bank Limited in relation to financing provided to its subsidiaries, 1800 Reverse Pty Ltd and 1800 Reverse Operations Pty Ltd to cover the 1800 Reverse Pty Ltd's credit card limit of $50,000 and bank guarantees of $56,162.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 27: Segment Reporting

The group has identified its operating segments based on the internal reports that are reviewed and used by management and the Board of Directors in assessing performance and determining the allocation of resources. The operating segments reflect the ongoing needs of the business.

The group is managed primarily on the basis of the operating markets as these markets have different pricing and operating structures. The operating segments are therefore determined on the same basis.

The following table presents the operating segments for the years ended 30 June 2015 and 2014.

	Reverse Charges		Payphones Discontinued	Online Contacts	Corporate	Inter Segment Eliminations	Group
	Australia	Discontinued					
Year ended 30 June 2015	$	$	$	$	$	$	$
REVENUE							
External revenue	6,790,209	981	200,811	1,818,843	-	-	8,810,844
Other revenue	-	-	-	-	1	-	1
Inter-segment revenue	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	226,663	(66,233)	160,430
Total revenue	6,790,209	981	200,811	1,818,843	226,664	(66,233)	8,971,275
RESULT							
Segment result	3,636,833	(2,845)	(209,322)	(156,637)	(346,372)	-	2,921,657
OTHER SEGMENT INFORMATION							
Segment assets	17,244,211	923,928	-	446,956	17,917,225	(25,839,877)	10,692,443
Segment liabilities	11,204,014	760,348	-	1,079,433	11,957,422	(24,056,931)	944,286
Interest expense	159	-	-	66,233	5	(66,233)	164
Capital expenditure	5,806	-	-	5,065	-	-	10,871
Depreciation and amortisation	148,343	-	59,326	48,544	-	-	256,213
Impairment	-		-	-	-	-	-
Income tax expense/ (benefit)	1,086,770	(27,968)	(62,797)	(51,203)	(85,218)	-	859,584

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 27: Segment Reporting (cont)

	Reverse Charges		Payphones Discontinued	Online Contacts	Corporate	Inter Segment Eliminations	Group
	Australia	Discontinued					
Year ended 30 June 2014	$	$	$	$	$	$	$
REVENUE							
External revenue	6,626,717	3,699	938,628	2,167,622	-	-	9,736,666
Other revenue	-	-	2,621	8,493	-	-	11,114
Inter-segment revenue	-	-	-	-	-	-	-
Interest revenue	17	208	-	-	133,115	(43,225)	90,115
Total revenue	6,626,734	3,907	941,249	2,176,115	133,115	(43,225)	9,837,895
RESULT							
Segment result	3,122,842	(87,389)	(93,281)	(419,892)	(369,563)	-	2,152,717
OTHER SEGMENT INFORMATION							
Segment assets	15,164,552	922,406	1,570,314	449,684	14,583,616	(24,068,267)	8,622,305
Segment liabilities	10,683,717	783,717	110,346	976,727	8,770,099	(20,381,954)	942,652
Interest expense	5	-	56	43,225	-	(43,225)	61
Capital expenditure	13,637	-	747	63,857	-	-	78,241
Depreciation and amortisation	273,010	-	60,577	40,491	-	-	374,078
Impairment	-	16,499	-	-	-	-	16,499
Income tax expense/(benefit)	823,754	(23,196)	(32,230)	(121,163)	7,838	-	655,003

Basis of accounting for purposes of reporting by operating segments

All amounts reported to the Board of Directors are determined in accordance with accounting policies that are consistent with those adopted for the annual financial statements of the group.

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of accumulated depreciation, amortisation and impairment. Segment liabilities consist principally of payables, employee benefits, accrued expenses, and provisions. Segment assets and liabilities do not include deferred income taxes.

Parent entity costs are not allocated across each segment. Segment revenues, expenses and results include transfers between segments. All such transactions are eliminated on consolidation of the group's financial statements. The prices charged on inter-segment transactions are at an arm's length.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note 27: Segment Reporting (cont)

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in the financial statements as follows:

	2015 $	2014 $
Revenues		
Total reportable segment revenues	8,971,275	9,837,895
Discontinued operations	(201,792)	(945,156)
Elimination of intersegment revenues	-	-
Group revenues	8,769,483	8,892,739

	2015 $	2014 $
Profit or loss		
Total reportable segment operating profit	2,921,657	2,152,717
Loss on sale	76,460	-
Operating loss of discontinued operations	135,707	180,670
Elimination of intersegment (profits)/losses	-	-
Group operating profit/(loss)	3,133,824	2,333,387

Note 28: Cash Flow Information

	Consolidated Entity	
	2015 $	2014 $
Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax		
Profit/(loss) after income tax	2,062,073	1,497,714
Non-cash flows in profit /(loss)		
Amortisation	94,191	154,134
Depreciation	162,022	219,944
Net (profit)/loss on disposal of property, plant and equipment	-	(2,467)
Net (profit)/loss on disposal of subsidiaries	71,460	-
Stock adjustment	25,760	3,395
Share-based payments	71,167	-
Impairment	-	16,499
Other non-cash outflows	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(36,338)	108,763
(Increase)/decrease in inventories	(4,153)	(42,845)
(Increase)/decrease in prepayments	17,774	(14,974)
(Increase)/decrease in other assets	(19,976)	19,611
Increase/(decrease) in trade payables and accruals	(122,676)	79,722
Increase/(decrease) in income taxes payable	93,272	187,043
Increase/(decrease) in deferred taxes payable	(4,173)	(2,122)
Increase/(decrease) in other payables	2,036	(3,798)
Increase/(decrease) in provisions	895	13,814
Foreign currency movement	(27)	(406)
Cash flow from operations	2,413,307	2,234,027

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 29: Share-based Payments

Options	Consolidated Entity			
	2015		2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	-	-	930,000	$2.40
Granted/Reinstated	-	-	-	-
Cancelled	-	-	-	-
Lapsed	-	-	(930,000)	$2.40
Exercised	-	-	-	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

There are no options outstanding at 30 June 2015.

There were no options granted during the year.

Employee Loan Funded Share Plan

The Board implemented a new Employee Loan Funded Share Plan during the financial year to provide key management personnel an incentive in a tax effective manner to better align the interests of the participants with the interests of Shareholders.

The terms of the Loan Funded Share Plan are such that participants receive an upfront entitlement to a certain number of shares with a corresponding limited recourse loan. The loan is interest free and is provided for a maximum term of 3 years. The shares are subject to a holding lock until the loan is repaid. There are no vesting conditions on these shares.

The following table details shares that have been provided to key management personnel through the Share Loan Funded Share Plan:

Name	Issue Date	Number of Loan Funded Shares Allocated	Number of Loan Funded Shares Vested	Issue Price	Fair Value	Total Amount of Loan	Expiry Date
Key Management Personnel							
Charles Slaughter	2 Sept 2014	706,215	706,215	$0.1416	$0.067	$100,000	1 Sep 2017
Dion Soich	2 Sept 2014	353,107	353,107	$0.1416	$0.067	$50,000	1 Sep 2017
Total		1,059,322	1,059,322			$150,000	

The number of shares in the Loan Funded Share Plan issued to key management personnel and outstanding at the end of the year was 1,059,322.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 30: Events After the Balance Sheet Date

Since the end of the financial year, other than the declared dividend, no matters have arisen which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

The financial report was authorised for issue on 27 August 2015 by the Board of directors.

Note 31: Related Party Transactions

	Consolidated Entity	
	2015 $	2014 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
(a) Subsidiary Companies		
At balance date intercompany receivable balances existed between Reverse Corp Limited and its wholly owned subsidiaries. The balance represents the provision of working capital in order to manage operating businesses. The intercompany receivable balance is interest bearing and repayable on demand. At 30 June 2015 the net amount owed by the company to its subsidiaries was $4,702,438. (2014: $2,578,833)		
(b) Key Management Personnel		
1800 Reverse Pty Ltd lease office premises from Bell Co Pty Ltd, a company which Non-executive Director Mr Richard Bell controls.		
Operating lease payments:	211,335	211,335

There is $38,745 outstanding at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 32: Financial Instruments

(a) Financial risk management objectives and policies

The group's financial instruments consist mainly of cash and short term deposits.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Audit and Risk Committee, in conjunction with management, oversees policies in relation to financial instrument risk management. Future expectations of funding requirements and potential exposures are considered regularly.

Interest rate risk

The group's exposure to market risk for changes in interest rates relates to the group's short-term cash deposits.

At balance date, the consolidated entity had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	Consolidated Entity	
	2015 $	2014 $
Financial Assets		
Cash and cash equivalents	7,429,061	5,067,035
	7,429,061	5,067,035
Financial Liabilities		
Bank loans	-	-
	-	-
Net Exposure	7,429,061	5,067,035

The other financial instruments of the consolidated entity that are not included in the above table are non-interest bearing and are therefore not subject to interest rate risk.

There are no other financial instruments held by foreign subsidiaries that are not already translated through the foreign currency translation reserve. On this basis, there is no further impact to the consolidated group to that already disclosed.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2015, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
	2015 $	2014 $
Judgements of reasonable possible movements:		
Consolidated		
+1% (100 basis points)	74,291	35,469
-1% (100 basis points)	(74,291)	(35,469)

The movements in profit are due to higher/lower interest on cash balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 32: Financial Instruments (cont)

(a) Financial risk management objectives and policies (cont)

Foreign currency risk

The group has an immaterial foreign currency exposure to the Euro, USD and GBP with approximately $32,000 held in Euro, USD and GPB denominated bank accounts at year end. No sensitivity analysis or disclosure has been prepared in relation to this exposure.

Credit risk

The credit risk of financial assets of the consolidated entity which have been recognised in the Balance Sheet is generally the carrying amount.

With respect to receivables, the group manages its credit risk by maintaining strong relationships with a limited number of quality customers. The risk is mitigated with specific clauses within the contracts entered into with these quality customers.

The group has one major debtor in the 1800 Reverse business in which it operates and as such has concentrated credit risk. However the credit quality of each counterparty is considered appropriate and accordingly the group's exposure to credit risk is considered to be low.

Liquidity risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, leases and available credit lines.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital such as inventory and trade receivables. These assets are considered in the group's overall liquidity risk.

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Year ended 30 June 2015	$	$	$	$
Consolidated financial assets:				
Cash	7,478,033	-	-	7,478,033
Receivables	697,338	-	-	697,338
Total Financial Assets	8,175,371	-	-	8,175,371
Consolidated financial liabilities:				
Bank loans	-	-	-	-
Trade and sundry payables	649,136	-	-	649,136
Hire purchase liabilities and equipment loans	-	-	-	-
Total Financial Liabilities	649,136	-	-	649,136
Net Maturity	**7,526,233**	**-**	**-**	**7,526,233**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 33: New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2015. Information on these new standards is presented below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to

IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 33: New and revised standards that are effective for these financial statements (cont)

Accounting Standards issued but not yet effective and not been adopted early by the Group	Effective date	Impact on Group
AASB 9 Financial Instruments (December 2014) [Also refer to AASB 2013-9 and AASB 2014-1 below]	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.
AASB 15 Revenue from Contracts with Customers	1 January 2017	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.
AASB 2014-3 Amendments to Accounting Standards - Accounting for Acquisitions on Interests in Joint Operations	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial mstatements.
AASB 2014-1 Amendments to A ustralian Accounting Standards (Part E: Financial Instruments)	1 January 2015	Refer to the section on AASB 9 above.
AASB 1056 Superannuation Entities	1 July 2016	The group is not a superannuation entity so the Standard will have no effect on the entity.
AASB 14 Regulatory Deferral Accounts	1 January 2016	When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	Refer to the section on AASB 15 above.
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants	1 January 2017	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	Refer to the section on AASB 9 above.
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	1 January 2015	Refer to the section on AASB 9 above.
AASB 2014-9 Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 33: New and revised standards that are effective for these financial statements (cont)

Accounting Standards issued but not yet effective and not been adopted early by the Group	Effective date	Impact on Group
AASB 2014-10 – Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	1 July 2015	When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	1 July 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the financial statements.

Note 34: Company Details

The registered office and principal place of business of the company is:

23 McDougall Street
Milton QLD 4064

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*;

   (b) Include an explicit statement in the notes to the financial statements that the financial statements comply with International Financial Reporting Standards (IFRS); and

   (c) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Chief Executive Officer and Chief Financial Officer have declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Mr Peter D Ritchie
Chairman

Dated this 27th day of August 2015

Grant Thornton

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Independent Auditor's Report
To the Members of Reverse Corp Limited

Report on the financial report

We have audited the accompanying financial report of Reverse Corp Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Reverse Corp Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Reverse Corp Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M S Bell
Partner - Audit & Assurance

Brisbane, 27 August 2015

SHAREHOLDER INFORMATION

This information is extracted from share registry records as at 28 August 2015.

(a) Distribution schedule

Range	Number of holders	Number of shares
1 - 1,000	236	118,254
1,001 - 5,000	247	707,420
5,001 - 10,000	133	1,108,577
10,001 - 100,000	272	10,908,410
100,001 and over	90	80,598,836
Total	**978**	**93,441,497**

Number of holders with less than a marketable parcel: 408

(b) Twenty largest shareholders

Rank	Name	Units	% of Issued capital
1	RICHARD LESLIE BELL	18,259,777	19.54%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	8,504,905	9.10%
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L	8,000,000	8.56%
4	CITICORP NOMINEES PTY LIMITED	7,129,348	7.63%
5	MR PETER DAVID RITCHIE & MRS LEIGH MARGARET RITCHIE	4,602,534	4.93%
6	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST	2,500,000	2.68%
7	VELKOV FUNDS MANAGEMENT LIMITED	2,000,000	2.14%
8	BELL CO PTY LTD	1,901,544	2.04%
8	SCJ PTY LTD	1,901,544	2.04%
9	MR NIGEL JOHN REMFREY & MRS SARA ANTONIETTA REMFREY	1,767,072	1.89%
10	MR QUAN NGUYEN	1,214,845	1.30%
11	MR STEPHEN CRAIG JERMYN	1,000,000	1.07%
11	MR PETER SCARF & MRS IDA SCARF	1,000,000	1.07%
11	KERRY JOHN MASON & MARY CATHERINE COUGHLAN-MASON & BRUCE KENNETH DELL	1,000,000	1.07%
12	MR CHRISTOPHER TURNER	815,000	0.87%
13	MR LIU KEYI	720,224	0.77%
14	CHARLES SLAUGHTER	706,215	0.76%
15	MR DONALD JAMES MILLER	700,000	0.75%
15	G CHAN PENSION PTY LIMITED	700,000	0.75%
16	LIDOSHALE PTY LTD	631,858	0.68%
17	BERNE NO 132 NOMINEES PTY LTD	500,000	0.54%
17	MR DAVID LEROY BOYLES	500,000	0.54%
17	MCNEIL NOMINEES PTY LIMITED	500,000	0.54%
18	MR DONALD IAN FRASER & MS DEBORA ANN SUSAN JACKSON	470,558	0.50%
19	MR LUCA ROTTER & MS JANE LOUISE ABBOTT	447,500	0.48%
20	MR RICHARD ALDERMAN	443,290	0.47%
	Total: Twenty largest shareholders	**67,916,214**	**72.7%**
	Remainder	**25,525,283**	**27.3%**
	Total	**93,441,497**	**100.0%**

(c) Substantial shareholders

Rank	Name	Units	% of Issued capital
1	Richard Leslie Bell	20,370,588	21.8%
2	Wilson Asset Management	8,000,000	8.6%
3	Mr Peter David Ritchie & Mrs Leigh Margaret Ritchie	4,722,234	5.1%

(d) Voting rights

At general meetings, each member entitled to vote may vote in person, or by proxy or attorney.

A holder of a fully paid ordinary share at any general meeting is entitled to one vote on a show of hands and one vote for each fully paid share of which he or she is a holder on a poll.

CORPORATE DIRECTORY

Directors

Mr Peter D Richie – Chairman

Mr Gary B Hillberg

Mr Richard L Bell

Mr Stephen C Jermyn

Audit and Risk Committee

Mr Stephen C Jermyn – Chairman

Mr Peter D Ritchie

Mr Richard L Bell

Remuneration and Nomination Committee

Mr Peter D Richie – Chairman

Mr Stephen C Jermyn

Mr Richard L Bell

Company Secretary

Mr Dion Soich

Registered Office

Level 1
30 Little Cribb Street
Milton QLD 4064

Telephone: +61 7 3295 0300
Facsimile: +61 7 3295 0366

Principal Place of Business

Level 1
30 Little Cribb Street
Milton QLD 4064

Share Registry

Link Market Services
Level 15
324 Queen Street
Brisbane QLD 4000

Telephone: +61 2 8280 7111 (or 1300 554 474)
Facsimile: +61 2 9287 0303

Stock Exchange

Listed on the Australian Stock Exchange (Code: REF)

Auditors

Grant Thornton Queensland Partnership
Chartered Accountants
Level 18, 145 Ann Street
Brisbane QLD 4000

Solicitors

Holding Redlich
Level 1
300 Queen Street
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