RECLAIM

ANNUAL REPORT

2013

Reclaim Industries Limited

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Corporate Directory

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

Directors' Report

The directors of Reclaim Industries Limited present their annual report of Reclaim Industries Limited and its subsidiaries ("the Group" or "Consolidated entity") for the financial year ended 30 June 2013.

Directors

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

Mr Stephen Hewitt-Dutton	Appointed 13th March 2012
Mr KC Ong	Appointed 13th March 2012
Mr Bruce Franzen	Appointed 13th March 2012

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

Company Secretary

Ms Paige Exley	Appointed 13th March 2012 – Resigned 7th November 2012
Ms Deborah Ho	Appointed 7th November 2012

Principal Activities

Since reinstatement to the ASX, the Group has commenced a review of the assets it has retained for the purpose of evaluating the commercial viability of each of the following:

- the business of tyre collection for use in production, export or for use by the Ag-float business;
- exporting tyres and tyre products, focusing on developing those products that markets require whilst also attracting appropriate margins; and
- the Ag-float business, utilising recycled tyres as an evaporation control device, limited the amount of wind and sunlight to the surface of dam water.

No significant change in the nature of these activities occurred during the financial year.

Operating Results

The loss after tax of the Consolidated Entity for the financial year ended 30 June 2013 was $1,437,848 (2012: $281,127). During the year, Reclaim Industries Limited incurred costs such as legal costs, associated with the recapitalisation of the Company. The loss for the year also includes an amount paid to the Administrators on completion of the recapitalisation. Reclaim Industries Limited was reinstated to official quotation with the Australian Securities Exchange on 30 November 2012.

Preparation of Financial Statements

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Group also complies with the International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 30 September 2013.

Review of Operations

Reclaim Industries Limited was admitted to the Official List of the ASX on 21 February 2002.The principal activities of the Group were rubber recycling and manufacturing to convert used rubber tyres into commercially attractive surfacing, moulded and granule products for a wide range of industries in both domestic and international markets.

On 17 February 2011, a creditor appointed David Ross, Richard Albarran and Blair Pleash of Hall Chadwick Chartered Accountants as Joint and Several Administrators of the Company, pursuant to section 436C of the Corporations Act 2001. The securities of the Company were suspended from official quotation on the Official List of the ASX.

On 31 May 2012, the Company issued a Prospectus for the purpose of issuing:

- 225,000,000 Shares at an issue price of $0.01 per Share to raise $2,250,000;
- 12,280,509 Shares to the Deed Administrators; and
- 120,000,000 Shares to the note holders.

Directors' Report

Review of Operations (continued)

On 20 June 2012, a general meeting of the shareholders of Reclaim Industries Limited was held to consider the resolutions proposed under the DOCA. At the meeting the following resolutions were approved by shareholders;

- The Company's securities be consolidated on a 1:5 basis resulting in a reduction of the number of shares on issue.
- The capital of the Company be reduced by an amount of $8,291,476 by applying a portion of the accumulated losses of the Company against the share capital of the Company which is considered permanently lost.
- The Company approves the issue of 120,000,000 shares arising from the conversion of the convertible notes issued by the Company in consideration for $600,000 raised from related and non-related parties including 2 directors Mr KC Ong and Mr Stephen Hewitt-Dutton, with a conversion rate of 1 share for every $0.005 of the note amounts (post consolidation).
- The Company approves the issue of 225,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise $2,250,000 under a prospectus.
- The Company approves the issue of 12,280,509 fully paid up ordinary shares (post consolidation) for nil consideration to Mr Richard Albarran, Mr David Ross and Mr Blair Pleash in their capacities as Deed Administrators of the DOCA for the benefit of the creditors.
- The shareholders of Reclaim Industries Ltd ratify the issue of 12,500,000 shares at $0.02 per share, previously issued to Mr Jiandong Wang on 31 December 2010 in accordance with the term sheet dated 23 December 2010.
- The shareholders approve the right of the Directors to participate in the Public issue.
- Shareholders gave approval for the Company to adopt a new Constitution which became effective on 20 June 2012.

On 31 August 2012, the Company issued a Supplementary Prospectus to extend:

- the closing date of the Offers to 31 October 2012;
- the period for admission to quotation of Shares to 3 months from the date of the Supplementary Prospectus; and
- the period to raise the Minimum Subscription under the Public Offer to 4 months from the date of the Supplementary Prospectus.

On 7 November 2012, Ms Paige Exley resigned as Company Secretary, and Ms Deborah Ho was appointed as Company Secretary.

Following full subscription being received for the Prospectus, on 15 November 2012 the following shares were allotted:

- 225,000,000 fully paid up ordinary shares were issued raising $2,250,000 of funds;
- 12,280,509 fully paid up ordinary shares were issued for nil consideration for the benefit of Creditors under the DOCA; and
- 120,000,000 fully paid up ordinary shares were issued upon conversion of convertible notes (note 14).

On 27 November 2012, the final tranche of funds ($550,000) were paid to the Administrator, resulting in the DOCA being wholly effectuated on this date.

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

Since this date, the Group has commenced a review of the assets it has retained for the purpose of evaluating the commercial viability of each of the following:

- the business of tyre collection for use in production, export or for use by the Ag-float business;
- exporting tyres and tyre products, focusing on developing those products that markets require whilst also attracting appropriate margins; and
- the Ag-float business, utilising recycled tyres as an evaporation control device, limited the amount of wind and sunlight to the surface of dam water.

Likely Developments and Expected Results of Operations

The Group has been reviewing and assessing all potential business opportunities presented, to identify those that are consistent with the future direction of the Group as set out in the Prospectus.

Directors' Report

Going Concern

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

Board of Directors Composition

In accordance with the Corporations Act 2001, the Board of Directors shall comprise of at least three Directors.

During the financial year Reclaim's Board composition did not follow the ASX recommendations, in that a majority of directors are not independent due to the small number of directors currently on the board. Whilst the Company intends to progressively increase the independence of its directors as it grows over time, compliance with the best practice recommendations in this area is not considered a current imperative, due to the skill set of existing directors, and the cost of appointing additional directors.

Share options

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

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

Environmental Issues

The Group's operations are regulated in WA, NSW and SA by the respective State Environmental Protection Acts. There were no breaches of the various State Environmental Protection Acts during the financial year.

Dividends Paid or Recommended

The Directors recommend that no dividend be paid for the year ended 30 June 2013, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year (2012: nil).

Matters Subsequent to the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Directors' Report

Information on Directors during the financial year

Mr. Stephen Hewitt-Dutton	Chairman - Appointed 13 March 2012
Experience	Mr. Hewitt-Dutton has over 20 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University and is an affiliate of the Institute of Chartered Accountants. Previously Mr. Hewitt-Dutton was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years.
Interest in Shares and Options	Mr. Hewitt-Dutton holds 2,000,000 shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr. Hewitt-Dutton has served as a Director for the following other listed companies. (a) Safety Medical Products Ltd – appointed 6 October 2010. (b) Island Metals Ltd – appointed 6 October 2010. He has not held directorship with any other ASX listed companies in the last three years.
Mr Bruce Franzen	Non-Executive Director - Appointed 13 March 2012 Mr. Franzen is a Certified Practicing Accountant with over twenty years local and international experience in the resources industry. Bruce has substantial experience in commercial administration and financial control related to offshore oil and gas drilling, exploration and development of large scale capital resource projects. Mr. Franzen has held senior positions for large companies such as Woodside Petroleum, Inpex and Origin Energy. He was also a former Chief Financial Officer and Company Secretary for Globe Metals and Mining from 2007-2009 and a founding director of DMC Mining Limited. He served as an executive director, Company Secretary and Chief Financial Officer of DMC Mining from 2006–2009. Mr Franzen was founding director of Riedel Resources Limited from 2010 to 2013, and currently holds the position of Company Secretary and Chief Financial Officer.
Interest in Shares and Options	Mr Franzen holds 1,000,000 shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr Franzen has served as a Director for the following other listed company; (a) Riedel Resources Limited – appointed 9 April 2010, resigned 31 January 2013. He has not held directorship with any other ASX listed companies in the last three years.
Mr. KC Ong	Non-Executive Director - Appointed 13 March 2012
Experience	Mr. Ong has over 25 years of extensive and diverse experience in corporate finance and business advisory to corporations in Australia and South-East Asia. Mr. Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant.
Interest in Shares and Options	Mr Ong holds nil shares in the Company. Nil Options
Directorships held in other listed entities	During the past three years Mr Ong has served as a Director for the following other listed companies; (a) Windimurra Vanadium Limited – appointed 30 July 2012. (b) My ATM Holdings Limited – appointed 23 July 2012. (c) Cell Aquaculture Ltd – appointed 2 May 2013. He has not held directorship with any other ASX listed companies in the last three years.

Directors' Report

Company Secretary

Ms Deborah Ho was appointed Company Secretary on 7 November 2012. Deborah holds a Bachelor of Commerce from Curtin University and is a member of Chartered Secretaries Australia. Deborah has experience in company secretarial matters, auditing of listed and unlisted companies and financial accounting.

Ms. Paige Exley was appointed Company Secretary on 13 March 2012 and resigned on 7 November 2012.

Indemnifying Officers or Directors

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

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

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

Proceedings on Behalf of Company

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

Non-Audit Services

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

Details of the amount paid or payable to the auditors for audit and non-audit services provided during the year are set out in Note 10.

The Directors are also satisfied that the provision of non-audit services by an auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 10, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Auditor's independence declaration

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

Corporate Governance Statement

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

The Group's Corporate Governance policy is available on the Company's website. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Directors' Report

Corporate Governance Statement (continued)

Principle 1 – Lay solid foundations for management and oversight
The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose. The Board is responsible for oversight of the management and the overall corporate governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising performance and the protection and enhancement of long-term shareholder value.

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

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

Principle 2 – Structure the Board to add value
The Board ultimately takes responsibility for corporate governance, and will be accountable to the Shareholders for the performance of the Group. The functions and responsibilities of the Board are set out in the Group's Constitution and the Corporations Act.

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

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

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

- A minimum of three directors, with a broad range of expertise
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board
- The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

  In assessing the independence of directors, the Board follows the ASX guidelines and will consider whether the director:
- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- Is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving the on board
- Has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided
- Is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has a material contractual relationship with the Company or another group member other than as director of the Company

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

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

Principle 3 – Promote ethical and responsible decision making
All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. The Board has established a Code of Conduct to guide the Directors, managers, employees and officers of the Group with respect to matters relevant to the Group's legal and ethical obligations and the expectations of stakeholders.

Corporate Governance Statement (continued)

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

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

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

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

Given the Group's size and that it currently has no employees the Board does not consider it appropriate to set objectives regarding gender diversity at this time. As the operations grow, the Board will give consideration to the setting of such objectives and their achievement through the appointment of appropriate candidates to the Board and senior executive positions as they become available.

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

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

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

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

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

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

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

Corporate Governance Statement (continued)

Communication with Shareholders is achieved through the distribution of the following information:

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

Principle 7 – Recognise and manage risk

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

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

Principle 8 – Remunerate fairly and responsibly

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

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

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

Other information

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

Meetings of Directors

The number of meetings of the company's Board of Directors attended by each Director during the year ended 30 June 2013 was:

	Meetings held while in office	Meetings attended
Stephen Hewitt-Dutton	2	2
Bruce Franzen	2	2
KC Ong	2	1

The Board of Directors also approved four (4) circular resolution during the year ended 30 June 2013 which was signed by all Directors of the Company.

Remuneration Report (audited)

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

Remuneration Report (continued)

Directors and key management personnel disclosed in this report

Non Executive Directors	
Mr Stephen Hewitt-Dutton	Appointed 13th March 2012 to current
Mr KC Ong	Appointed 13th March 2012 to current
Mr Bruce Franzen	Appointed 13th March 2012 to current

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2013:

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Revenue	-	-	7,316,369	15,489,133	12,993,833
Net profit / (loss) before tax	(1,437,848)	(281,127)	(1,770,044)	(1,221,679)	(2,172,516)
Net profit / (loss) after tax	(1,437,848)	(281,127)	(1,770,044)	(1,221,679)	(2,213,287)

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price at beginning of the year	$0.04	$0.04	$0.04	$0.06	$0.10
Share price at end of year	$0.005	$0.04	$0.04	$0.04	$0.06
Basic earnings per share	(0.60) cents *	(1.24) cents *	(8.25) cents *	(1.25) cents	(2.75) cents
Diluted earnings per share	(0.60) cents *	(1.24) cents *	(8.25) cents *	(1.25) cents	(2.75) cents

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

No dividends have been declared during the five years ended 30 June 2013 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2013. There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to options for Directors and other Key Management Personnel.

Remuneration Philosophy

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

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

Remuneration Governance

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

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

The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report. Share options have been issued to Key Management Personnel in prior years do not have any performance conditions.

Directors' Report

Remuneration Report (continued)

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

The Directors have resolved that Non-Executive Directors' fees are $36,000 per annum for each Non-Executive Director and $48,000 per annum for the Non-Executive Chairman. However, during the year ended 30 June 2012, no director received any remuneration. Following reinstatement, Directors fees commenced from 1 December 2012.

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

Executive Remuneration
There were no executive employees during the year.

Summary of amounts paid to Key Management Personnel
The table below discloses the compensation of the Key Management Personnel of the Group during the year.

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

2012	Short-term employee Benefits Salary & Fees	Bonus	Post employment superannuation	Share-based payments	Total	Percentage of total remuneration for the year that consists of options
	$	$	$	$	$	%
Directors						
Executive Directors						
Ms King[1]	-	-	-	-	-	-
Non Executive Directors						
Mr Crosby[2]	-	-	-	-	-	-
Mr Ong[3]	-	-	-	-	-	-
Mr Franzen[4]	-	-	-	-	-	-
Mr Hewitt-Dutton[5]	-	-	-	-	-	-
2012 Total	**-**	**-**	**-**	-	-	-

[1] Ms King resigned on the 12th April 2012.
[2] Mr Crosby resigned on the 13th March 2012.
[3] Mr Ong was appointed on the 13th March 2012.
[4] Mr Franzen was appointed on the 13th March 2012.
[5] Mr Hewitt-Dutton was appointed on the 13th March 2012.

Directors' Report

Remuneration Report (continued)

Share Options held by Key Management Personnel
During the year ended 30 June 2013 no share options were granted or exercised that relate to Key Management Personnel.

Shares held in escrow that had been issued to Key Management Personnel
No shares have been issued under the Employee Share Scheme to Key Management Personnel during the year.
The Director's report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the Corporations Act 2001.

Voting and comments made at the Company's 2012 Annual General Meeting
The Company received more than 66% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2012 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of audited Remuneration Report.

On behalf of the directors

Mr Stephen Hewitt-Dutton
Chairman
30 September 2013

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

As lead auditor of Reclaim Industries Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Reclaim Industries Limited and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2013

	Note	2013	2012
		$	$
Revenue from continuing operations		-	-
Other Income	3	12,326	1
Finance costs	4	(545)	(289)
Rent		(24,000)	(7,226)
Administration expenses	6	(630,019)	(388,210)
Share based payment	7	(245,610)	-
Freight expense		-	(503)
Forgiveness of debt	8	-	115,100
Deed of Company Arrangement (DOCA) costs	9	(550,000)	-
Loss before income tax		**(1,437,848)**	**(281,127)**
Income tax expense	5	-	-
Loss after income tax for the year		**(1,437,848)**	**(281,127)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(1,437,848)**	**(281,127)**
Loss per share for the year attributable to the members of Reclaim Industries Limited			
Continued operations			
Basic and diluted loss per share (cents per share)	11	(0.60)	(1.24)

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

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013	2012
ASSETS		**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	12	828,459	74,332
Trade and other receivables	13	57,571	33,973
Other	14	-	16,457
TOTAL CURRENT ASSETS		**886,030**	**124,762**
TOTAL ASSETS		**886,030**	**124,762**
CURRENT LIABILITIES			
Trade and other payables	15	55,967	153,192
Borrowings	16	-	600,000
TOTAL CURRENT LIABILITIES		**55,967**	**753,192**
TOTAL LIABILITIES		**55,967**	**753,192**
NET ASSETS		**830,063**	**(628,430)**
EQUITY			
Issued capital	17	2,951,341	-
Reserves	18	-	55,000
Accumulated losses		(2,121,278)	(683,430)
TOTAL EQUITY		**830,063**	**(628,430)**

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2013

	Issued Capital	Reserves – Employee Shares	Accumulated Losses	Total
	$	**$**	**$**	**$**
Balance as at 1 July 2011	**8,291,476**	**-**	**(8,573,684)**	**(282,208)**
Loss for the period	-	-	(281,127)	(281,127)
Transactions with owners in their capacity as owners:				
Reduction in share capital for portion considered permanently lost	(8,291,476)	-	8,291,476	-
Lapse of options issued under Employee Share Option Placement	-	-	(120,095)	(120,095)
Reversal of reserve relating to Reclaim Collections Pty Ltd	-	55,000	-	55,000
Balance as at 30 June 2012	**-**	**55,000**	**(683,430)**	**(628,430)**
Loss for the period	-	-	(1,437,848)	(1,437,848)
Issue of ordinary shares under a placement	2,795,000	-	-	2,795,000
Issue costs	(144,269)	-	-	(144,269)
Reclassification of issued capital	55,000	(55,000)	-	-
Equity-settled share based payment	245,610	-	-	245,610
Balance as at 30 June 2013	**2,951,341**	**-**	**(2,121,278)**	**830,063**

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

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(758,385)	(330,769)
Interest and other costs of finance paid		(545)	-
Net cash used in operating activities	22	(758,930)	(330,769)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		12,326	1
Net cash provided by investing activities		12,326	1
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible notes		-	350,000
Proceeds from share issue applications		2,195,000	55,000
Share issue costs		(144,269)	-
Payment to administrator		(550,000)	-
Net cash provided by financing activities		1,500,731	405,000
Net decrease in cash held		754,127	74,232
Cash at beginning of financial year		74,332	100
Cash at end of financial year	9	828,459	74,332

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

Notes to the Financial Statements

1. Summary of significant accounting policies

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

Statement of Compliance

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

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

The consolidated financial statements of Reclaim Industries Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 30 September 2013

Basis of Preparation

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

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

In the application of the Group's accounting policies, as set out below, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are elimination in full on consolidation.

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Reclaim Industries Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

New accounting standards and interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2013, and no change to the Group's accounting policy is:

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ▪ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▪ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	The Group has not yet made an assessment of the impact of these amendments	1 July 2015
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	The Group has considered these standards and determined that there is no impact on the Groups financial statements.	1 July 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 11	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	The Group has considered these standards and determined that there is no impact on the Groups financial statements.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	The Group has considered these standards and determined that there is no impact on the Groups financial statements.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	The Group has considered these standards and determined that there is no impact on the Groups financial statements.	1 July 2013
AASB 119	Employee benefits	An amended version of AASB 119 Employee Benefits with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include: - Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing AASB 119) - Introducing enhanced disclosures about defined benefit plans - Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits - Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features - Classification of employee benefits: the amendments define short term employee benefits as employee benefits that are	The Group has considered these standards and determined that there is no impact on the Groups financial statements.	1 July 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		"expected to be settled wholly before twelve months after the end of annual reporting period" in place of currently used "due to be settled" Incorporating other matters submitted to the IFRS Interpretations Committee.		

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

Changes in accounting policies and disclosures
In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual financial reporting year.

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

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

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

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

(b) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables, which are recognised inclusive of GST.

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

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

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

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

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

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

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

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

(d) Financial instruments issued by the Company

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

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

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

(e) Contributed Equity
Ordinary share are classified as equity. Incremental costs directly attributeable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

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

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

(f) Leased Assets (continued)

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

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

(g) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purposes entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit of loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at either fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(h) Revenue Recognition

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

Interest revenue

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

(i) Financial Assets

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

Effective interest method

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

Loans and receivables

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

(i) Financial Assets (continued)

Impairment of financial assets

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

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

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

(j) Segment Reporting

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

(k) Trade and other payables

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

(l) Trade and other receivables

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

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

(m) Earnings per share

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

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

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

(n) Borrowings

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

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

2. Financial Risk Management

a) Capital risk management

The Group's overall strategy remains unchanged from 2012.

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

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

b) Categories of financial instruments

	2013 $	2012 $
Financial assets		
Trade and receivables	57,571	33,973
Prepayments	-	16,457
Cash and cash equivalents	828,459	74,332
Financial liabilities		
Trade and payables	55,967	52,032
Convertible Notes	-	600,000

c) Financial risk management objectives

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

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

d) Market risk

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

e) Interest rate risk management

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

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

Interest rate sensitivity analysis

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

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net revenue would increase by $4,142 and decrease by $4,142 respectively (2012: $372).

2. Financial Risk Management (continued)

f) Credit risk management

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

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

	2013 $	2012 $
Cash and cash equivalents - AA	828,459	74,332

g) Liquidity risk management

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

Liquidity and interest risk tables

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

Financial Liabilities	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years
2013	%	$	$	$
Non-interest bearing	-	55,967	-	-
Variable interest rate instruments	-	-	-	-
Fixed interest rate instruments	-	-	-	-
		55,967	-	-
2012				
Non-interest bearing	-	753,192	-	-
Variable interest rate instruments	-	-	-	-
Fixed interest rate instruments	-	-	-	-
		753,192	-	-

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

Financial Assets	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years
2013	%	$	$	$
Non-interest bearing	-	57,571	-	-
Variable interest rate instruments	2.6	828,549		
		886,030	-	-
2012				
Non-interest bearing	-	50,430	-	-
Variable interest rate instruments	1.0	74,332	-	-
		124,762	-	-

2. Financial Risk Management (continued)

h) Fair value of financial instruments

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

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

3. Revenue

	2013 $	2012 $
Bank Interest	12,326	1
Total Revenue	12,326	1

4. Finance Costs

	2013 $	2012 $
Interest expense	(545)	(289)
	(545)	(289)

5. Income Tax

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

	2013 $	2012 $
Profit/(loss) before income tax	(1,437,848)	(281,127)
Income tax (benefit) @ 30% (2012:30%)	(431,354)	(84,338)
Tax effect of amounts which are not deductible in calculating taxable income:		
Permanent differences	238,683	-
Timing differences not recognised	192,671	84,338
Total Income Tax Expense	-	-

No reliable estimate of the amount of tax losses which could be recognised as a deferred tax asset in the current year is available as it is not possible to accurately quantify the Company's future profitability at its current stage. At present no assessment has been made as to whether the losses would pass the continuity of ownership test or the same business test as a result of the settlement under the DOCA and the tax losses may not meet the probable recognition criteria.

6. Administration expenses

	2013 $	2012 $
Legal fees	(7,199)	(151,210)
Director fees	(70,000)	-
Audit and accounting fees	(166,354)	(191,312)
Consulting and corporate fees	(240,000)	-
Insurance	(18,640)	-
Other expenses	(127,826)	(45,688)
	(630,019)	(388,210)

7. Share Based Payment

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

8. Forgiveness of Debt

On 14 April 2011, the Company, the Administrators and Trident Capital executed the DOCA. Per Section 3.3 of the DOCA, it was agreed that all creditors of the Company including employees and secured creditors must accept their rights and entitlements under the DOCA in full satisfaction and completely discharge all debts and claim against the Company as at the Appointment date which is 14 April 2011.

9. Deed of Company Arrangement

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

10. Remuneration of auditors

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

	2013 $	2012 $
(a) BDO Audit (WA) Pty Ltd		
i. Audit and other assurance services		
Audit and review of financial statements	16,080	-
Total remuneration for audit and other assurance services	16,080	-
(b) Deloitte Touche Tohmatsu		
i. Audit and other assurance services		
Audit and review of financial statements	130,392	129,175
Other assurance services		
Letter of consent	1,733	-
Total remuneration for audit and other assurance services	132,125	129,715

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

Notes to the Financial Statements

11. Loss Per Share

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

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

	2013 $	2012 $
Loss attributable to ordinary equity holders	(1,437,848)	(281,127)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	241,002,672	22,718,964
	Cents/share	**Cents/share**
Basic and diluted loss per share	(0.60)	(1.24)

12. Cash and Cash Equivalents

	2013 $	2012 $
Cash at bank	828,459	74,332
	828,459	74,332

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

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

13. Trade and Other Receivables

	2013 $	2012 $
Current		
Trade receivables	57,571	33,973
Allowance for doubtful debts	-	-
	57,571	33,973

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

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

14. Other Assets

	2013 $	2012 $
Prepayments – Insurance	-	16,457
	-	16,457

15. Trade and Other Payables

	2013	2012
	$	$
Trade payables (i)	43,967	69,192
Accrued expenses	12,000	84,000
	55,967	153,192

(i) The average credit period on purchases of goods is 30 days (2012: 30 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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

16. Borrowings

	2013	2012
	$	$
Opening Balance at 1 July	600,000	-
Issue of convertible notes (i)	-	600,000
Conversion of notes into share	(600,000)	-
Closing balance 30 June	-	600,000

(i) Convertible notes issued in accordance with the requirements of the Deed of Company Arrangement entered into with Trident Capital Pty Ltd on 24 March 2011. On 15th November 2012, the convertible notes were converted and 120,000,000 shares issued at a price of $0.005 per share.

17. Issued Capital

	2013	2012	2013	2012
	Number	Number	$	$
Fully paid ordinary shares	379,999,473	22,718,964	3,095,610	-

	2013	2012	2013	2012
	Number	Number	$	$
At the beginning of the financial year	22,718,964	113,597,454	-	8,291,476
Share transactions:				
- 20 June 2012 (i)	-	-	-	(8,291,476)
- 29 June 2012 (ii)	-	(90,878,490)	-	-
- 15 November 2012 (iii)	357,280,509	-	3,095,610	-
Transaction costs:	-	-	(144,269)	-
Balance at the end of financial year	379,999,473	22,718,964	2,951,341	-

(i) On 20 June 2012, pursuant to the resolution approved at the shareholders meeting on that date, the Company's share capital was reduced by $8,291,476 being a portion of the accumulated losses against the share capital which is considered permanently lost.

(ii) On 29 June 2012, pursuant to the resolution approved at the shareholders meeting on 20 June 2012, the Company's securities were consolidated on a 1:5 basis, resulting in a reduction of the number of shares on issue, from 113,597,454 to 22,718,964 ordinary fully paid shares.

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

17. Issued Capital (continued)

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

18. Reserves

	2013	2012
	$	$
Share application reserve	55,000	55,000
Reclassification to share equity	(55,000)	-
	-	55,000

19. Contingent Liabilities

The directors are of the opinion that there are no contingent liabilities as at 30 June 2013 (2012: nil).

20. Commitments

There were nil commitments in the prior year.

During the year, Reclaim Industries Limited renewed a service agreement with Trident Management Service Pty Ltd for a period of 1 year. Company secretarial and office accommodation fees are payable under this agreement. Company secretarial and office accommodation fees amounting to $52,800, is payable as at 30 June 2013. Reclaim Industries Limited also entered into a corporate advisory fees mandate for a period of 1 year. Corporate advisory fees amounting to $99,000, is payable as at 30 June 2013.

21. Segment Reporting

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

22. Cash Flow Information

Reconciliation of Cash Flow from Operations	2013	2012
	$	$
Loss after income tax	(1,437,848)	(281,127)
Non-cash flows in loss:		
Interest received	(12,326)	(1)
Forgiveness of debt	-	(115,100)
Share based payments	245,610	-
Gain on DOCA	550,000	-
(Increase)/decrease in trade and term receivables	(7,141)	(29,738)
(Increase)/decrease in other operating assets	-	(16,457)
Increase/(decrease) in trade payables and accruals	(97,225)	111,654
Cashflow used in operations	(758,930)	(330,769)

23. Related Party Transactions:

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

	Country of Incorporation	Percentage Owned (%)	
		2013	**2012**
Parent Entity:			
Reclaim Industries Limited (i)	Australia	100	100
Subsidiaries of Reclaim Industries Limited:			
Reclaim Corporation Pty Ltd (i)	Australia	100	100
Reclaim Energy Pty Ltd (formerly Leisuresafe Holdings Pty Ltd) (i)	Australia	100	100
Reclaim SA Pty Ltd (i)	Australia	100	100
Reclaim Asia Pty Ltd (i)	Australia	100	100
Duskview Pty Ltd (i)	Australia	100	100

b) Parent entity

Reclaim Industries Limited is the ultimate parent entity and ultimate parent of the Group.

c) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

d) Transactions with Related Parties

Company secretarial and accounting services:

KC Ong is a Director and shareholder of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Group with accounting and company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Management Services for the year ended 30 June 2013 was $87,065 (2012: $nil). The amount payable to Trident Management Services as at 30 June 2013 is $7,265 (2012: $nil).

Corporate finance and office services:

Trident Capital Pty Ltd ("Trident Capital") is a company which is a substantial shareholder of the Group. Trident Capital also provides recapitalisation services, corporate advisory services and office accommodation. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount paid to Trident Capital for the year ended 30 June 2013 was $191,400 (2012: $nil). The amount payable to Trident Capital as at 30 June 2013 is $16,500 (2012: $nil).

Director fees:

Director fees for Bruce Franzen were paid to Zen Magnolia Pty Ltd ("Zen Magnolia"), a company of which Mr Franzen is a Director and shareholder. Director fees for Stephen Hewitt-Dutton and KC Ong were paid to Trident Capital. The amount paid to Zen Magnolia for the year ended 30 June 2013, was $19,800 (2012: $nil). The amount payable to Zen Magnolia as at 30 June 2013 is $3,300 (2012: $nil). The amount paid to Trident Capital for director fees, for the year ended 30 June 2013 was $46,200 (2012: $nil). The amount payable to Trident Capital as at 30 June 2013, for director fees is $7,700 (2012: $nil)

24. Parent Entity Disclosures

a) Summary Financial Information

	2013	2012
Financial Position	**$**	**$**
Assets		
Current assets	828,359	90,689
Non-current assets	57,569	-
Total assets	885,928	90,689
Liabilities		
Current liabilities	55,967	119,220
Non-current liabilities	337,137	937,137
Total liabilities	393,104	1,056,357
Equity		
Issued capital	2,705,731	-
Reserves	245,610	
Accumulated losses	(2,458,517)	(1,020,668)
Share application reserve	-	55,000
Total equity	492,824	(965,668)

	2013	2012
Financial Performance	**$**	**$**
Profit / (loss) for the year	(1,437,849)	878,394
Other comprehensive income	-	-
Total comprehensive income /(loss)	(1,437,849)	878,394

b) Guarantees

Reclaim Industries Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

c) Other commitments and contingencies

During the year, Reclaim Industries Limited renewed a service agreement with Trident Management Service Pty Ltd for a period of 1 year. Company secretarial and office accommodation fees are payable under this agreement. Reclaim Industries Limited also entered into a corporate advisory fees mandate for a period of 1 year.

25. Key Management Personnel

a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 23 to the financial statements.

b) Key Management Personnel compensation

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

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

c) Key Management Personnel equity holdings

Shares

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

2013	Balance at 1 July 2012 Number	Allotment of Shares Number	Net other changes[3] Number	Balance at 30 June 2013 Number	Balance Held Nominally Number
DIRECTORS					
Mr S Hewitt - Dutton	-	2,000,000	-	2,000,000	-
Mr KC Ong	-	-	-	-	-
Mr B Franzen	-	1,000,000	-	1,000,000	-

2012	Balance at 1 July 2011 Number	Allotment of Shares Number	Net other changes[3] Number	Balance at 30 June 2012 Number	Balance Held Nominally Number
DIRECTORS					
Ms J King[2]	24,796,214	-	(19,836,973)*	4,959,241	-
Mr J Crosby[2]	16,335,444	-	(13,068,356)*	3,267,088	-
Mr S Hewitt - Dutton[1]	-	-	-	-	-
Mr KC Ong[1]	-	-	-	-	-
Mr B Franzen[1]	-	-	-	-	-

[1] Appointed during the year. No amounts were paid to this person during the year.
[2] Resigned during the year.
[3] The Company's securities were consolidated on a 1:5 basis, resulting in a reduction of the number of shares on issue

Options

Nil options were issued by Reclaim Industries Limited to Key Management Personnel during the current financial year (2012: Nil).

26. Share Option Plans and Employee Share Scheme

Share Options

No options were granted during the financial year (2012 nil)
The share options outstanding at the end of the financial year were nil.

Directors' Declaration

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

1. In the opinion of the directors:

   a) the financial statements and notes of Reclaim Industries Limited for the financial year ended 30 June 2013 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and its performance for the year ended on that date; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

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

Mr Stephen Hewitt-Dutton
Chairman

Perth, Western Australia, 30 September 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Reclaim Industries Limited

Report on the Financial Report

We have audited the accompanying financial report of Reclaim Industries Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Reclaim Industries Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Reclaim Industries Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 30 September 2013

ASX Additional Information

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

1. Shareholdings

The issued capital of the Company as at 28 September 2013 is 379,999,473 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share. There are no listed options. The number of ordinary shares subject to voluntary escrow is nil.

Ordinary Shares

Shares Range	Holders
1-1,000	1,095
1,001-5,000	333
5,001-10,000	54
10,001-100,000	83
100,001-9,999,999	147
Total	**1,712**

Shareholders by Location	No. of Holders
Australian holders	1,607
Overseas holders	105
Total	**1,712**

Unmarketable parcels

There were 1,549 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 28 September 2013

	Name	Number of Shares	%
1	Trident Capital Pty Ltd	48,500,000	12.76%
2	Citicorp Nominees Pty Ltd	27,507,571	7.24%
3	HSBC Custody Nom Aust Ltd	19,952,869	5.25%
4	Aegean Cap Pty Ltd <Spartacus Account>	17,500,000	4.61%
5	Kobia Holdings Pty Ltd	16,666,800	4.39%
6	Jemaya Pty Ltd <Featherby Fam A/C>	16,666,600	4.39%
7	Tranquillo Investments Ltd	16,666,600	4.39%
8	Zero Nom Pty Ltd	12,630,000	3.32%
9	Ross David + Albarran R	12,280,509	3.23%
10	JP Morgan Nom Auast Ltd <Cash Income A/C>	8,553,489	2.25%
11	Jemaya Pty Ltd <JH Featherby S/F A/C>	8,470,500	2.23%
12	Lawrence Chris Paul	5,464,800	1.44%
13	BT Portfolio Services <Warrell Hldgs S/F>	5,000,000	1.32%
14	Lloyd Price Carnarvon Pty Ltd <King Fam Security>	5,000,000	1.32%
15	Southern Terrain Pty Ltd <Southern Terrain A/C>	4,500,000	1.18%
16	Bahen Mark John + M P <Super A/C>	4,000,000	1.05%
17	Woodlands Asset Mgnt	4,000,000	1.05%
18	Insubi Pty Ltd <Donnelly A/C>	4,000,000	1.05%
19	Twofivetwo Pty Ltd	3,877,557	1.02%
20	Blu Bone Pty Ltd	3,250,000	0.86%
		244,487,295	**64.35%**

ASX Additional Information (continued)

3. Substantial Shareholders as at 28 September 2013

	Name	Number of Shares	%
1	Trident Capital Pty Ltd	48,500,000	12.76%
2	Citicorp Nominees Pty Ltd	27,507,571	7.24%
3	HSBC Custody Nom Aust Ltd	19,952,869	5.25%

4. Unquoted equity securities

There are currently nil unlisted securities of the Company as at 28 September 2013.

5. Voting Rights

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

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