REVERSE CORP LIMITED

REVERSE CORP LIMITED
ANNUAL REPORT 2013

1800 REVERSE

TriTel AUSTRALIA

ozcontacts
AUSTRALIAN OWNED CONTACT LENS STORE

CONTENTS

CHAIRMAN'S LETTER

Reverse Corp Limited
ABN 16 085 949 855
23 McDougall Street
Milton QLD 4064

Dear Investor,

On behalf of your Board, I am pleased to present to you our Annual Report for the financial year ended 30 June 2013 (FY13).

Your company achieved revenues of $8.7 million and net profit after tax of $365,025 in FY13. This result reflected:

- successful overall restructuring and rationalisation of the business to restore Group profitability
- improved performance in Australia where EBITDA for the 1800 Reverse service was $1.6m
- our new business venture OzContacts.com.au achieving full year revenues of $1.2m
- overall revenue decline of 16% for the year impacted by a 52% decline in the United Kingdom
- the sale of the UK and Irish businesses to BBG Global AG with a profit of $174k recorded
- one-off mobile terminating costs in the UK of $132k
- re-structuring and redundancy costs of $213k supporting a lower ongoing cost base
- greater efficiency in advertising spend with the shift to a direct and digital approach

The improved result in Australia is attributed to a full year of mobile originating call volumes from Telstra mobile customers, new volumes from Vodafone customers from May 2013 and better margins for calls-to-mobiles as a result of operational improvements. The business also improved operating margins as a result of the successfully renegotiation of the Services Facilitation Agreement with Telstra in March 2013.

Exit from Europe

The company's reverse charge businesses in the UK and Ireland were sold to BBG Global AG in April 2013. The sale has enabled the Group to exit the declining UK voice telecommunications market. The Board has also taken the decision not to proceed with the launch of a reverse charge calling service in Spain. This follows the completion of a feasibility project and is consistent with the business decision to exit declining voice markets in the UK and Ireland.

OzContacts.com.au

A key focus in 2013 has been ensuring the online retail contact lenses new venture, OzContacts.com.au, is positioned to support future scale and deliver the right experience for its customers. This has involved implementing the necessary systems, policies and processes. The completion of these enabler projects will position the business to be profitable in the 2014 financial year. Reverse Corp has a 65% ownership stake in this business.

Future Trading

The overall turnaround initiatives completed in 2013 and continued focus on operational improvements for the core 1800 Reverse service in Australia will help maintain Group profitability in the short to medium term. 1800 Reverse is now the most accessible reverse charge calling service in the market with out-of-credit access available from all major mobile service providers in Australia (Telstra, Optus, Vodafone and Virgin).

In the longer term, the company's core products will continue to be negatively impacted by structural declines in the reverse charge and payphone markets. The Board acknowledges that future growth is dependent upon new business development, through either start-up businesses or acquisitions. The Board is constantly evaluating such opportunities.

The Directors consider it prudent not to declare a dividend for FY13 as the Company continues to successfully implement its turnaround strategies.

I would like to thank my fellow Board members and the team at Reverse Corp for their contribution during a challenging year for the company.

Finally I would like to thank you, our shareholders for your continued support.

Yours faithfully
Peter D Ritchie
Chairman
Reverse Corp Limited

OPERATIONS REPORT

2013 has been a transition year for Reverse Corp. The business has successfully implemented a range of turn-around initiatives to improve the profitably of its voice telecoms products which continue to operate in mature markets. Key initiatives and rationalisation steps completed in 2013 include:

Core Business Improvements:

- Completing the renegotiation of the Services Facilitation Agreement with Telstra Corporation in the second half of the year
- Call volumes for 1800 Reverse Australia benefiting from a full year of Telstra mobile users being able to access the service when out-of-credit
- Opening new demand for 1800 Reverse by enabling Vodafone prepaid users to access the service when out-of-credit (May 2013). 1800 Reverse is the only provider with out-of-credit access from all major Australian mobile providers.
- Implementation of operational improvements to the 1800 Reverse service to improve call successes and revenue collection
- The flow through of revenue benefits from strategic price increases implemented in May / June 2012

Cost Reduction and Rationalisation:

- Completing the sale of the UK and Irish reverse charge calling businesses to BBG Global, reducing business complexity and enabling us to exit the declining UK voice telecoms market
- Abandoning plans to launch a reverse charge calling service in Spain following the completion of final research and feasibility work
- Ceasing all funding of the unsuccessful Coinmate joint venture in July 2012
- Lowering the ongoing business cost base through management headcount reductions
- Realising cost savings in marketing through a strategic shift from above the line to direct and digital activity
- Realising cost savings as a result of supplier reviews and in-sourcing where viable

The Group Result

In FY13, the group generated revenue of $8,727,770 million, earnings before interest, tax, depreciation and amortisation (EBITDA) of $1,006,794 and a net profit after tax $365,025 representing earnings per share of 0.004 cents.

1800 Reverse Australia Result

The 1800 Reverse Australian business generated revenue of $4,910,819 and EBITDA of $1,588,921. 1800 Reverse call volumes increased 4% for the year and benefited from a full year of demand from Telstra prepaid mobiles and two months of new demand from Vodafone prepaid mobiles being able to access the service when out-of-credit. Operational improvements have also been successfully implemented to improve the margin on calls-to-mobiles which represented 68% of total call volumes for the year.

TriTel Australia Payphone Result

The group's payphone operation TriTel Australia generated revenue of $1,177,225 and EBITDA of ($72,417). The company continues to review all aspects of TriTel's operations in order to improve profitability.

Oz Contacts Result

The group has a 65% stake in the online contact lenses business – Ozcontacts.com.au. This business generated revenues of $1,188,032 and EBITDA of ($243,263) in the year ending June 2013. The business is nearing the end of a key project to deploy improved systems and infrastructure to improve the customer experience and ensure the business is scalable. These improvements combined with a renewed marketing focus are forecast to drive the business to profitability in the 2014 financial year.

United Kingdom and the Republic of Ireland Result

The group's businesses in the United Kingdom and Ireland were sold to BBG Global AG in April 2013. For the 9 months of trading to the end of March 2013, the UK business generated $1,193,559 of revenue and EBITDA of ($123,320). The Ireland business generated revenues of $53,667 and EBITDA of ($34,579) for the same period.

Group Outlook

The operational improvements implemented in 2013 combined with the rationalisation and restructuring steps taken will help maximise the ongoing profitability of the existing products. Whilst the company expects the core 1800 Reverse service to generate positive earnings in the short to medium term, it is acknowledged that future growth is dependent upon moving away from traditional reverse charge calling and payphone services which operate in mature markets.

The improved trading performance in 2013 combined with existing cash reserves and learnings from the OzContacts.com.au new venture will place the business in an improved position to develop new revenue streams, including OzContacts.com.au, which will replace and grow revenues from our traditional products.

Charles Slaughter
Chief Executive

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2013

Directors

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

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

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

Principal Activities

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

Operating Results

Net profit after tax for the year to 30 June 2013 amounted to $365,025 ($580,793 net profit from continuing operations), up from a net loss after tax of $78,284 ($583,883 net loss from continuing operations) for the previous year. Revenue for the year was $8,523,302 ($7,276,076 from continuing operations), down from $9,996,600 ($6,733,375 from continuing operations) in the previous year. The result reflects the improved trading result of the Australian Reverse Charges business, the gain of $174,530 from the sale of the United Kingdom and Ireland businesses, one-off redundancy costs of $213,936, prior year disputed mobile termination costs of $132,000 and reduced marketing costs due to the shift to a direct and digital strategy.

Review of Operations

During the year the company renegotiated its Australian Reverse Charge Services Facilitation Agreement with Telstra delivering improved margins. Additional volumes from mobile phones were also generated through Vodafone prepaid customers gaining access to 1800 Reverse when out-of-credit.

In markets outside Australia, the United Kingdom and Ireland businesses were sold to BBG Global in April 2013 which has reduced the complexity of the business and allowed us to exit the declining UK voice telecoms market. The planned Spanish reverse charge calling service has been abandoned following the completion of feasibility work.

The company's online contact lens' store generated over $1m in turnover in 2013 and is expected to break even in 2014.

Financial Position

The company generated operating cash flows of $545,130 compared to the previous year of $989,308. The balance sheet remains conservatively geared with net cash at year-end of $2,840,748.

Significant Changes in State of Affairs

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

After Balance Date Events

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

Future Developments, Prospects and Business Strategies

The Board acknowledges that future growth is dependent upon moving away from its traditional reverse charge calling and payphone services. The operational improvements implemented in 2013 combined with the rationalisation and restructuring steps taken will help maximise the ongoing profitability of the existing products, as well as place the organisation in an improved position to pursue new business opportunities in Australia. The company has three objectives moving forward:

(i) Identify new business opportunities in Australia;

(ii) Drive the Oz Contacts business venture to profitability; and

(ii) Continue to maximise the profitability of the core businesses through operational improvements.

Environmental Issues

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

DIRECTORS' REPORT

Information on Directors

Mr Peter D Ritchie	—	Chairman (Non-executive)
Qualifications	—	B.Com, FCPA
Experience	—	Company Chairman since inception in 1999. Previously founding Director, Chief Executive and Chairman of McDonald's Australia Limited.
Interest in Shares and Options	—	3,833,073 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Ritchie is a member of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee.
Directorships held in other listed entities	—	Current Deputy Chairman of Seven Group Holdings Limited (since April 2010), and Chairman of Mortgage Choice Limited (since April 2004).
Mr Gary B Hillberg	—	Non-executive Director
Qualifications	—	B.Bus (Marketing)
Experience	—	Mr Hillberg has been a Board member since October 2005. He has over 30 years' experience in the Australian telecommunications industry and has held the roles of Chief Operating Officer and Group Managing Director with the company.
Interest in Shares and Options	—	250,356 Ordinary Shares in Reverse Corp Limited and options to acquire a further 180,000 Ordinary shares.
Mr Stephen C Jermyn	—	Non-executive Director
Qualifications	—	FCPA
Experience	—	Mr Jermyn joined the Board of Directors of McDonald's Australia in 1986 and was appointed Executive Vice President in 1993. In June 1999, he was appointed Deputy Managing Director. In August 2005 Mr Jermyn stepped down from executive duties at McDonald's. Mr Jermyn was appointed to the Board of Reverse Corp Limited in October 2005.
Interest in Shares and Options	—	2,901,544 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Jermyn is the Chairman of the Audit and Risk Committee, and a member of the Remuneration and Nomination Committee.
Directorships held in other listed entities	—	Mr Jermyn is a current director of Mortgage Choice Limited and a former director of Regional Express Holdings Limited (resigned June 2008).
Mr Richard L Bell	—	Non-executive Director
Qualifications	—	LLB
Experience	—	Mr Bell is Reverse Corp's founder and former Chief Executive.
Interest in Shares and Options	—	20,370,588 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	—	Mr Bell is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.
Interest in Contracts	—	Mr Bell controls a company which leases office premises to group companies 1800 Reverse Pty Ltd and TriTel Australia Pty Ltd.

DIRECTORS' REPORT

Company Secretary

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

Mr Dion M Soich - B.Com, CPA, MAICD

Dividends Paid

No dividends have been paid or declared during or since the end of the year.

Indemnifying Officers or Auditor

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

The company has paid a premium to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium paid totalled $34,577.

No indemnification has been provided to the auditors of the company.

Meetings of Directors

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

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			Audit and Risk		Remuneration and Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter D Ritchie	7	7	2	2	2	2
Mr Stephen C Jermyn	7	7	2	2	2	2
Mr Richard L Bell	7	6	2	2	2	2
Mr Gary B Hillberg	7	7	-	-	-	-

DIRECTORS' REPORT

Options

At the date of this report, the unissued ordinary shares of Reverse Corp Limited under option are as follows:

Number of options	Exercise price	Expiry Date
180,000	$1.99	8 November 2015
250,000	$2.00	18 December 2018
250,000	$2.50	18 December 2018
250,000	$3.00	18 December 2018
930,000		

During the year ended 30 June 2013, no shares were issued on the exercise of options. No further shares have been issued since the end of the year.

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

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

Proceedings on Behalf of Company

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

Non-audit Services

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

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

The following fees for non-audit services were paid during the year ended 30 June 2013, or are payable, to the external auditors:

	Consolidated entity $
Taxation and other services	$12,600

Auditor's Independence Declaration

The lead auditor's independence declaration as per section 307C of the *Corporations Act 2001* for the year ended 30 June 2013, which forms part of this report, has been received and can be found on page 12.

Remuneration Report – Audited

This report details the nature and amount of remuneration for each key management person of Reverse Corp Limited.

Remuneration policy

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

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

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

DIRECTORS' REPORT

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

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

Key management personnel employed in Australia receive a superannuation guarantee contribution required by the government, which is currently 9.25%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

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

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

Relationship between Remuneration Policy and Company Performance

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

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

DIRECTORS' REPORT

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

	2009	2010	2011	2012	2013
	$	$	$	$	$
Revenue	39,253,999	23,651,550	14,647,654	9,996,600	8,523,302
Net Profit/(loss)	13,314,840	3,994,960	1,310,409	(78,284)	365,025
Dividends paid	19,395,822	3,695,287	-	-	-
Share price at year-end	$0.69	$0.13	$0.05	$0.03	$0.04

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

Details of remuneration for year ended 30 June 2013

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. Names and positions held by key management personnel in office at any time during the financial year are:

Directors

Peter Ritchie
Non-executive Chairman

Gary Hillberg
Non-executive Director (1 November 2012, previously Executive Director)

Stephen Jermyn
Non-executive Director

Richard Bell
Non-executive Director

Management Personnel

Charles Slaughter
Chief Executive Officer (appointed 1 September 2012) formerly General Manager, Operations

Paul Jobbins
Chief Executive Officer (ceased 31 August 2012)

Dion Soich
Chief Financial Officer

Brett Dutton
Chief Technical Officer

Liam Martin
General Manager - TriTel Australia Pty Ltd (ceased 30 November 2012)

George Koukides
Chief Executive Officer – Oz Contacts Pty Ltd

DIRECTORS' REPORT

The remuneration for the key management personnel of the consolidated entity during the year was as follows:

	Primary				Equity	Other	Total		
	Salary & Fees	Superannuation	Cash Bonus	Non-Cash Benefits	Options	Termination Benefits		Performance based	Proportion consisting of options
	$	$	$	$	$	$	$	%	%
Directors									
Peter Ritchie	87,156	7,844	-	-	-	-	95,000	-	-
Stephen Jermyn	50,000	4,500	-	-	-	-	54,500	-	-
Richard Bell	-	-	-	-	-	-	-	-	-
Gary Hillberg	82,262	7,404	-	-	-	96,375	186,041	-	-
	219,418	**19,748**	-	**-**	**-**	**96,375**	**335,541**		
Management Personnel									
Paul Jobbins	54,167	5,365	-	-	-	98,498	158,030	-	-
Charles Slaughter	177,370	17,329	50,000	-	-	-	244,699	20.4%	-
George Koukides	137,615	12,385	-	-	-	-	150,000	-	-
Brett Dutton	159,025	24,512	-	-	-	-	183,537		
Dion Soich	164,903	14,587	-	-	-	-	179,490	-	-
Liam Martin	52,961	4,766	-	-	-	33,869	91,596	-	-
	746,041	78,944	50,000	-	-	132,367	1,007,352		
Total Compensation	**965,459**	**98,692**	**50,000**	**-**	**-**	**228,742**	**1,342,893**		

Termination benefits provided to Mr. Hillberg consisted of statutory annual leave and long service leave entitlements, Mr. Jobbins consisted of statutory annual leave and payment in lieu of notice and Mr. Martin consisted of statutory annual leave and a redundancy payment.

DIRECTORS' REPORT

Details of remuneration for year ended 30 June 2012

	Primary				Equity	Other	Total	Performance based	Proportion consisting of options
	Salary & Fees	Superannuation	Cash Bonus	Non-Cash Benefits	Options	Termination Benefits			
	$	$	$	$	$	$	$	%	%
Directors									
Peter Ritchie	87,156	7,844	-	-	-	-	95,000	-	-
Stephen Jermyn	14,000	36,000	-	-	-	-	50,000	-	-
Richard Bell	-	-	-	-	-	-	-	-	-
Gary Hillberg	146,787	15,461	25,000	-	-	-	187,248	13.3%	-
	247,943	**59,305**	**25,000**	**-**	**-**	**-**	**332,248**		
Management Personnel									
Paul Jobbins	325,001	25,000	100,000	-	2,902	-	452,903	22.7%	-
Michael Mallinson	48,112	4,331	-	-	-	6,532	58,975	-	-
Steven Pearson	50,000	4,500	-	-	-	27,493	81,993	-	-
Brett Dutton	107,418	9,668	-	-	-	-	117,086	-	-
Dion Soich	106,893	9,620	-	-	-	-	116,513	-	-
Liam Martin	141,461	12,732	-		-	-	154,193		
Charles Slaughter	146,789	13,211	-		-	-	160,000		
	925,674	79,062	100,000	-	2,902	34,025	1,141,663		
Total Compensation	**1,173,617**	**138,367**	**125,000**	**-**	**2,902**	**34,025**	**1,473,911**		

Options held by key management personnel have an exercise price of $1.99.

Refer to Note 5 Key Management Personnel Remuneration for more information.

Options issued as part of remuneration for the year ended 30 June 2013

During the year there were no options issued to key management personnel as part of their remuneration.

DIRECTORS' REPORT

Employment contracts of key management personnel

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

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

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

Mr Peter D Ritchie
Chairman

Dated this 22nd day of August 2013

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Reverse Corp Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Reverse Corp Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A F Newman
Partner - Audit & Assurance

Brisbane, 22 August 2013

CORPORATE GOVERNANCE STATEMENT

Reverse Corp is committed to good corporate governance and to putting in place arrangements that it believes are in the best interest of the Group, its shareholders and other stakeholders. This Corporate Governance Statement reports the position of the company as at 30 June 2013 and as against the Corporate Governance Principles and Recommendations issued by the ASX (second edition with 2010 amendments) (the "**Principles and Recommendations**").

After careful consideration, the Board has determined that in some circumstances comprehensive adoption of the Principles and Recommendations may not be in the best interests of the company and its shareholders. A principal reason is due to the relatively small size of the management team and Board (less than 10 people), their close knowledge and input into various aspects of the business and the costs and benefits of fully implementing some of the Principles and Recommendations. An explanation of the departure from specific recommendations is provided under the relevant Recommendation below.

The company has uploaded its corporate governance policies on its website at www.reversecorp.com.au. The policies mentioned in this Corporate Governance Statement and that are available on the website are noted below by an asterisk (*).

PRINCIPLE 1: Lay solid foundations for management and oversight

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Reverse Corp Board Charter* sets out the functions and responsibilities of the Board. In particular the Board is responsible for charting the direction of the company including its strategic direction, identifying risk and reviewing risk management processes, approving and monitoring reporting, appointing and removing the managing director, ratifying the appointment and removal of senior executives, approving performance management criteria for senior executives, ensuring ethical behaviour, evaluating compliance with corporate governance standards, establishing various sub committees and considering and determining directors' independence and the Board's independence as whole. Senior executives are responsible for the day to day operation and management of the group as well as strategic forward planning in consultation with the Board. The Board Charter was reviewed by the Board during the financial year.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Remuneration and Nomination Committee is responsible for various aspects of remuneration and nomination, including the review of senior executive and Board members at least annually. A copy of the Committee's Charter* is available on the company website. All senior executives were reviewed during the financial year in accordance with the general process of review and the terms of the Charter. The annual Remuneration Report which forms part of the Directors' Report discloses the process for evaluating the performance of senior executives. In addition, pursuant to the terms of the Board Charter, the Board conducted an annual review of itself during the financial year.

PRINCIPLE 2: Structure the Board to add value

Recommendation 2.1: A majority of the Board should be independent directors.

The Board comprises 4 directors. Two of the directors are independent, being Mr Peter Ritchie (Chairman) and Mr Stephen Jermyn. The other directors are regarded as non-independent given their employment history and/or shareholding in the company. Mr Richard Bell is the founder and former Chief Executive and Mr Gary Hillberg is a former executive director. The profiles of each of the directors are set out in the Directors' Report.

The Board considers the current composition of the Board serves the best interest of shareholders and that the benefit of securing two further independent directors (for the purposes of this Recommendation) is likely to be of limited additional value and not warranted by the associated costs.

Recommendation 2.2: The chair should be an independent director.

The chairman, Mr Peter Ritchie, is an independent director. He is responsible for the leadership of the Board and his other positions are not such as to hinder the effective performance of this role.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The role of chairman is held by a non-executive director while the role of CEO is held by an executive and non Board member.

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.4: The Board should establish a nomination committee.

A Remuneration and Nomination Committee was established prior to Reverse Corp listing on the ASX. The current members of the Committee are:

Mr Peter Ritchie (Chairman);

Mr Stephen Jermyn; and

Mr Richard Bell

Mr Ritchie and Mr Jermyn are independent directors. The profiles of each of the directors are set out in the Directors' Report.

Details of the Committee meetings held during the year and attendance at those meetings are also set out in the Directors Meetings Schedule in the Directors' Report.

The Remuneration and Nomination Committee operates pursuant to the Remuneration and Nomination Committee Charter*. The Charter sets out the responsibilities of the Committee including reviewing Board succession plans to ensure an appropriate balance of skills and expertise, developing policies and procedures for the appointments of Directors and identifying Directors with appropriate qualifications to fill Board Committee vacancies. The Charter was reviewed during the financial year.

The term of non-executive directorships is set out in the company's Constitution.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board and its Committees undertook self-assessment in accordance with their relevant Charters during the financial year. Mr Peter Ritchie undertook to conduct annual one-on-one personal performance discussions with each of the individual directors.

The Board was provided with all company information it needed in order to effectively discharge its responsibilities and were entitled to, and did, request additional information when considered necessary or desirable.

PRINCIPLE 3: Promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code to guide the directors, managing director, the chief financial officer and other key executives in responsible decision-making.

Although the company did not have a document entitled "code of conduct" during the past financial year, the company believes that the spirit of such a document is encapsulated in various aspects of the company's Personnel Manual and policies, including its Whistleblower Policy*. Adherence to these documents is a condition of employment. Together these documents provide a guide for employees, management and the Board in relation to the way in which company business will be conducted and the standards of behaviour applicable to employees when representing the company and dealing with each other. In addition, the centralised management structure and overlap of former management personnel on the Board provides significant guidance as well as checks and balances to the decision making process.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

Due to the specialised nature of the industry in which the business operates, coupled with the fact that the company only requires a limited number of employees in highly specialised employment roles, the company has not adopted a Diversity Policy. However, the Board and senior management are committed to ensuring that the company's culture promotes and embraces diversity and that the organisations long standing commitment to being an equal opportunity employer is continued. As part of this commitment the company has had an Equal Opportunity Policy since inception which ensures that the recruitment, employee advancement and workplace environment within the company are compliant with all equal opportunity requirements. The recruitment and employee advancement processes for the Board, senior management and all employees are designed to ensure the appointment and promotion of well qualified candidates from a diverse pool.

CORPORATE GOVERNANCE STATEMENT

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Due to the limited number of employees and senior managers employed by the company and the centralised decision-making nature of the organisation, the company does not have measurable objectives for achieving gender diversity. Both the Board and senior management are aware of the diversity of the organisation.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The company uses full time equivalents to report upon the proportions of women employees, and their positions within the organisation however for disclosing diversity of the Board the company uses a head count approach. Consultants who are engaged on an on-going basis are included in the calculations.

Diversity is reported by the categories Board, senior executives, managers and all other employees. A complete company category is also reported.

Board: Male 4 Female 0

Senior executives: Male 3 Female 0

Managers: Male 3.0 Female 1.0

Employees: Male 3.5 Female 1.0

Company (excluding Board): Male 9.5 Female 2.1 (18%)

PRINCIPLE 4: Safeguard the integrity in financial reporting

Recommendation 4.1: The Board should establish an audit committee

The Board appointed Audit and Risk Committee operates in accordance with the Audit and Risk Committee Charter*. The details of the Committee meetings held during the year and attendance at those meetings are detailed in the Directors Meetings Schedule in the Directors' Report.

Recommendation 4.2: Audit committee should be structured as follows: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the Board and has at least three members.

The composition of the company's Audit and Risk Committee was consistent with all of the aspects of Recommendation 4.2. The membership of the Committee as at the end of the financial year consisted of:

- Mr Stephen Jermyn (Chairman, Independent Non-executive Director);
- Mr Peter Ritchie (Independent Non-executive Director); and
- Mr Richard Bell (Non-executive Director)

The profiles of each of the directors, details of the Committee meetings held during the year and attendance at those meetings are set out in the Directors' Report.

Recommendation 4.3: The audit committee should have a formal charter.

A formal Audit and Risk Committee Charter* has been adopted by the Board and reviewed by the Board during the financial year. This Charter sets out the role and responsibilities, composition, structure and membership requirements of the Audit and Risk Committee.

PRINCIPLE 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies.

The company's Continuous Disclosure Policy* was reviewed during the financial year. This Policy incorporates the ASX Guidelines and contains the disclosure requirements under the ASX Listing Rules and the Corporations Act. The Policy is published on the company's website and is also part of the company's Personnel Manual.

CORPORATE GOVERNANCE STATEMENT

The Policy outlines certain types of information which will normally require disclosure, the procedures to be followed in different circumstances such as responding to analysts' reports, trading halts, how announcements should be made and briefings conducted and specifies those roles within the company that are authorised to make disclosures.

In addition to the Policy, the subject of continuous disclosure is discussed at each Board meeting to determine whether or not any issues have come to light that require disclosure.

Based on information provided to the Company Secretary by directors, officers and employees, the Company Secretary is responsible for determining which information is to be disclosed and for the over-all administration of this Policy.

PRINCIPLE 6: Respect the rights of shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy.

The company has a Shareholder Communication Policy* which is available on its website. The policy acts in conjunction with the company's Continuous Disclosure Policy* and Securities Trading Policy* and details how the company interacts with its shareholders.

The Board has determined that the Company website will be the primary source of information for shareholders. The Company website will disclose all formal Company policies, all relevant announcements made to the market and the full text of notices of meetings and explanatory material.

All shareholders are provided with a notice of the annual general meeting in accordance the applicable law.

PRINCIPLE 7: Recognise and manage risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board has delegated responsibility for the company's risk management systems to the Audit and Risk Committee as detailed in the Audit and Risk Committee Charter*. The Audit and Risk Committee seeks to ensure compliance with legal and regulatory requirements and oversees the risk management system. The operational risks are managed at the senior management level and escalated to the Board for direction where the issue is novel, recurring or may impose a material financial burden on the company. The small size of the company means that communication and decision-making is centralised ensuring early identification of risks by senior management and allowing senior management to respond to each risk as is appropriate. The company has implemented the Risk Management Policy* that was developed last year.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Given the high level of centralised decision-making, the nature of the services the company supplies, the small senior management team and the fact that all of the independent directors sit on the Audit and Risk Committee, the Board is continuously kept across the effectiveness of the company's internal control systems. The Board and management have formalised risk management policies.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Chief Executive Officer and the Chief Financial Officer have confirmed to the Board that the integrity of the financial statements is founded on a system of risk management and internal control which implements the policies adopted by the Board and that the company's risk management and internal control system is operating effectively in all material respects to manage the company's material business risks.

PRINCIPLE 8: Remunerate fairly and responsibly

Recommendation 8.1: The Board should establish a remuneration committee.

The Board appointed Remuneration and Nomination Committee operates pursuant to the Remuneration and Nomination Committee Charter*. This Charter was reviewed by the Board during the financial year.

Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least 3 members.

The current members of this Committee are:

- Mr Peter Ritchie (Chairman; Independent Non-executive Director);
- Mr Stephen Jermyn (Independent, Non-executive Director); and
- Mr Richard Bell (Non-executive Director).

The profiles of each of the directors as well as the details of the Committee meetings held during the year and attendance at those meetings are set out in the Directors' Report.

Recommendation 8.3: Companies should clearly distinguish the structure of the non-executive directors' remuneration from that of executive directors and senior executives.

Non-executive directors are remunerated by way of fees only. They do not receive options or bonus payments and there is no scheme for retirement benefits, other than statutory superannuation. Executive directors are paid a salary and provided with options and/or bonuses as part of their remuneration and incentive package. They do not receive a separate payment for participation on the Board.

REVERSE CORP LIMITED AND CONTROLLED ENTITIES

ABN 16 085 949 855

Financial Report for the Financial Year

Ended 30 June 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	Consolidated Entity	
		2013 $	2012 $
Revenue	2	7,276,076	6,733,375
Other revenue	2	53,359	182,632
Direct costs associated with revenue	3	(4,174,068)	(4,535,606)
Employee benefits expense		(1,551,094)	(1,624,219)
Depreciation and amortisation expense		(484,269)	(558,187)
Other expenses		(402,411)	(930,350)
Finance costs	3	(15,608)	(59,792)
Share of net losses of associates	15	-	(14,790)
Profit /(loss) before income tax		701,985	(806,937)
Income tax (expense) / benefit	4	(121,192)	223,054
Profit/(loss) for the year from continuing operations		**580,793**	**(583,883)**
Profit/(loss) for the year from discontinued operations	13	(215,768)	505,599
Profit/(loss) for the year		**365,025**	**(78,284)**
Other comprehensive income			
Foreign currency translation differences		52,582	(21,638)
- Reclassification to profit or loss		79,201	-
Income tax on other comprehensive income	4	(277,970)	16,188
Other comprehensive income for the year, net of income tax		**(146,187)**	**(5,450)**
Total comprehensive income for the year		**218,838**	**(83,734)**
Profit/(loss) for the year attributable to:			
Non-controlling interest		(65,762)	(11,769)
Owners of the parent		430,787	(66,515)
		365,025	(78,284)
Other comprehensive income for the year attributable to:			
Non-controlling interest		-	-
Owners of the parent		(146,187)	(5,450)
		(146,187)	**(5,450)**
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		646,555	(572,114)
Discontinued operations		(361,955)	500,149
		284,600	**(71,965)**
Earnings per share	8		
Basic earnings per share		0.00	**0.00**
Earnings from continuing operations		0.01	**(0.01)**
Profit/(loss) from discontinued operations		0.00	**0.01**
Total			
Diluted earnings per share		0.00	**0.00**
Earnings from continuing operations		0.01	**(0.01)**
Profit/(loss) from discontinued operations		0.00	**0.01**
Total			

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	Consolidated Entity	
		2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**9**	2,840,748	2,302,543
Trade and other receivables	**10**	873,947	911,819
Inventories	**11**	61,190	13,841
Other current assets	**18**	60,441	82,877
TOTAL CURRENT ASSETS		**3,836,326**	**3,311,080**
NON-CURRENT ASSETS			
Property, plant and equipment	**16**	399,317	864,763
Deferred tax assets	**21**	343,419	206,619
Intangible assets	**17**	2,277,455	3,244,219
Other non-current assets	**18**	3,650	3,451
TOTAL NON-CURRENT ASSETS		**3,023,841**	**4,319,052**
TOTAL ASSETS		**6,860,167**	**7,630,132**
CURRENT LIABILITIES			
Trade and other payables	**19**	672,185	1,082,236
Financial liabilities	**20**	-	483,682
Current tax liabilities	**21**	(99,503)	(147,842)
Short-term employee benefits	**22**	76,161	170,321
TOTAL CURRENT LIABILITIES		**648,843**	**1,588,397**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**21**	26,186	76,089
Long-term employee benefits	**22**	3,578	2,796
TOTAL NON-CURRENT LIABILITIES		**29,764**	**78,885**
TOTAL LIABILITIES		**678,607**	**1,667,282**
NET ASSETS		**6,181,560**	**5,962,850**
EQUITY			
Issued capital	**23**	3,553,224	3,553,224
Reserves	**24**	370,946	517,261
Retained earnings		2,334,921	1,904,134
		6,259,091	5,974,619
Non- controlling interest		**(77,531)**	**(11,769)**
TOTAL EQUITY		**6,181,560**	**5,962,850**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Note	Consolidated Entity				
		Issued capital $	Retained earnings $	Non-controlling interest $	Reserves $	Total $
Balance at 1 July 2011		**3,553,224**	**1,970,649**	**-**	**516,555**	**6,040,428**
Total comprehensive income		-	(66,515)	(11,769)	(5,450)	(83,734)
Subtotal		3,553,224	1,904,134	(11,769)	511,105	5,956,694
Transactions with owners						
Employee share options	**24**	-	-	-	6,156	6,156
Balance at 30 June 2012		**3,553,224**	**1,904,134**	**(11,769)**	**517,261**	**5,962,850**
Balance at 1 July 2012		**3,553,224**	**1,904,134**	**(11,769)**	**517,261**	**5,962,850**
Total comprehensive income		-	430,787	(65,762)	(146,187)	218,838
Subtotal		3,553,224	2,334,921	(77,531)	371,074	6,181,688
Transactions with owners						
Employee share options	**24**	-	-	-	(128)	(128)
Balance at 30 June 2013		**3,553,224**	**2,334,921**	**(77,531)**	**370,946**	**6,181,560**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 June 2013

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,343,889	11,000,476
Payments to suppliers and employees		(8,865,367)	(10,090,994)
Interest received		55,999	134,123
Finance costs		(15,650)	(59,803)
Income tax paid		26,259	5,506
Net cash provided by (used in) operating activities	**28**	545,130	989,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		62,008	1,135
Payments for property, plant and equipment		(7,097)	(93,116)
Acquisition of subsidiaries, net of cash		-	1,000
Proceeds from the sale of subsidiaries	**13**	518,153	-
Payments for intangible assets		(132,117)	(804,989)
Investment in equity accounted investments		(8,850)	(53,466)
Net cash provided by (used in) investing activities		432,097	(949,436)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(459,488)	(834,112)
Hire purchase repayments		(24,194)	(8,092)
Net cash provided by (used in) financing activities		(483,682)	(842,204)
Net increase in cash and cash equivalents		493,545	(802,332)
Cash and cash equivalents at beginning of financial year		2,302,543	3,070,189
Effect of exchange rates on cash holdings in foreign currencies		44,660	35,686
Cash and cash equivalents at end of financial year	**9**	2,840,748	2,302,543

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies

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

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

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) *Principles of Consolidation*

A controlled entity is any entity of which Reverse Corp Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end.

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

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

Business Combinations

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

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

(b) *Income Tax*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies

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

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

(c) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Included in inventories are cards to be sold for use within TriTel payphones and contact lenses sold online by Oz Contacts.

(d) *Property, Plant and Equipment*

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

Plant and equipment

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

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

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

Depreciation

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

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

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

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

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

(e) *Leases*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies

(f) Financial Instruments

Recognition

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

Loans and receivables

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

Financial liabilities

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

Derivative Instruments

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

(f) Financial Instruments

Derivative Instruments

The group designates certain derivatives as either:

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

Fair value

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

Impairment

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

(g) Impairment of Non-financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies

(h) Interests in Associates

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

(i) Intangibles

Goodwill

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

Patents and trademarks

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

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs and contractual rights

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

Intellectual property

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

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

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

(j) Foreign Currency Transactions and Balances (cont)

Group companies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies

(k) Employee Benefits

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

Share-based payment transactions

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

(l) Provisions

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

(m) Cash and Cash Equivalents

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

(n) Revenue

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

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

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

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

(o) Borrowing Costs

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

(p) Goods and Services Tax (GST)

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

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

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

(q) Comparative Figures

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

(r) Critical accounting estimates and judgments

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

Key estimates — Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 2: Revenue

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Sales revenue			
— Sale of products		1,188,032	28,086
— Rendering of services		6,088,044	6,705,289
Sales revenue		7,276,076	6,733,375
Other revenue			
— Interest received from other corporations		53,359	131,721
— Other revenue		-	50,911
Other revenue		53,359	182,632

Note 3: Expenses

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Direct costs associated with revenue		4,174,068	4,535,606
Realised foreign exchange loss/(gain)		(2,977)	20,812
Cost of inventories expensed		890,078	21,113
Inventory write-off expensed		19,759	-
Rental expenses on operating leases:			
— minimum lease payments		224,048	226,137
Finance costs:			
— External		15,608	59,792

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 4: Income Tax Expense/(Benefit)

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
(a) The components of tax expense/(benefit) comprise:			
Current tax		(359,668)	(147,895)
Deferred tax	**21**	464,673	(75,159)
Under/(over) provision in respect of prior years		16,187	-
Income tax expense/(benefit) from continuing operations		121,192	(223,054)
Deferred tax expense (benefit) recognised in other comprehensive income	**21**	(277,970)	16,188
(b) The prima facie tax on profit/(loss) from continuing operations before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) from continuing operations before income tax at 30% (2012: 30%)		210,596	(242,081)
Add:			
Tax effect of:			
— Other non-allowable items		(105,553)	17,181
— Share options expensed during year		(38)	1,846
— Under/ (over) provision in respect of prior years		16,187	-
		121,192	(223,054)
Less:			
Tax effect of:			
— Loans forgiven to and from subsidiaries which have been wound up / foreign tax differential		-	-
Income tax expense/(benefit) from continuing operations		**121,192**	**(223,054)**
The applicable weighted average effective tax rates are as follows:		17%	(28%)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 5: Key Management Personnel Remuneration

(a) Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2013. Names and positions held by key management personnel in office at any time during the financial year are:

Directors

Peter Ritchie	Non-executive Chairman
Gary Hillberg	Non-executive Director (1 November 2012, previously Executive Director)
Stephen Jermyn	Non-executive Director
Richard Bell	Non-executive Director

Management Personnel

Charles Slaughter	Chief Executive Officer (appointed 1 September 2012) formerly General Manager, Operations
Dion Soich	Chief Financial Officer
Paul Jobbins	Chief Executive Officer (ceased 31 August 2012)
George Koukides	Chief Executive Officer – Oz Contacts Pty Ltd
Brett Dutton	Chief Technical Officer
Liam Martin	General Manager - TriTel Australia Pty Ltd (ceased 30 November 2012)

	Note	Consolidated Entity	
		2013 $	2012 $
(b) Remuneration for Key Management Personnel			
Short term employee benefits		1,015,459	1,298,617
Post-employment benefits		98,692	138,367
Share-based payments		-	2,902
Termination benefits		228,742	34,025
		1,342,893	1,473,911

(c) Remuneration Options

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 5: Key Management Personnel Remuneration (cont)

(d) Shares issued on Exercise of Remuneration Options

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

(e) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1.7.12	Granted as Remuneration	Options Exercised	Other	Balance 30.6.13	Options Vested and Exercisable
Gary Hillberg	180,000	-	-	-	180,000	180,000
Total	180,000	-	-	-	180,000	180,000

	Balance 1.7.11	Granted as Remuneration	Options Exercised	Other	Balance 30.6.12	Options Vested and Exercisable
Gary Hillberg	180,000	-	-	-	180,000	180,000
Paul Jobbins	750,000	-	-	-	750,000	750,000
Total	930,000	-	-	-	930,000	930,000

Options held by key management personnel have an exercise price of $1.99.

(f) Shareholdings

Number of Shares held by Key Management Personnel during the year

	Balance 1.7.12	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.13
Peter Ritchie	3,833,073	-	-	-	3,833,073
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Total	27,355,561	-	-	-	27,355,561

Number of Shares held by Key Management Personnel for the year ended 30 June 2012

	Balance 1.7.11	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.12
Peter Ritchie	3,733,823	-	-	99,250	3,833,073
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544			-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Paul Jobbins	110,500	-	-	-	110,500
Total	27,366,811	-	-	99,250	27,466,061

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 6: Auditors' Remuneration

	Consolidated Entity	
	2013 $	2012 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	62,668	67,768
— taxation services provided by related practice of auditor	12,600	8,300
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report of subsidiaries	1,407	4,098

Note 7: Dividends

	Consolidated Entity	
	2013 $	2012 $
Dividends Paid	-	-
	-	-
Balance of franking account at year end:	4,640,319	4,667,861
— Adjustment for franking credits arising from payment of provision for income tax	-	(147,842)
Balance of franking account after post balance date adjustments	4,640,319	4,520,019

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 8: Earnings per Share

		Consolidated Entity 2013 $	Consolidated Entity 2012 $
(a)	Reconciliation of Earnings to Profit or Loss		
	Profit/(loss)	430,787	(66,515)
	Earnings used to calculate basic EPS	430,787	(66,515)
	Earnings used in the calculation of dilutive EPS	430,787	(66,515)
		No	No
(b)	Weighted average number of ordinary shares during the year used in calculating basic EPS	92,382,175	92,382,175
		92,382,175	92,382,175
	Weighted average number of options outstanding (i)	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	92,382,175	92,382,175

(i) Only those options which were "in-the-money" during the year were included in the weighted average number of outstanding options. At year end there were 930,000 options which were capable of being exercised.

Note 9: Cash and Cash Equivalents

	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Cash at bank and on hand	231,362	99,750
Short-term deposits	2,609,386	2,202,793
	2,840,748	2,302,543

For the purposes of the Cash Flow Statement, cash and cash equivalents are comprised as above.

The effective interest rate on cash at bank and short-term bank deposits was 2.4% (2012: 3.4%).

Note 10: Trade and Other Receivables

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
CURRENT			
Trade receivables	**10a**	439,006	647,374
Sundry receivables		434,941	264,445
		873,947	911,819

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 11: Inventories

	Consolidated Entity	
	2013 $	2012 $
Inventory at cost	61,190	13,841

Note 12: Controlled Entities

(a) Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest	
			2013 %	2012 %
1800 Reverse Pty Ltd	Reverse Charge Calling Services	Australia	100	100
0800 Reverse Pty Ltd	Reverse Charge Calling Services	Australia	100	100
Oz Contacts Pty Ltd	Online Contact Lenses	Australia	65	68
15-15 Pty Ltd (i)	Service Entity	Australia	100	100
15-15 Cobro Revertido, S.L. (ii)	Service Entity	Spain	100	100
1800 Reverse Operations Pty Ltd (iii)	Service Entity	Australia	100	100
TriTel Australia Pty Limited (iii)	Payphone Services	Australia	100	100
0800 Reverse Limited (iv)	Dormant	United Kingdom	-	100
0800 Collect Limited (iv)	Dormant	United Kingdom	-	100

(i) Formerly Revertido Pty Ltd

(ii) Formerly Revertido Operaciones S.L, subsidiary of 15-15 Pty Ltd

(iii) Subsidiary of 1800 Reverse Pty Ltd

(iv) Both entities were disposed of on 5 April 2013 (refer to note 13)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 13: Disposals and discontinued operations

On 5 April 2013, the Group disposed of the United Kingdom and Ireland business assets of its 100% owned subsidiary 0800 Reverse Pty Ltd and disposed of its 100% equity interest in subsidiaries 0800 Reverse Limited and 0800 Collect Limited (companies incorporated in the United Kingdom) to BBG Global AG as a going concern. 0800 Reverse Pty Ltd will retain the remaining assets and liabilities, being cash, receivables and payables, and will continue to be a 100% subsidiary of the Group.

The consideration for the disposal is $675,439. An upfront amount of $578,947 was received on the 5 April 2013. The remaining amount of $96,492 is to be held in escrow, by JP Morgan on behalf of the Group, for a period of six months to cover any breach of warranty claims against the Group.

The carrying amount of the net assets of 0800 Reverse Limited and 0800 Collect Limited as well as the net value of the business assets sold by 0800 Reverse Pty Ltd at the date of disposal were as follows:

	$
Property, plant and equipment	54,908
Goodwill	254,605
Other intangibles	191,396
Total net assets	500,909
Consideration received in cash	578,947
Cash and cash equivalents disposed of	-
Net cash received (Upfront)	**578,947**
Escrow consideration received in cash	96,492
Net cash received (including Escrow amount)	**675,439**

Operating profit/(loss) of the United Kingdom and Ireland businesses sold and discontinued operations until the date of disposal or discontinuation is summarised as follows:

	2013 $	2012 $
Revenue	1,247,227	3,263,225
Other revenue	151,108	154,334
Direct costs associated with revenue	(825,245)	(1,783,539)
Employee benefits expense	(355,747)	(623,153)
Depreciation and amortisation	(54,018)	(73,921)
Impairment	(489,197)	-
Other expenses	(629,415)	(258,001)
Finance costs	(42)	(11)
Profit/(loss) from discontinued operations before tax	**(955,329)**	**678,934**
Tax benefit/(expense)	565,031	(173,335)
Profit/(loss) for the year	**(390,298)**	**505,599**
Profit before tax on disposal	174,530	-
Tax benefit/(expense)	-	-
Total profit/(loss)	**174,530**	**-**
Profit/(loss) for the year from discontinued operations	**(215,768)**	**505,599**

Cash flows generated by the United Kingdom and Ireland businesses sold and discontinued operations for the reporting fields under review until the disposal or discontinuation are as follows:

	2013 $	2012 $
Operating activities	(29,389)	989,288
Investing activities	529,960	(1,073,425)
Cash flows from discontinued operations	**500,571**	**(84,137)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 14: Parent Entity Information

Reverse Corp Limited	2013 $	2012 $
Assets		
Current assets	2,678,068	2,121,556
Non-current assets	2,589,533	4,073,501
Total Assets	**5,267,601**	**6,195,057**
Liabilities		
Current liabilities	198,023	500,780
Non-current liabilities	-	-
Total Liabilities	**198,023**	**500,780**
Equity		
Issued capital	3,553,224	3,553,224
Retained earnings	1,142,807	1,767,378
Reserves		
Option reserve	373,547	373,675
Total Equity	**5,069,578**	**5,694,277**
Financial Performance		
Loss for the year	(624,571)	(510,591)
Other comprehensive income	-	-
Total Comprehensive Income	**(624,571)**	**(510,591)**

Guarantees in relation to the debts of subsidiaries:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 15: Associated Companies

Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			2013 %	2012 %	2013 $	2012 $
Coinmate Pty Ltd	Retail coin collection services	Australia	50	50	-	-
			50	50	-	-

	2013 $	2012 $
Movements During the Year in Equity Accounted Investment in Associated Companies		
Balance at beginning of the financial year	-	92,168
Add: New investments during the year	8,852	53,466
Less: Provision for impairment	(8,852)	(130,844)
Share of associated company's loss after income tax	-	(14,790)
Balance at end of the financial year	**-**	**-**
Equity accounted losses of associates are broken down as follows:		
Share of associates loss before income tax	-	(14,790)
Share of associates income tax expense	-	-
Share of associates loss after income tax	**-**	**(14,790)**
Summarised presentation of Aggregate Assets, Liabilities and Performance of Associates		
Current assets	-	-
Non-current assets	24,287	24,287
Total Assets	24,287	24,287
Current liabilities	-	-
Non-current liabilities	-	-
Total Liabilities	-	-
Net Assets	**24,287**	**24,287**
Revenues	-	-
Loss after income tax of associates	-	(29,580)

The group's ownership interest in Coinmate Pty Ltd at that company's balance date, which was 30 June 2013, was 50%. As consideration for the group's 50% interest in the venture it had agreed to fund the operations of the venture until the completion of a pilot. At balance date no trigger of a commitment of a capital nature had occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 16: Property, Plant and Equipment

	Consolidated Entity	
	2013 $	2012 $
PLANT AND EQUIPMENT		
Plant and Equipment:		
At cost	5,596,447	6,022,973
Accumulated depreciation	(5,389,540)	(5,649,758)
	206,907	373,215
Calling Platform:		
At cost	1,037,813	1,272,362
Accumulated depreciation	(856,442)	(798,868)
	181,371	473,494
Motor Vehicles		
At cost	48,414	66,786
Accumulated depreciation	(37,375)	(48,732)
	11,039	18,054
Total Property, Plant and Equipment	399,317	864,763

Movements in Carrying Amounts

	Consolidated Entity			
	Plant and Equipment	Calling Platform	Motor Vehicles	Total
	$	$	$	$
Year ended 30 June 2012				
Balance at the beginning of year	626,517	698,324	24,092	1,348,933
Additions	44,468	48,648	-	93,116
Disposals	(1,135)	-	-	(1,135)
Depreciation expense	(296,635)	(263,461)	(6,038)	(566,134)
Exchange adjustment	-	(10,017)	-	(10,017)
Carrying amount at the end of year	373,215	473,494	18,054	864,763
Year ended 30 June 2013				
Balance at the beginning of year	373,215	473,494	18,054	864,763
Additions	7,097	-	-	7,097
Disposals	(13,415)	(48,755)	(2,844)	(65,014)
Depreciation expense	(159,033)	(251,454)	(4,171)	(414,658)
Exchange adjustment	(957)	8,086	-	7,129
Carrying amount at the end of year	206,907	181,371	11,039	399,317

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 17: Intangible Assets

	Consolidated Entity	
	2013 $	2012 $
Goodwill		
Cost	3,564,601	3,564,601
Disposals	(254,605)	-
Accumulated impairment losses	(1,638,972)	(1,638,972)
Net carrying value	1,671,024	1,925,629
Trademarks, Licences and Intellectual Property		
Cost	275,414	933,591
Accumulated amortisation	(90,058)	(79,597)
Exchange adjustment	20,772	(28,513)
Net carrying value	206,128	825,121
Development Costs		
Cost	37,636	37,636
Accumulated amortisation	(32,000)	(30,000)
Net carrying value	5,636	7,636
Contractual Rights		
Cost	570,000	550,000
Accumulated amortisation	(175,333)	(64,167)
Net carrying value	394,667	485,833
Total intangible assets	2,277,455	3,244,219

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

The Group has taken the prudent step of impairing 100% of the Spanish capitalised assets in December 2012 and has expensed all future costs. The total amount of the impairment is $489,197 (€390,647). The Board has decided not to proceed with this development of this service. Management will be closing all existing agreements and entities in the coming months to complete the full exit from this market.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 17: Intangible Assets (cont)

Movements in Carrying Amounts

	Consolidated Entity				
	Goodwill	Trademarks, Licences & IP	Development Costs	Contractual Rights	Total
	$	$	$	$	$
Year ended 30 June 2012					
Balance at the beginning of year	1,925,629	606,209	7,636	-	2,539,474
Additions	-	248,912	-	550,000	798,912
Amortisation expense	-	(1,487)	-	(64,167)	(65,654)
Exchange adjustment	-	(28,513)	-	-	(28,513)
Carrying amount at the end of year	1,925,629	825,121	7,636	485,833	3,244,219
Year ended 30 June 2013					
Balance at the beginning of year	1,925,629	825,121	7,636	485,833	3,244,219
Additions	-	88,200	-	20,000	108,200
Disposals	(254,605)	(228,306)	-	-	(482,911)
Impairment	-	(489,197)	-	-	(489,197)
Amortisation expense	-	(10,462)	(2,000)	(111,167)	(123,629)
Exchange adjustment	-	20,772	-	-	20,772
Carrying amount at the end of year	1,671,024	206,128	5,636	394,667	2,277,455

Impairment Disclosures

Goodwill is allocated to the following cash-generating units:

	2013 $	2012 $
1800 Reverse (Australia)	1,671,024	1,671,024
0800 Reverse (United Kingdom)	-	254,605
Total	**1,671,024**	**1,925,629**

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond the fifth year extrapolated using an estimated growth rate.

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

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

	Growth Rate	Discount Rate
1800 Reverse (Australia)	(35.0%)	12.5%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 18: Other Assets

	Consolidated Entity	
	2013 $	2012 $
CURRENT		
Prepayments	60,441	82,877
NON-CURRENT		
Deposits	3,650	3,451

Note 19: Trade and Other Payables

	Consolidated Entity	
	2013 $	2012 $
CURRENT		
Unsecured liabilities		
Trade payables	337,616	473,305
Sundry payables and accrued expenses	334,569	608,931
	672,185	**1,082,236**

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

Note 20: Financial Liabilities

	Note	Consolidated Entity	
		2013 $	2012 $
CURRENT			
Secured liabilities			
Bank loan	**20(b)**	-	459,488
Hire purchase liability	**25**	-	24,194
		-	**483,682**

(a) The carrying amounts of non-current assets pledged as security are:

Equipment loans	**20(c)**	-	-
Hire purchase liability	**25**	-	18,054
		-	**18,054**

(b) NAB credit facility

Reverse Corp Limited has repaid the facility with National Australia Bank during 2013. The Group has a $50,000 credit card limit and a $7,219 bank guarantee. The bank holds a fixed and floating charge over the assets of the group.

(c) Unused facilities

Credit facility	-	918,977
Amount utilised	-	(459,488)
	-	**459,489**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 21: Tax

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
(a) Current			
Income tax		(99,503)	(147,842)

	Balance Sheet		Comprehensive Income		Income Statement	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
(b) Non-Current						
Consolidated Entity						
Deferred tax liabilities:						
Prepaid expenses	(371)	(6,887)			6,516	2,842
Property, plant and equipment	(8,308)	(12,468)			4,160	67,645
Intangibles	(17,507)	(56,734)			39,227	(88,291)
Gross deferred income tax liability	(26,186)	(76,089)				
Deferred tax assets:						
Provisions	23,922	90,512			(66,590)	42,705
Carried forward tax losses	214,707	18,302			196,405	18,302
Intangibles	100,545	15,422			85,123	(4,183)
Other	4,245	82,383	(277,970)	16,188	199,832	36,139
Gross deferred income tax assets	343,419	206,619				
Deferred income tax charge			(277,970)	16,188	464,673	75,159

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

Note 22: Employee Benefits

	Consolidated Entity $
Employee Benefits	
Opening balance at 1 July 2012	173,117
Movement in employee benefits	(93,378)
Balance at 30 June 2013	79,739

Analysis of Total Employee Benefits

	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Employee Benefits		
Current	76,161	170,321
Non-current	3,578	2,796
	79,739	173,117

Employee Benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 23: Issued Capital

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
92,382,175 (2011: 92,382,175) Fully paid Ordinary shares	**23(a)**	3,553,224	3,553,224
		3,553,224	3,553,224

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

(a) Ordinary Shares

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

	2013 No.	2012 No.
At the beginning of reporting period	92,382,175	92,382,175
Shares issued during the year	-	-
At reporting date	92,382,175	92,382,175

(b) Options

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

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

(c) Capital Management

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

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

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

Management felt it was prudent to repay the total group debt to provide maximum financial flexibility for future growth. The gearing ratios for the year ended 30 June 2013 and 30 June 2012 are as follows:

	Note	Consolidated Entity 2013 $	Consolidated Entity 2012 $
Total borrowings	**20**	-	483,682
Less cash and cash equivalents	**9**	(2,840,748)	(2,302,543)
Net debt		(2,840,748)	(1,818,861)
Total equity		6,181,560	5,962,850
Total capital		3,340,812	4,143,989
Gearing ratio		0.0%	(43.9%)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 24: Reserves

	Consolidated Entity		
	Option Reserve	Foreign Currency Translation Reserve	Total
	$	$	$
At 1 July 2011	366,521	150,034	516,555
Currency translation differences	-	(21,638)	(21,638)
Deferred tax (expense) benefit	-	16,188	16,188
Share-based payments	6,156	-	6,156
At 30 June 2012	**372,677**	**144,584**	**517,261**
Currency translation differences	-	131,784	131,784
Deferred tax (expense) benefit	-	(277,970)	(277,970)
Share-based payments	(129)	-	(129)
At 30 June 2013	**372,548**	**(1,602)**	**370,946**

Option Reserve

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

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign operations into AUD. All foreign operations have been either disposed of or discontinued in 2013, and as such no group entities have a functional currency other than AUD, except 15-15 Cobro Revertido SL. The change in functional currency has been applied from the date of this change being the disposal of the foreign operations. On disposal of the foreign operations the cumulative amount of the exchange differences relating to those foreign operations, recognised in other comprehensive income and accumulated in a separate component of equity in prior periods has been reclassified from equity to profit or loss (as a reclassification adjustment).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 25: Capital and Leasing Commitments

	Note	Consolidated Entity 2013 $	2012 $
(a) Hire Purchase Commitments			
Payable — minimum payments		-	-
— not later than 12 months		-	25,950
— greater than 1 year but not greater than 5 years		-	-
Minimum payments		-	25,950
Less future finance charges		-	(1,756)
	20	-	24,194

	2013 $	2012 $
(b) Operating Lease Commitments as Lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Minimum lease payments		
— not later than 12 months	211,335	189,008
— greater than 1 year but not greater than 5 years	176,113	-
	387,448	189,008

(a) An Operating lease is held for the office in Brisbane, Australia. This lease has an annual increase in line with CPI or a fixed 3.5%, whichever is the greater.

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

Note 26: Contingent Liabilities and Contingent Assets

Reverse Corp Limited has signed a debt and interest interlocking guarantee in favour of National Australia Bank Limited in relation to financing provided to its subsidiaries, 1800 Reverse Pty Ltd, 1800 Reverse Operations Pty Ltd, and TriTel Australia Pty Ltd to cover the 1800 Reverse Pty Ltd's credit card limit of $50,000 and a bank guarantee for TriTel Australia Pty Ltd in favour of Brisbane Airport Corporation Limited for $7,219.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 27: Segment Reporting

The group has identified its operating segments based on the internal reports that are reviewed and used by management and the Board of Directors in assessing performance and determining the allocation of resources. The operating segments have been reviewed by management and the Board of Directors following the disposal or discontinuation of the foreign operations and changed to reflect the ongoing needs of the business.

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

The following table presents the operating segments for the years ended 30 June 2013 and 2012.

	Reverse Charges		Payphones	Online Contacts	Corporate	Inter Segment Eliminations	Group
	Australia	Discontinued					
Year ended 30 June 2013	$	$	$	$	$	$	$
REVENUE							
External revenue	4,910,819	1,247,226	1,177,225	1,188,032	-	-	8,523,302
Other revenue	-	149,188	-	-	614,609	(440,079)	323,718
Inter-segment revenue	555,235	-	9,317	-	-	(564,552)	-
Interest revenue	-	1,920	4	-	72,656	(19,301)	55,279
Total revenue	5,466,054	1,398,334	1,186,546	1,188,032	687,265	(1,023,932)	8,902,299
RESULT							
Segment result	1,248,143	(955,329)	(220,839)	(272,839)	122,020	-	(78,814)
OTHER SEGMENT INFORMATION							
Segment assets	11,264,793	1,186,937	1,651,699	299,333	11,046,609	(18,589,204)	6,860,167
Segment liabilities	8,693,878	1,563,135	130,680	527,646	4,929,803	(15,166,535)	678,607
Interest in associates	-	-	-	-	-	-	-
Share of associates	-	-	-	-	-	-	-
Interest expense	214	1,970	104	17,368	15,289	(19,295)	15,650
Capital expenditure	25,083	32,536	-	57,680	-	-	115,299
Depreciation and amortisation	323,741	54,018	148,322	12,206	-	-	538,287
Impairment	-	489,197	-	-	-	-	489,197
Income tax expense/(benefit)	349,275	(565,031)	(61,640)	(81,762)	(84,681)	-	(443,839)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 27: Segment Reporting (cont)

	Reverse Charges		Payphones	Online Contacts	Corporate	Inter Segment Eliminations	Group
	Australia	Discontinued					
Year ended 30 June 2012	$	$	$	$	$	$	$
REVENUE							
External revenue	4,958,089	3,263,225	1,747,200	28,086	-	-	9,996,600
Other revenue	50,911	151,956	-	-	-	-	202,867
Inter-segment revenue	843,526	-	15,086	-	-	(858,612)	-
Interest revenue	-	2,378	54	45	137,175	(5,553)	134,099
Total revenue	5,852,526	3,417,559	1,762,340	28,131	137,175	(864,165)	10,333,566
RESULT							
Segment result	(58,585)	678,934	(19,935)	(56,245)	(672,172)	-	(128,003)
OTHER SEGMENT INFORMATION							
Segment assets	8,363,627	4,305,769	1,795,723	63,814	8,866,645	(15,765,446)	7,630,132
Segment liabilities	6,718,534	1,538,479	115,507	101,079	3,138,519	(9,944,837)	1,667,281
Interest in associates	-	-	-	-	-	-	-
Share of associates	-	-	-	-	(14,790)	-	(14,790)
Interest expense	17,437	3,529	2,670	2,218	39,502	(5,553)	59,803
Capital expenditure	639,552	202,789	26,132	28,901	-	-	897,374
Depreciation and amortisation	273,427	73,921	284,760	-	-	-	632,108
Impairment	-	-	-	-	130,844	-	130,844
Income tax expense/(benefit)	(19,935)	173,335	(4,899)	(18,979)	(179,241)	-	(49,719)

Basis of accounting for purposes of reporting by operating segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 27: Segment Reporting (cont)

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

	2013 $	2012 $
Revenues		
Total reportable segment revenues	8,902,299	10,333,566
Discontinued operations	(1,398,334)	(3,417,559)
Profit on sale	(174,530)	-
Elimination of intersegment revenues	-	-
Group revenues	**7,329,434**	**6,916,007**

	2013 $	2012 $
Profit or loss		
Total reportable segment operating profit/(loss)	(78,814)	(128,003)
Profit on sale	(174,530)	-
Operating (profit)/loss of discontinued operations	955,329	(678,934)
Elimination of intersegment (profits)/losses	-	-
Group operating profit/(loss)	**701,985**	**(806,937)**

Note 28: Cash Flow Information

	Consolidated Entity	
	2013 $	2012 $
Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax		
Profit/(loss) after income tax	365,025	(78,284)
Non-cash flows in profit /(loss)		
Amortisation	123,629	65,974
Depreciation	414,658	566,134
Net (profit)/loss on disposal of property, plant and equipment	1,935	-
Net (profit)/loss on disposal of subsidiaries	(174,530)	-
Stock adjustment	19,759	-
Share-based payments	(128)	6,156
Impairment	489,197	130,844
Other non cash outflows	103,561	19,929
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	59,771	636,488
(Increase)/decrease in inventories	(67,107)	(7,819)
(Increase)/decrease in prepayments	22,779	23,188
(Increase)/decrease in other assets	(315,094)	(94,391)
Increase/(decrease) in trade payables and accruals	(135,627)	(308,889)
Increase/(decrease) in income taxes payable	(59,316)	14,329
Increase/(decrease) in deferred taxes payable	142,869	18,254
Increase/(decrease) in other payables	(280,195)	(17,415)
Increase/(decrease) in provisions	14,277	13,764
Foreign currency movement	(180,333)	1,046
Cash flow from operations	545,130	989,308

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 29: Share-based Payments

	Consolidated Entity			
	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	1,645,000	$2.95	1,645,000	$2.95
Granted/Reinstated	-	-	-	-
Cancelled	-	-	-	-
Lapsed	(715,000)	$3.67	-	-
Exercised	-	-	-	-
Outstanding at year-end	930,000	$2.40	1,645,000	$2.95
Exercisable at year-end	930,000	$2.02	1,145,000	$2.24

The options outstanding at 30 June 2013 had a weighted average exercise price of $2.40 and a weighted average remaining contractual life of five years. Exercise prices range from $1.99 to $3.00.

There were no options granted during the year.

All options linked to the establishment of a Spanish service have lapsed as the Board has decided not to proceed with the setting up of the service.

Note 30: Events After the Balance Sheet Date

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

The financial report was authorised for issue on 22 August 2013 by the Board of directors.

Note 31: Related Party Transactions

	Consolidated Entity	
	2013 $	2012 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
(a) **Subsidiary Companies** At balance date intercompany receivable balances existed between Reverse Corp Limited and its wholly owned subsidiaries. The balance represents the provision of working capital in order to manage operating businesses. The intercompany receivable balance is interest bearing and repayable on demand. At 30 June 2013 the net amount owed to the company by its subsidiaries was $9,252. (2012: $532,000)		
(b) **Key Management Personnel** 1800 Reverse Pty Ltd and TriTel Australia Pty Ltd lease office premises from Bell Co Pty Ltd, a company which Non-executive Director Mr Richard Bell controls.		
Operating lease payments:	222,759	220,418

There are no amounts outstanding at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 32: Financial Instruments

(a) Financial risk management objectives and policies

The group's financial instruments consist mainly of bank loans, hire purchase agreements, cash and short term deposits.

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

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

Interest rate risk

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

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

	Consolidated Entity	
	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	2,694,895	2,224,712
	2,694,895	**2,224,712**
Financial Liabilities		
Bank loans	-	459,488
	-	**459,488**
Net Exposure	**2,694,895**	**1,765,224**

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

Note 32: Financial Instruments (cont)

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

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

At 30 June 2013, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
	2013 $	2012 $
Judgements of reasonable possible movements:		
Consolidated		
+1% (100 basis points)	18,864	12,357
-0.5% (50 basis points)	(9,432)	(6,178)

The movements in profit are due to higher/lower interest on variable rate debt and cash balances.

Foreign currency risk

The Group's exposure to GBP/AUD exchange rate changes has been reduced with the sale of the United Kingdom and Ireland businesses in April 2013. At balance date all GBP debt has been repaid with only cash, receivables and payables exposed to currency risk until collected or paid.

The group has an immaterial foreign currency exposure to the Euro with approximately $21,000 held in Euro denominated bank accounts at year end. No sensitivity analysis or disclosure has been prepared in relation to this exposure.

At balance date, the consolidated entity had the following exposure to British pound foreign currency that is not designated in cash flow hedges:

	Consolidated Entity	
	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	183,046	149,894
Trade and other receivables	121,686	512,072
	304,732	**661,966**
Financial Liabilities		
Trade and other payables	17,513	203,899
Bank loans and overdrafts	-	459,488
	17,513	**663,387**
Net Exposure	**287,219**	**(1,421)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 32: Financial Instruments (cont)

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

Foreign currency risk

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date. At 30 June 2013, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2013 $	2012 $	2013 $	2012 $
Judgements of reasonable possible movements:				
Consolidated				
+1% (100 basis points)	-	3,185	-	-
-1% (100 basis points)	-	(3,249)	-	-

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Credit risk

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

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

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

Liquidity risk

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

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

Note 32: Financial Instruments (cont)

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

Liquidity risk

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Year ended 30 June 2013	$	$	$	$
Consolidated financial assets:				
Cash	2,840,748	-	-	2,840,748
Receivables	873,947	-	-	873,947
Total Financial Assets	3,714,695	-	-	3,714,695
Consolidated financial liabilities:				
Bank loans	-	-	-	-
Trade and sundry payables	672,185	-	-	672,185
Hire purchase liabilities and equipment loans	-	-	-	-
Total Financial Liabilities	672,185	-	-	672,185
Net Maturity	**3,042,510**	**-**	**-**	**3,042,510**

Note 33: New accounting standards to be applied in future reporting periods

At the date of authorisation of these financial statements, certain new standards have been published but are not yet effective, and have not been adopted early but will be applicable to the group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but which are considered insignificant to the group.

(a) AASB 12: “Disclosure of Interests in Other Entities

AASB 12: “Disclosure of Interests in Other Entities” was issued by the AASB in August 2011 and is a new standard on disclosure requirements for all forms of interests in investments, including subsidiaries, associates, joint arrangements and consolidated and unconsolidated structured entities.

This standard is applicable to the Group from 1 July 2013 on a retrospective basis, with early adoption permitted provided that the entire suite of consolidation and related standards is adopted at the same time.

As this is a disclosure standard only, there will be no impact on the accounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

(b) AASB 127: “Separate Financial Statements”

AASB 127: “Separate Financial Statements” has been released by the AASB in August 2011 to replace the current AASB 127 standard, now only containing the accounting requirements for preparation of separate financial statements of the parent.

This standard is applicable from 1 July 2013, with early adoption permitted provided that the entire suite of consolidation and related standards is adopted at the same time. There is no impact to the Group’s financial statements as we already comply with the requirements in the standard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Note 33: New accounting standards to be applied in future reporting periods (cont)

(c) Other

In addition to the above accounting standards which are applicable in future years, we note the following new accounting standards and interpretations also applicable in future years:

- AASB 9: “Financial Instruments: Recognition and Measurement”
- AASB 10: “Consolidated Financial Statements”
- AASB 11: “Joint Arrangements”
- AASB 13: “Fair Value Measurement”
- AASB 119: “Employee Benefits”
- AASB 128: “Investments in Associates and Joint Ventures”
- AASB 1053: “The Application of Tiers of Australian Accounting Standards”
- AASB 2010-2: “Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements”
- AASB 2011-4: “Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements”
- AASB 2011-7: “Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards”
- AASB 2012-2: “Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities”
- AASB 2012-3: “Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities”
- AASB 2012-5: “Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle”
- AASB 2012-6: “Amendments to Australian Accounting Standards – Mandatory Effective Dates of AASB 9 and Transition Disclosures”
- AASB 2012-9: “Amendments to AASB 1048 arising from the withdrawal of Australian Interpretation 1039”
- AASB 2012-10: “Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments”
- AASB Interpretation 21: “Levies”
- AASB 2013-3: “Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4: “Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting”

We do not expect these accounting standards and interpretations to materially affect our financial statements upon adoption.

Note 34: Company Details

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

23 McDougall Street
Milton QLD 4064

DIRECTORS' DECLARATION

The directors of the company declare that:

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

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

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

   (c) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and consolidated entity;

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

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

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

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

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

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

Peter D Ritchie

Mr Peter D Ritchie
Chairman

Dated this 22nd day of August 2013

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Reverse Corp Limited (the "Company"), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

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

a 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

b complying with Australian Accounting Standards and the Corporations Regulations 2001; and

c the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 5 to 9 of 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Reverse Corp Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A F Newman
Partner - Audit & Assurance

Brisbane, 22 August 2013

SHAREHOLDER INFORMATION

This information is extracted from share registry records as at 21 August 2013.

(a) Distribution schedule

Range	Number of holders	Number of shares
1 - 1,000	257	136,355
1,001 - 5,000	320	898,824
5,001 - 10,000	156	1,286,059
10,001 - 100,000	267	9,897,145
100,001 and over	71	80,163,792
Total	**1,071**	**92,382,175**

Number of holders with less than a marketable parcel: 806

(b) Twenty largest shareholders

Rank	Name	Units	% of Issued capital
1	RICHARD LESLIE BELL	18,259,777	19.77%
2	JP MORGAN NOMINEES AUSTRALIA LIMITED	15,787,536	17.09%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,733,410	6.21%
4	CITICORP NOMINEES PTY LIMITED	5,524,336	5.98%
5	NATIONAL NOMINEES LIMITED	4,760,218	5.15%
6	MR PETER DAVID RITCHIE & MRS LEIGH MARGARET RITCHIE	3,713,373	4.02%
7	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST	2,500,000	2.71%
8	BELL CO PTY LTD	1,901,544	2.06%
8	SCJ PTY LTD	1,901,544	2.06%
9	MR NOEL D'SOUZA	1,456,167	1.58%
10	MR NIGEL JOHN REMFRY & MRS SARA ANTONIETTA REMFRY	1,091,351	1.18%
11	MR STEPHEN CRAIG JERMYN	1,000,000	1.08%
11	MR TREVOR JOHN KENNEDY & MS CHRISTINA LAIDLEY KENNEDY & MR DANIEL KENNEDY	1,000,000	1.08%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	848,889	0.92%
13	MR IANAKI SEMERDZIEV	813,942	0.88%
14	MS NILAVAN VONKHORPORN	710,000	0.77%
15	DKR DIRECT PTY LTD	536,031	0.58%
16	MS MEI FANG WANG	517,472	0.56%
17	FREEMAN SUPER CO PTY LIMITED	508,429	0.55%
18	MR DONALD JAMES MILLER	500,000	0.54%
18	RETROP VR PTY LTD	500,000	0.54%
19	DR PAUL LORIA	487,332	0.53%
20	MR DONALD IAN FRASER	470,558	0.51%
	Total: Twenty largest holders	**70,521,909**	**76.3%**
	Remainder	**21,860,266**	**23.7%**
	Total	**92,382,175**	**100.0%**

(c) Substantial shareholders

Rank	Name	Units	% of Issued capital
1	Richard Leslie Bell	20,370,588	22.1%
2	Orbis Investment Management (Australia) Pty Ltd	16,798,104	18.2%
3	CC Asia Absolute Return Master	9,766,451	10.6%

(d) Voting rights

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

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

OPTION HOLDER INFORMATION

This information is extracted from company registry records as at 21 August 2013.

(a) Distribution schedule

Range	Number of holders	Number of options
1 - 1,000	0	0
1,001 - 5,000	0	0
5,001 - 10,000	0	0
10,001 - 100,000	0	0
100,001 and over	2	930,000
Total	**2**	**930,000**

(b) Option holders

Rank	Name	Units	% of issued options
1	PAUL SIMON JOBBINS	750,000	80.65%
2	GARY HILLBERG	180,000	19.35%
	Total	**930,000**	**100.0%**

(c) Voting rights

These securities have no voting rights until exercised.

CORPORATE DIRECTORY

Directors

Mr Peter D Richie – Chairman

Mr Gary B Hillberg

Mr Richard L Bell

Mr Stephen C Jermyn

Audit and Risk Committee

Mr Stephen C Jermyn – Chairman

Mr Peter D Ritchie

Mr Richard L Bell

Remuneration and Nomination Committee

Mr Peter D Richie – Chairman

Mr Stephen C Jermyn

Mr Richard L Bell

Company Secretary

Mr Dion Soich

Registered Office

23 McDougall Street
Milton QLD 4064

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

Principal Place of Business

23 McDougall Street
Milton QLD 4064

Share Registry

Link Market Services
Level 15
324 Queen Street
Brisbane QLD 4000

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

Stock Exchange

Listed on the Australian Stock Exchange

Auditors

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

Solicitors

Holding Redlich
Level 1
300 Queen Street
Brisbane QLD 4000

Website

www.reversecorp.com.au