

APPENDIX 4D

Half-year Report for the period ending 31 December 2013

1. Name of entity

| |
|-----------------------------------|
| RECLAIM INDUSTRIES LIMITED |
|-----------------------------------|

| ABN | Reporting Period | Previous Corresponding Period |
|----------------|--|--|
| 47 090 671 819 | Half-year ended 31 December 2013 | Half-year ended 31 December 2012 |

2. Results for Announcement to the Market

| Financial Results | | | | 31 December 2013 |
|---|--|--------|----|------------------|
| Revenues from ordinary activities (<i>item 2.1</i>) | - | - | to | - |
| Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>) | Up | 73.3 % | to | (242,011) |
| Net loss for the period attributable to members (<i>item 2.3</i>) | Up | 73.3 % | to | (242,011) |
| Final and interim dividends (<i>item 2.4</i>) | It is not proposed that either a final or interim dividend be paid . | | | |
| Record date for determining entitlements to the dividend (<i>item 2.5</i>) | N/A | | | |
| Brief explanation of any of the figures reported above (<i>item 2.6</i>): | The current year loss is attributable to operational costs. The prior year loss was the result of being in Administration from 17 February 2011 to 29 November 2012. | | | |

3. NTA Backing

| | Current Period | Previous Corresponding Period |
|--|----------------|-------------------------------|
| Net tangible assets per ordinary share (<i>Item 3</i>) | 0.15 cents | 0.29 cents |

4. Loss of control over entities

| | |
|---|--|
| Details of entities over which control has been gained or lost (<i>item 4</i>) | There has been no change to the subsidiaries during the period. Subsequent to 31 December 2013, all subsidiaries have been deregistered. |
|---|--|

5. Dividends paid and payable

| | |
|--|--|
| Details of dividends or distribution payments (<i>item 5</i>) | No dividends or distributions are payable. |
|--|--|

6. Dividend reinvestment plans

| | |
|---|---|
| Details of dividend or distribution reinvestment plans <i>(item 6)</i> | There is no dividend reinvestment program in operation for Reclaim Industries Limited |
|---|---|

7. Details of associates and joint venture entities

| | |
|--|-----|
| Details of associates and joint venture entities <i>(item 7)</i> | N/A |
|--|-----|

8. Foreign entities

| | |
|--|-----|
| Foreign entities to disclose which accounting standards are used in compiling the report <i>(item 8)</i> | N/A |
|--|-----|

9. Audit qualification or review

| |
|--|
| Details of any audit dispute or qualification <i>(item 9)</i> |
| <p>Emphasis of matter:</p> <p>Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.</p> |



RECLAIM INDUSTRIES LIMITED

ACN 090 671 819

Consolidated Interim financial report for the half-year ended 31 December 2013



Contents

Page

| | |
|---|----|
| Corporate Information | 2 |
| Directors' report | 3 |
| Auditor's independence declaration | 5 |
| Independent auditor's review report | 6 |
| Directors' declaration | 8 |
| Consolidated statement of profit or loss and other comprehensive income | 9 |
| Consolidated statement of financial position | 10 |
| Consolidated statement of changes in equity | 11 |
| Consolidated statement of cash flows | 12 |
| Notes to the consolidated financial statements | 13 |

| | |
|------------------------------------|--|
| Directors | Mr Stephen Hewitt-Dutton Mr KC Ong Mr Bruce Franzen |
| Company Secretary | Miss Deborah Ho |
| Registered Office | Level 24, 44 St Georges Terrace PERTH WA 6000 |
| Share Registry | Security Transfer Registrars Pty Limited 770 Canning Highway, APPLECROSS WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233 |
| Website | www.reclaimindustries.com.au |
| Place of Incorporation | Western Australia |
| Principal Place of Business | Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875 |
| Auditors | BDO (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Telephone: (08) 6382 4600 Facsimile: (08) 6382 4601 |
| Solicitors | Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH WA 6000 |
| Banker | National Australia Bank Limited Ground Floor, 100 St Georges Terrace PERTH WA 6000 Suncorp-Metway Ltd Level 2, 66 St George's Terrace Perth WA 6000 |
| Stock Exchange | ASX Limited Exchange Plaza, 2 The Esplanade PERTH WA 6000 |
| ASX Code | RCM |

Directors' report

The directors of Reclaim Industries Limited submit herewith the consolidated interim financial report of Reclaim Industries Limited and its subsidiaries (the Group) for the half-year ended 31 December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Name

- Stephen Hewitt-Dutton
- KC Ong
- Bruce Franzen

Company Secretary

- Deborah Ho

Operating Results

The loss after tax of the consolidated entity for the half year ended 31 December 2013 was \$242,011 (2012: loss \$905,833).

Principal Activities and Review of Operations

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

In line with the strategy outlined by the Company in its May 2012 prospectus, the Company continues to review investment opportunities. Whilst several of the opportunities reviewed have warranted further investigation, none have met the Company's investment criteria.

During the half year the Company has also continued its review of opportunities in the tyre collection and recycling industry. The review is focusing on the assets that were retained following the Company's administration, being:

- the business of tyre collection; and
- exporting tyres and tyre products, focusing on developing those products that markets require whilst also attracting appropriate margins.

To date the review of the opportunities in the tyre collection and recycling industry has not resulted in directors believing that it re-entry into that industry is warranted. However, the directors will continue to monitor opportunities and developments in that market.

Matters Subsequent to Reporting Period

On 13 February 2014, all of Reclaim Industries Limited's subsidiaries as listed below have been deregistered.

Subsidiaries Deregistered:

- Reclaim Energy Pty Ltd;
- Reclaim Corporation Pty Ltd;
- Duskview Pty Limited;
- Reclaim SA Pty Ltd; and
- Reclaim Asia Pty Ltd.

Dividends

No dividend has been proposed or paid during the period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of directors made pursuant to s.306 (3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Stephen Hewitt-Dutton

Chairman

Perth 28th day of February 2014

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

As lead auditor for the review of Reclaim Industries Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

1. the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. any applicable code of professional conduct in relation to the review.

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



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Reclaim Industries Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Reclaim Industries Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reclaim Industries Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Reclaim Industries Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', with the BDO logo above it.

Peter Toll
Director

Perth, 28 February 2014

Directors' declaration

In the directors' opinion:

- (a) the attached financial statements and notes thereto comply with the *Corporation Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporation Regulation 2001* and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Stephen Hewitt-Dutton
Chairman

Perth 28th day of February 2014

Reclaim Industries Limited

Consolidated statement of profit or loss and other comprehensive income

**Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2013**

| | Note | Consolidated | |
|--|------|------------------|------------------|
| | | 31 Dec 2013 | 31 Dec 2012 |
| | | \$ | \$ |
| Revenue | | - | - |
| Other income | | 12,619 | 3,271 |
| Directors fees | | (60,000) | (10,000) |
| Administration expenses | | (182,291) | (336,769) |
| Rent | | (12,000) | (12,000) |
| Finance costs | | (339) | (335) |
| Deed of Company Arrangement (DOCA) costs | | - | (550,000) |
| Loss before tax | | (242,011) | (905,833) |
| Income tax expense | | - | - |
| Loss after income tax for the period | | (242,011) | (905,833) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the period | | (242,011) | (905,833) |
| Attributable to: | | | |
| Equity holders of the parent | | (242,011) | (905,833) |
| Non-controlling interest | | - | - |
| Loss per share for the period attributable to the members of Reclaim Industries Limited | | (242,011) | (905,833) |
| From continuing operations: | | | |
| Basic and Diluted loss per share (cents per share) | | (0.06) cents | (0.89) cents |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated statement of financial position
 as at 31 December 2013**

| | Note | Consolidated | |
|----------------------------|------|-------------------|--------------------|
| | | 31 Dec 2013 \$ | 30 June 2013 \$ |
| Current assets | | | |
| Cash and cash equivalents | | 573,600 | 828,459 |
| Other receivables | | 51,862 | 57,571 |
| Total assets | | 625,462 | 886,030 |
| Current liabilities | | | |
| Other payables | | 37,410 | 55,967 |
| Total liabilities | | 37,410 | 55,967 |
| Net assets | | 588,052 | 830,063 |
| Equity | | | |
| Issued capital | 3 | 2,951,341 | 2,951,341 |
| Accumulated losses | | (2,363,289) | (2,121,278) |
| | | 588,052 | 830,063 |
| Total equity | | 588,052 | 830,063 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2013**

| | Issued capital \$ | Reserves - employee share \$ | Accumulated losses \$ | Attributable to the owners of the parent \$ | Total \$ |
|--|----------------------|------------------------------------|-----------------------------|--|-------------|
| Balance as at 1 July 2012 | - | 55,000 | (683,430) | (628,430) | (628,430) |
| Loss for the period | - | - | (905,833) | (905,833) | (905,833) |
| Total comprehensive loss for the period | - | - | (905,833) | (905,833) | (905,833) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share placement | 2,850,000 | (55,000) | - | 2,795,000 | 2,795,000 |
| Share issue costs | (144,269) | - | - | (144,269) | (144,269) |
| Balance as at 31 December 2012 | 2,705,731 | - | (1,589,263) | 1,116,468 | 1,116,468 |

| | Issued capital \$ | Reserves - employee share \$ | Accumulated losses \$ | Attributable to the owners of the parent \$ | Total \$ |
|---|----------------------|------------------------------------|-----------------------------|--|-------------|
| Balance as at 1 July 2013 | 2,951,341 | - | (2,121,278) | 830,063 | 830,063 |
| Loss for the period | - | - | (242,011) | (242,011) | (242,011) |
| Total comprehensive loss for the period | - | - | (242,011) | (242,011) | (242,011) |
| Balance as at 31 December 2013 | 2,951,341 | - | (2,363,289) | 588,052 | 588,052 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated statement of cash flows
for the half-year ended 31 December 2013**

| | Consolidated | |
|---|------------------------|--------------------|
| | Half-year ended | |
| Note | 31 Dec 2013 | 31 Dec 2012 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (267,139) | (275,942) |
| Interest and other costs of finance paid | (339) | (335) |
| Net cash used in operating activities | (267,478) | (276,277) |
| Cash flows from investing activities | | |
| Interest received | 12,619 | 3,271 |
| Net cash provided by investing activities | 12,619 | 3,271 |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 2,195,000 |
| Payment for share issue costs | - | (144,269) |
| Payment made under DOCA | - | (550,000) |
| Net cash provided by financing activities | - | 1,500,731 |
| Net increase/decrease in cash and cash equivalents | (254,859) | 1,227,725 |
| Cash and cash equivalents at 1 July | 828,459 | 74,332 |
| Cash and cash equivalents at the end of the period | 573,600 | 1,302,057 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Significant accounting policies

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The interim financial report do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

This consolidated financial report should be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Reclaim Industries Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

Accounting Standards Issued

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2013.

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

- **AASB 10 Consolidated Financial Statements** (effective from 1 July 2013) - AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7. The adoption of AASB 10 had no effect on the financial position or performance of the Group.
- **AASB 11 Joint Arrangements** (effective 1 July 2013) - AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Nonmonetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128. The adoption of AASB 11 had no effect on the financial position or performance of the Group.
- **AASB 12 Disclosure of Interests in Other Entities** (effective 1 July 2013) - AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The adoption of AASB 12 had no material impact on the financial statements of the Group.
- **AASB 13 Fair Value Measurement** (effective 1 July 2013) -AASB 13 consolidates fair value measurement guidance from across various Australian Accounting Standards into a single standard. AASB 13 does not change when fair value can or should be used. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

1. Significant accounting policies (continued)

Basis of preparation (continued)

- **AASB 119 Employee Benefits** (effective 1 July 2013) - The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The adoption of AASB 119 had no effect on the financial position or the performance of the Group.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half-year ended 31 December 2013 of \$242,011 and experienced net cash outflows from operating activities of \$267,478 and net cash inflows for investing activities of \$12,619. At 31 December 2013, the Group had a net asset position of \$588,052. The cash and cash equivalents balance at the date of issuing this report is \$573,600. The Directors recognise the need to raise additional funds via equity raisings for future activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through an equity issue.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

There were no reportable operating segments at 31 December 2013 (31 December 2012: nil).

3. Share capital

| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Number | Number | \$ | \$ |
| Fully paid ordinary shares | 379,999,473 | 379,999,473 | 2,951,341 | 2,705,731 |
| Movement | | | | |
| At the beginning of the period | 379,999,473 | 22,718,964 | 2,951,341 | - |
| Share transactions: | - | - | - | - |
| - 15 November 2012 ⁽ⁱ⁾ | - | 357,280,509 | - | 2,850,000 |
| Transaction costs: | - | - | - | (144,269) |
| Balance at the end of period | 379,999,473 | 379,999,473 | 2,951,341 | 2,705,731 |

- (i) On 15 November 2012, the following shares were issued:
- 225,000,000 fully paid up ordinary shares were issued raising \$2,250,000 of funds;
 - 12,280,509 fully paid up ordinary shares were issued for nil consideration for the benefit of Creditors under the DOCA; and
 - 120,000,000 fully paid up ordinary shares were issued and valued at \$600,000 upon the conversion of convertible notes.

Reclaim Industries Limited

Notes to the consolidated financial statements

4. Results for the period

Reclaim Industries Limited generated a loss after tax for the half year ended 31 December 2013 of \$242,011 (31 December 2012: loss of \$905,833). This loss for the half year ended 31 December 2012 was the result of the company being in Administration from 17 February 2011 to 29 November 2012. The loss for the half year ended 31 December 2013 is due to administrative and operational working costs incurred.

5. Contingencies and commitments

There are no contingent liabilities as at 31 December 2013 (30 June 2013: nil). There have been no changes to the commitments since the last annual reporting date.

6. Key management personnel

There have been no changes to the remuneration arrangements of key management personnel since the year ended 30 June 2013 .

7. Fair value of financial instruments

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

8. Events occurring after report period

On 13 February 2014, all of Reclaim Industries Limited's subsidiaries as listed below have been deregistered.

Subsidiaries Deregistered:

- Reclaim Energy Pty Ltd;
- Reclaim Corporation Pty Ltd;
- Duskview Pty Limited;
- Reclaim SA Pty Ltd; and
- Reclaim Asia Pty Ltd.