Reverse Corp Limited
ACN 085 949 855

23 McDougall Street
Milton QLD 4064

Tel: +61 7 3295 0300
Fax: +61 7 3295 0366

team@reversecorp.com.au
www.reversecorp.com.au

COMPANY ANNOUNCEMENT

22 August 2012

Reverse Corp Limited – Full-Year Results Announcement

Reverse Corp Limited (ASX: REF) reports revenue of $10.0 million, earnings before interest, tax, depreciation & amortisation (EBITDA) of $430,000 and a net loss after tax of $78,000 for the year to 30 June 2012. The result was below forecast EBITDA of $0.6 to $0.8 million due to a write-down of the Company's investment in Coinmate Pty Ltd and some one-off corporate costs.

The result reflects increased calls to mobile phones being offset by a reduction in calls to fixed-lines resulting in reduced revenue and margins. Technical trial costs in New Zealand, increased direct costs and a strong Australian dollar further negatively impacted earnings.

Reverse Corp has further expanded its relationship with Telstra Corporation with the Company now managing Telstra's reverse charge products on its call platform. Furthermore calls to the 1800-Reverse service are now available from Telstra pre-paid mobile customers when out of credit. Discussions have also advanced with the remaining major Australian mobile service provider to extend access to the 1800-Reverse service.

During the year the Company commenced its reverse charge to mobile offering in Ireland and made progress towards trialling a service in Spain. The trial of a product in New Zealand has been terminated due to the Company being unable to negotiate favourable commercial terms with carriage service providers.

The Company expects the market to remain challenging into the next financial year and the Board has not declared a final dividend.

By Order of the Board

Dion Soich
Company Secretary

REVERSE CORP LIMITED

ABN 16 085 949 855

Appendix 4E

Preliminary Final Report

for the year ended 30 June 2012
(compared to the year ended 30 June 2011)

Results for announcement to the market:

	Percentage Change	Amount $'000
Revenue from ordinary activities	Down 31%	to $10,334
Profit from ordinary activities after tax attributable to members	Down 105%	to ($66)
Net profit for the period attributable to members	Down 105%	to ($66)

Dividend:

The Board has not declared a final dividend.

	30 June 2012	30 June 2011
Net tangible assets per security:	$0.03	$0.04

Refer to the attached audited Financial Report for more information.

Reverse Corp Limited ABN 16 085 949 855
and Controlled Entities

Financial Report for the Financial Year Ended 30 June 2012

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2012.

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 loss after tax for the year to 30 June 2012 amounted to $78,000, down from a net profit after tax of $1,310,000 for the previous year. Revenue for the year was $10.0 million, down from $14.6 million in the previous year. Included in the result was a $131,000 impairment of the investment in associated company, Coinmate Pty Ltd. Reverse charge calls to mobile phones for the group increased compared to the previous year, offset by a larger reduction in calls to fixed lines resulting in reduced revenue and margins. Marketing initiatives and increased direct costs in Australia as result of the renewed Telstra agreement also impacted earnings.

Review of Operations

During the year the company completed the renewal of its Reverse Charge Services Facilitation Agreement with Telstra delivering renewed billing of the Australian fixed line reverse charge product for up to a further 5 years. Additional benefits include allowing Telstra mobile customers to make and receive 1800-Reverse calls with the product commencing in December 2011. The company also began managing Telstra's reverse charge products on the 1800-Reverse platform in June 2012.

The company commenced its reverse charge to mobile offering in Ireland and progressed the launch of its product in Spain, reaching agreement with BT Spain for the provision of carriage and intermediary billing services. The trial of a product in New Zealand was terminated. Reverse Corp also acquired an interest in start-up online contact lens retailer, Oz Contacts Pty Ltd.

Financial Position

The company generated operating cash flows of $1.0 million, compared to the previous year of $2.4 million. The balance sheet remains conservatively geared with net cash at year-end of $1.8 million.

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 of Directors will review each investment held by the company in currently operating and proposed businesses to assess their performance and likely prospects. In addition, to improve the consolidated entity's profit and increase shareholder wealth, the following developments are being pursued:

(i) continued expansion of product features of existing products;

(ii) seeking an additional mobile origination agreement in Australia;

(iii) the pursuit of further geographic expansion; and

(iv) investigating expansion opportunities through either start-up businesses or acquisition.

These developments, together with the current strategy of continuous improvement in existing markets, are expected to assist in the achievement of the consolidated entity's long-term goals.

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.

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	—	Operations 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.

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

Mr Soich was appointed Company Secretary and Chief Financial Officer in October 2011.

Dividends Paid

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

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:

			COMMITTEE MEETINGS			
	DIRECTORS' 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	9	9	2	2	2	2
Mr Stephen C Jermyn	9	9	2	2	2	2
Mr Richard L Bell	9	9	2	2	2	2
Mr Gary B Hillberg	9	9	-	-	-	-

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 $43,516.

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

Options

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

Number of option	Exercise price	Expiry Date
15,000	$0.50	1 October 2012
200,000	$0.60	1 October 2012
180,000	$1.99	8 November 2015
500,000	$5.00	19 June 2017
250,000	$2.00	18 December 2018
250,000	$2.50	18 December 2018
250,000	$3.00	18 December 2018
1,645,000		

During the year ended 30 June 2012, 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 30 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 2012, or are payable, to the external auditors:

	Consolidated entity
	$
Taxation and other services	$8,300

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 2012, which forms part of this report, has been received and can be found on page 11.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, where applicable.

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.

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%, 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.

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.

	2008	2009	2010	2011	2012
	$000	$000	$000	$000	$000
Revenue	48,981	39,254	23,652	14,648	9,997
Net Profit/(loss)	20,077	13,315	3,994	1,310	(78)
Dividends paid	22,150	19,396	3,695	-	-
Share price at year-end	$1.42	$0.69	$0.13	$0.05	$0.03

The business has been impacted by the strong Australian dollar, declining call volumes and reduced margins due to increased variable charges. To stabilise the share price the company is pursuing long term earnings through its growth pipeline, including by acquisition, product development and expansion.

Details of remuneration for year ended 30 June 2012

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	Operations Director
Stephen Jermyn	Non-executive Director
Richard Bell	Non-executive Director

Management Personnel

Paul Jobbins	Chief Executive Officer
Dion Soich	Chief Financial Officer (appointed 10 October 2011)
Michael Mallinson	Group Financial Controller (ceased 4 November 2011)
Steven Pearson	Chief Technical Officer (ceased 30 September 2011)
Brett Dutton	Chief Technical Officer (appointed 19 September 2011)
Liam Martin	General Manager - TriTel Australia Pty Ltd
Charles Slaughter	General Manager, Operations

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
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
Directors									
Peter Ritchie	87	8	-	-	-	-	95	-	-
Stephen Jermyn	14	36	-	-	-	-	50	-	-
Richard Bell	-	-	-	-	-	-	-	-	-
Gary Hillberg	147	15	25	-	-	-	187	13.3%	-
	248	59	25	-	-	-	332		
Management Personnel									
Paul Jobbins	325	25	100	-	3	-	453	22.7%	-
Michael Mallinson	48	4	-	-	-	7	59	-	-
Steven Pearson	50	5	-	-	-	27	82	-	-
Brett Dutton	107	10	-	-	-	-	117	-	-
Dion Soich	107	10	-	-	-	-	117	-	-
Liam Martin	141	13	-	-	-	-	154	-	-
Charles Slaughter	147	13	-	-	-	-	160	-	-
	925	80	100	-	3	34	1,142		
Total Compensation	1,173	139	125	-	3	34	1,474		

Termination benefits provided to Mr. Mallinson and Mr. Pearson consisted of statutory annual leave entitlements.

DIRECTORS' REPORT

Details of remuneration for year ended 30 June 2011

	Primary				Equity	Other	Total		
	Salary & Fees	Superannuation	Cash Bonus	Non-Cash Benefits	Options	Termination Benefits		Performance based	Proportion consisting of options
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
Directors									
Peter Ritchie	87	8	-	-	-	-	95	-	-
Stephen Jermyn	14	36	-	-	-	-	50	-	-
Richard Bell	-	-	-	-	-	-	-	-	-
Gary Hillberg	147	13	-	-	-	-	160	-	-
	248	57	-	-	-	-	305		
Management Personnel									
Paul Jobbins	325	25	-	-	12	-	362	3.4%	3.4%
Michael Mallinson	130	12	-	-	-	-	142	-	-
Steven Pearson	200	20	28	-	-	-	248	11.1%	-
Justin Scott	26	-	-	-	-	89	115	-	-
Liam Martin	146	13	-	-	-	-	159	-	-
Charles Slaughter	42	4	-	-	-	-	46	-	-
	869	74	28	-	12	89	1,072		
Total Compensation	1,117	131	28	-	12	89	1,377		

Options held by key management personnel have exercise prices ranging from $1.99 to $3.00.

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

Options issued as part of remuneration for the year ended 30 June 2012

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

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 six 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.

Chief Executive Officer, Mr Paul Jobbins, is entitled to receive cash bonuses of up to 31% of his salary upon achieving key performance criteria including reaching a new mobile origination agreement with Vodafone. This agreement will drive increased call volume and revenue leading to increased shareholder value.

End of Remuneration Report

DIRECTORS' REPORT

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

Mr. Peter D. Ritchie
Chairman

Dated this 22nd day of August 2012

Grant Thornton

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

Grant Thornton House
Ground Floor
102 Adelaide Street
Brisbane Queensland 4000
GPO Box 1008
Brisbane Queensland 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

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 2012, 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

Andrew Newman
Partner - Audit & Assurance

Brisbane, 22 August 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Revenue	**2**	9,997	14,648
Other revenue	**2**	337	358
Direct costs associated with revenue	**3**	(6,319)	(8,356)
Employee benefits expense		(2,247)	(2,104)
Depreciation and amortisation expense		(632)	(873)
Other expenses		(1,189)	(1,128)
Finance costs	**3**	(60)	(107)
Share of net losses of associates	**16**	(15)	(73)
Profit /(loss) before income tax		(128)	2,365
Income tax (expense) / benefit	**4**	50	(1,055)
Profit/(loss) for the year		**(78)**	**1,310**
Other comprehensive income			
Foreign currency translation differences		(22)	(271)
Income tax on other comprehensive income	**4**	16	28
Other comprehensive income for the year, net of income tax		(6)	(243)
Total comprehensive income for the year		(84)	1,067
Profit/(loss) for the year attributable to:			
Non-controlling interest		(12)	-
Owners of the parent		(66)	1,310
		(78)	1,310
Other comprehensive income for the year attributable to:			
Non-controlling interest		-	-
Owners of the parent		(6)	(243)
		(6)	(243)
Overall Operations			
Basic earnings per share (cents per share)	**8**	0.0	1.4
Diluted earnings per share (cents per share)	**8**	0.0	1.4

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated Entity 2012 $000	2011 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**9**	2,303	3,070
Trade and other receivables	**10**	912	1,527
Inventories	**11**	14	6
Other current assets	**19**	82	104
TOTAL CURRENT ASSETS		3,311	4,707
NON-CURRENT ASSETS			
Investments accounted for using equity method	**12**	-	92
Property, plant and equipment	**17**	865	1,349
Deferred tax assets	**22**	207	113
Intangible assets	**18**	3,244	2,539
Other non-current assets	**19**	3	1
TOTAL NON-CURRENT ASSETS		4,319	4,094
TOTAL ASSETS		7,630	8,801
CURRENT LIABILITIES			
Trade and other payables	**20**	1,082	1,400
Financial liabilities	**21**	484	1,106
Current tax liabilities	**22**	(148)	(162)
Short-term provisions	**23**	170	159
TOTAL CURRENT LIABILITIES		1,588	2,503
NON-CURRENT LIABILITIES			
Financial liabilities	**21**	-	200
Deferred tax liabilities	**22**	76	58
Long-term provisions	**23**	3	-
TOTAL NON-CURRENT LIABILITIES		79	258
TOTAL LIABILITIES		1,667	2,761
NET ASSETS		5,963	6,040
EQUITY			
Issued capital	**24**	3,553	3,553
Reserves	**25**	518	517
Retained earnings		1,904	1,970
		5,975	6,040
Non- controlling interest		(12)	-
TOTAL EQUITY		5,963	6,040

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated Entity

	Note	Issued capital	Retained earnings	Non-controlling interest	Reserves	Total
		$000	$000	$000	$000	$000
Balance at 1 July 2010		3,553	660	-	744	4,957
Total comprehensive income		-	1,310	-	(243)	1,067
Subtotal		3,553	1,970	-	501	6,024
Transactions with owners						
Employee share options	**25**	-	-	-	16	16
Balance at 30 June 2011		3,553	1,970	-	517	6,040
Balance at 1 July 2011		3,553	1,970	-	517	6,040
Total comprehensive income		-	(66)	(12)	(6)	(84)
Subtotal		3,553	1,904	(12)	511	5,956
Transactions with owners						
Employee share options	**25**	-	-	-	7	7
Balance at 30 June 2012		3,553	1,904	(12)	518	5,963

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,000	16,821
Payments to suppliers and employees		(10,090)	(13,197)
Interest received		134	130
Finance costs		(60)	(107)
Income tax paid		5	(1,239)
Net cash provided by (used in) operating activities	**29**	989	2,408
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1	1
Payments for property, plant and equipment		(93)	(107)
Acquisition of subsidiaries, net of cash	**14**	1	-
Payments for intangible assets		(805)	(174)
Investment in equity accounted investments		(53)	(147)
Net cash provided by (used in) investing activities		(949)	(427)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	416
Repayment of borrowings		(834)	(829)
Hire purchase repayments		(8)	(7)
Net cash provided by (used in) financing activities		(842)	(420)
Net increase in cash and cash equivalents		(802)	1,561
Cash and cash equivalents at beginning of financial year		3,070	1,480
Effect of exchange rates on cash holdings in foreign currencies		35	29
Cash and cash equivalents at end of financial year	**9**	2,303	3,070

The accompanying notes form part of these financial statements.

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.

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 13 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

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%

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) **Property, Plant and Equipment (cont)**

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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

(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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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) **Rounding of Amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(s) **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 18: Intangible Assets.

	Note	Consolidated Entity	
		2012 $000	2011 $000
Note 2: Revenue			
Sales revenue			
— Rendering of services		9,997	14,648
Sales revenue		9,997	14,648
Other revenue			
— Interest received from other corporations		134	130
— Other revenue		203	228
Other revenue		337	358
Note 3: Expenses			
Direct costs associated with revenue		6,319	8,356
Realised foreign exchange loss/(gain)		21	(241)
Rental expenses on operating leases:			
— minimum lease payments		226	432
Finance costs:			
— External		60	107

	Note	Consolidated Entity 2012 $000	2011 $000
Note 4: Income Tax Expense/(Benefit)			
(a) The components of tax expense comprise:			
Current tax		46	816
Deferred tax	**22**	(75)	227
Under/(over) provision in respect of prior years		(21)	12
		(50)	1,055
Deferred tax expense (benefit) recognised in comprehensive income	**22**	(16)	(28)
(b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) before income tax at 30% (2011: 30%)		(39)	710
Add:			
Tax effect of:			
— Other non-allowable items		8	44
— Share options expensed during year		2	5
— Under/ (over) provision in respect of prior years		(21)	12
		(50)	771
Less:			
Tax effect of:			
— Loans forgiven to and from subsidiaries which have been wound up / foreign tax differential		-	284
Income tax expense		(50)	1,055
The applicable weighted average effective tax rates are as follows:		(38%)	45%

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 2012. 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	Operations Director
Stephen Jermyn	Non-executive Director
Richard Bell	Non-executive Director

Management Personnel

Paul Jobbins	Chief Executive Officer
Dion Soich	Chief Financial Officer (appointed 10 October 2011)
Michael Mallinson	Group Financial Controller (ceased 4 November 2011)
Steven Pearson	Chief Technical Officer (ceased 30 September 2011)
Brett Dutton	Chief Technical Officer (appointed 19 September 2011)
Liam Martin	General Manager - TriTel Australia Pty Ltd
Charles Slaughter	General Manager, Operations

		Consolidated Entity	
		2012 $000	**2011 $000**
(b)	**Remuneration for Key Management Personnel**		
	Short term employee benefits	1,298	1,145
	Post-employment benefits	139	131
	Share-based payments	3	12
	Termination benefits	34	89
		1,474	1,377

(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 30: Share-based Payments.

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 1.7.11	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

	Balance 1.7.10	Granted as Remuneration	Options Exercised	Other	Balance 30.6.11	Options Vested and Exercisable
Gary Hillberg	180,000	-	-	-	180,000	180,000
Paul Jobbins	750,000	-	-	-	750,000	500,000
Total	930,000	-	-	-	930,000	680,000

Options held by key management personnel have exercise prices ranging from $1.99 to $3.00.

(f) **Shareholdings**

Number of Shares held by Key Management Personnel during the year

	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

Note 5: Key Management Personnel Remuneration (cont)

(f) **Shareholdings (cont)**

Number of Shares held by Key Management Personnel for the year ended 30 June 2011

	Balance 1.7.10	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.11
Peter Ritchie	1,796,465	-	-	1,937,358	3,733,823
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	1,000,000	-	-	1,901,544	2,901,544
Richard Bell	18,469,044	-	-	1,901,544	20,370,588
Paul Jobbins	110,500	-	-	-	110,500
Total	21,626,365	-	-	5,740,446	27,366,811

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

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Note 6: Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	67,768	60,861
— taxation services provided by related practice of auditor	8,300	16,898
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report of subsidiaries	4,098	9,000

	Consolidated Entity	
	2012 $000	2011 $000
Note 7: Dividends		
Dividends Paid	-	-
	-	-
Balance of franking account at year end:	4,668	4,652
— Adjustment for franking credits arising from payment of provision for income tax	(148)	(162)
Balance of franking account after post balance date adjustments	4,520	4,490

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

	Consolidated Entity	
	2012 $000	2011 $000
Note 8: Earnings per Share		
(a) Reconciliation of Earnings to Profit or Loss		
Profit/(loss)	(66)	1,310
Earnings used to calculate basic EPS	(66)	1,310
Earnings used in the calculation of dilutive EPS	(66)	1,310
	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 1,145,000 options which were capable of being exercised and a further 500,000 options which had not yet vested.

	Consolidated Entity	
	2012 $000	2011 $000
Note 9: Cash and Cash Equivalents		
Cash at bank and on hand	100	167
Short-term deposits	2,203	2,903
	2,303	3,070

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 3.4% (2011: 5.1%).

	Note	Consolidated Entity	
		2012 $000	2011 $000
Note 10: Trade and Other Receivables			
CURRENT			
Trade receivables	**10a**	647	1,166
Sundry receivables		265	361
		912	1,527

(a) Current trade receivables are on 30 day terms. No receivables are either past due or impaired. Refer to Note 33 for further information regarding credit risk.

	Consolidated Entity	
	2012 $000	2011 $000
Note 11: Inventories		
Inventory at cost	14	6

	Note	Consolidated Entity	
		2012 $000	2011 $000
Note 12: Investments Accounted for using the Equity Method			
Associated companies	**16**	-	92

Note 13: Controlled Entities

(a) **Unlisted investments, at cost:**	**Principal activities**	**Country of Incorporation**	**Ownership Interest**	
			2012	**2011**
			%	**%**
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	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	Dormant	United Kingdom	100	100
0800 Collect Limited	Dormant	United Kingdom	100	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

Note 14: Acquisitions

On 2 March 2012, the group acquired 68.42% of the equity instruments of Oz Contacts Pty Ltd thereby obtaining control. The acquisition was made to further diversify the group's income streams. As Oz Contacts Pty Ltd is in a start up phase no purchase consideration was paid.

The details of the business combination are as follows:

	$'000
Fair value of consideration transferred	
Amount settled in cash	-
Total	-
Recognised amounts of identifiable net assets	
Trade and other receivables	7
Cash and cash equivalents	1
Other current assets	2
Trade and other payables	(10)
Identifiable net assets	-
Goodwill on acquisition	**-**
Consideration transferred settled in cash	-
Cash and cash equivalents acquired	(1)
Net cash outflow on acquisition	**(1)**
Acquisition costs charged to expenses	8
Net cash paid relating to the acquisition	**7**

Consideration transferred
The purchase agreements include the provision of a loan facility of up to $400,000, at 8% interest, repayable on demand. The vendor has been retained on an employment contract for the role of CEO of Oz Contacts Pty Ltd.

Acquisition-related costs amounting to $8,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income, as part of other expenses.

Identifiable net assets
The fair value of the trade and other receivables acquired as of the business combination amounted to $7,000, which the group expects to be fully realisable.

Contribution to group results
Oz Contacts Pty Ltd incurred a loss of $39,000 for the 4 months from 2 March 2012 to the reporting date. If Oz Contacts Pty Ltd had been acquired on 1 July 2011, revenue for the group for 2012 would have been $10.35 million, and loss for the year would have increased by $6,000.

Note 15: Parent Entity Information

Reverse Corp Limited	**2012 $000**	**2011 $000**
Assets		
Current assets	2,122	2,733
Non-current assets	4,073	4,261
Total Assets	6,195	6,994
Liabilities		
Current liabilities	501	797
Non-current liabilities	-	-
Total Liabilities	501	797
Equity		
Issued capital	3,553	3,553
Retained earnings	1,767	2,278
Reserves		
Option reserve	374	366
Total Equity	5,694	6,197
Financial Performance		
Loss for the year	(511)	(2,323)
Other comprehensive income	-	-
Total Comprehensive Income	(511)	(2,323)

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, 0800 Reverse Pty Ltd, 0800 Reverse Limited, 0800 Collect Limited and TriTel Australia Pty Ltd. At the date of this report $0.5 million was owing to National Australia Bank under this facility.

Note 16: Associated Companies

Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			2012 %	2011 %	2012 $000	2011 $000
Coinmate Pty Ltd	Retail coin collection services	Australia	50	50	-	92
			50	50	-	92

	2012 $000	2011 $000
Movements During the Year in Equity Accounted Investment in Associated Companies		
Balance at beginning of the financial year	92	18
Add: New investments during the year	54	147
Less: Provision for impairment	(131)	-
Share of associated company's loss after income tax	(15)	(73)
Balance at end of the financial year	-	92
Equity accounted losses of associates are broken down as follows:		
Share of associates loss before income tax	(15)	(73)
Share of associates income tax expense	-	-
Share of associates loss after income tax	(15)	(73)
Summarised presentation of Aggregate Assets, Liabilities and Performance of Associates		
Current assets	-	-
Non-current assets	24	-
Total Assets	24	-
Current liabilities	-	-
Non-current liabilities	-	-
Total Liabilities	-	-
Net Assets	**24**	**-**
Revenues	-	-
Loss after income tax of associates	(30)	(146)

The group's ownership interest in Coinmate Pty Ltd at that company's balance date, which was 30 June 2012, was 50%. As consideration for the group's 50% interest in the venture it has 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. The Board of Directors has reviewed the carrying balance of the investment at year end and has decided to make a provision against the investment due to the uncertainty of future realisable benefits being achieved.

	Consolidated Entity	
	2012	2011
	$000	$000
Note 17: Property, Plant and Equipment		
PLANT AND EQUIPMENT		
Plant and Equipment:		
At cost	6,023	5,973
Accumulated depreciation	(5,650)	(5,348)
	373	625
Calling Platform:		
At cost	1,272	1,242
Accumulated depreciation	(799)	(543)
	473	699
Motor Vehicles		
At cost	68	68
Accumulated depreciation	(49)	(43)
	19	25
Total Property, Plant and Equipment	865	1,349

Movements in Carrying Amounts

	Consolidated Entity			
	Plant and Equipment	Calling Platform	Motor Vehicles	Total
Year ended 30 June 2011	$000	$000	$000	$000
Balance at the beginning of year	1,205	956	33	2,194
Additions	84	22	-	106
Disposals	(65)	-	-	(65)
Depreciation expense	(596)	(266)	(8)	(870)
Exchange adjustment	(3)	(13)	-	(16)
Carrying amount at the end of year	625	699	25	1,349
Year ended 30 June 2012				
Balance at the beginning of year	625	699	25	1,349
Additions	44	49	-	93
Disposals	(1)	-	-	(1)
Depreciation expense	(295)	(265)	(6)	(566)
Exchange adjustment	-	(10)	-	(10)
Carrying amount at the end of year	373	473	19	865

	Consolidated Entity	
	2012 $000	2011 $000
Note 18: Intangible Assets		
Goodwill		
Cost	3,565	3,565
Accumulated impairment losses	(1,639)	(1,639)
Net carrying value	1,926	1,926
Trademarks, Licences and Intellectual Property		
Cost	933	813
Accumulated amortisation	(80)	(79)
Exchange adjustment	(29)	(129)
Net carrying value	824	605
Development Costs		
Cost	38	38
Accumulated amortisation	(30)	(30)
	8	8
Contractual Rights		
Cost	550	-
Accumulated amortisation	(64)	-
	486	-
Total intangible assets	3,244	2,539

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.

Intellectual property costs of $427,000 for the Spanish operations are currently not being amortised over their finite useful lives as they are not in use. These intellectual property items have been assessed for impairment under AASB 136.

Note 18: Intangible Assets (cont)

Movements in Carrying Amounts

	Consolidated Entity				
	Goodwill	**Trademarks, Licences & IP**	**Development Costs**	**Contractual Rights**	**Total**
Year ended 30 June 2011	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at the beginning of year	1,926	537	8	-	2,471
Additions	-	129	-	-	129
Amortisation expense	-	(3)	-	-	(3)
Exchange adjustment	-	(58)	-	-	(58)
Carrying amount at the end of year	1,926	605	8	-	2,539
Year ended 30 June 2012					
Balance at the beginning of year	1,926	605	8	-	2,539
Additions	-	249	-	550	799
Amortisation expense	-	(1)	-	(64)	(65)
Exchange adjustment	-	(29)	-	-	(29)
Carrying amount at the end of year	1,926	824	8	486	3,244

Impairment Disclosures

Goodwill is allocated to the following cash-generating units:

	2012 $000	**2011 $000**
1800 Reverse (Australia)	1,671	1,671
0800 Reverse (United Kingdom)	255	255
Total	1,926	1,926

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%
0800 Reverse (United Kingdom)	(35.0%)	12.5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity	
	2012 $000	2011 $000
Note 19: Other Assets		
CURRENT		
Prepayments	82	104
NON-CURRENT		
Deposits	3	1

	Consolidated Entity	
	2012 $000	2011 $000
Note 20: Trade and Other Payables		
CURRENT		
Unsecured liabilities		
Trade payables	473	778
Sundry payables and accrued expenses	609	622
	1,082	1,400

(a) Current trade payables are on 30 day terms. No payables are either past due or impaired. Refer to Note 33 for further information regarding currency risk.

	Note	Consolidated Entity	
		2012 $000	2011 $000
Note 21: Financial Liabilities			
CURRENT			
Secured liabilities			
Bank loan	**21(b)**	460	900
Equipment loan	**21(c)**	-	198
Hire purchase liability	**26**	24	8
		484	1,106
NON-CURRENT			
Secured liabilities			
Equipment loan	**21(c)**	-	176
Hire purchase liability	**26**	-	24
		-	200

The carrying amount of the group's current and non-current borrowings approximate their fair value.

	Note	Consolidated Entity 2012 $000	2011 $000

Note 21: Financial Liabilities (cont)

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

	Note	2012 $000	2011 $000
Equipment loans	**20(c)**	-	383
Hire purchase liability	**26**	19	24
		19	407

(b) **NAB credit facility**

Reverse Corp Limited has a facility with National Australia Bank for $919,000. This facility is subject to an annual review and covenant provisions. In addition to standard reporting requirement covenants, financial covenants relate to group minimum net assets, earnings and dividend distributions. No covenants are currently in breach. The bank holds a fixed and floating charge over the assets of the group.

(c) **Equipment loan**

On 28 April 2009 1800 Reverse Pty Ltd borrowed $764,757 from HP Financial Services Australia Pty Ltd to fund the purchase of telecommunications equipment. The term of the loan is four years with payments monthly in advance. Interest rates are fixed at 6.92% per annum. This loan was repaid in full on 28 March 2012.

(d) **Unused facilities**

	Consolidated Entity 2012 $000	2011 $000
Credit facility	919	967
Amount utilised	(460)	(900)
	459	67

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Note 22: Tax			
(a) **Current**			
Income tax		(148)	(162)

	Balance Sheet 2012 $000	Balance Sheet 2011 $000	Comprehensive Income 2012 $000	Comprehensive Income 2011 $000	Income Statement 2012 $000	Income Statement 2011 $000
(b) **Non-Current**						
Consolidated Entity						
Deferred tax liabilities:						
Prepaid expenses	(7)	(10)			3	4
Accrued Income	-	-			-	-
Other	(69)	(48)			(21)	(47)
Gross deferred income tax liability	(76)	(58)				
Deferred tax assets:						
Accrued expenses	-	-			-	-
Provisions	91	48			43	(14)
Other	116	65	16	28	51	(170)
Gross deferred income tax assets	207	113				
Deferred income tax charge			16	28	76	(227)

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

Note 23: Provisions	Consolidated Entity
Provision for Employee Entitlements	**$000**
Opening balance at 1 July 2011	159
Movement in provisions	14
Balance at 30 June 2012	173

Analysis of Total Provisions

	Consolidated Entity	
Provision for Employee Entitlements	**2012**	**2011**
	$000	**$000**
Current	170	159
Non-current	3	-
	173	159

Provision for Employee Entitlements

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.

	Note	Consolidated Entity	
		2012	**2011**
Note 24: Issued Capital		**$000**	**$000**
92,382,175 (2011: 92,382,175) Fully paid Ordinary shares	**24(a)**	3,553	3,553
		3,553	3,553

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.

	2012	**2011**
	No.	**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

Note 24: Issued Capital (cont)

(a) **Options**

(i) For information relating to the Reverse Corp Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 30.

(ii) For information relating to share options issued to executives during the financial year, refer to Note 30.

(b) **Capital Management**

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

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

Financial covenants imposed by National Australia Bank include the requirement to maintain minimum net 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 reduce the level of gearing in the group due to declining trading conditions and to maintain financial flexibility for future growth. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

	Note	Consolidated Entity	
		2012 $000	**2011 $000**
Total borrowings	**21**	484	1,306
Less cash and cash equivalents	**9**	(2,303)	(3,070)
Net debt		(1,819)	(1,764)
Total equity		6,077	6,040
Total capital		4,258	4,276
Gearing ratio		(42.7%)	(41.2%)

Note 25: Reserves

	Consolidated Entity		
	Option Reserve	Foreign Currency Translation Reserve	Total
	$000	$000	$000
At 1 July 2010	350	394	744
Currency translation differences	-	(271)	(271)
Deferred tax (expense) benefit	-	28	28
Share-based payments	16	-	16
At 30 June 2011	366	151	517
Currency translation differences	-	(22)	(22)
Deferred tax (expense) benefit	-	16	16
Share-based payments	7	-	7
At 30 June 2012	373	145	518

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 foreign controlled subsidiaries and is also used to record the net profits hedged in these subsidiaries. Exchange differences arising on monetary items that form part of the parent entity's net investment in foreign operations are also recognised in the reserve.

Note 26: Capital and Leasing Commitments

		Note	Consolidated Entity 2012 $000	2011 $000
(a)	**Hire Purchase Commitments**			
	Payable — minimum payments			
	— not later than 12 months		26	10
	— greater than 1 year but not greater than 5 years		-	26
	Minimum payments		26	36
	Less future finance charges		(2)	(4)
		21	24	32

		2012 $000	2011 $000
(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	189	221
	— greater than 1 year but not greater than 5 years	-	170
		189	391

(a) Hire purchase commitments relate to a motor vehicle financing. The 5 year hire purchase contract matures in May 2013. A balloon payment of approximately $16,000 is due at maturity.

(b) Operating leases are held for the office in Brisbane, Australia. The leases have an annual increase in line with CPI or a fixed 3.5%, whichever is the greater, and an option for renewal at the end of the fourth year, in April 2013.

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

Note 27: 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, 0800 Reverse Pty Ltd, 0800 Reverse Limited, 0800 Collect Limited and TriTel Australia Pty Ltd. At the date of this report $460,000 was owing to National Australia Bank under this facility.

Note 28: 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 group is managed primarily on the basis of the geographic markets in which it operates 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 2012 and 2011.

	Australia	New Zealand	Spain	United Kingdom	Republic of Ireland	Inter Segment Eliminations	Group
Year ended 30 June 2012	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
REVENUE							
External revenue	6,734	50	-	3,136	77	-	9,997
Other revenue	51	-	-	152	-	-	203
Inter-segment revenue	598	-	-	-	-	(598)	-
Interest revenue	137	-	-	2	-	(5)	134
Total revenue	7,520	50	-	3,290	77	(603)	10,334
RESULT							
Segment result	(824)	(100)	(27)	947	(124)	-	(128)
OTHER SEGMENT INFORMATION							
Segment assets	19,090	7	481	3,701	116	(15,765)	7,630
Segment liabilities	10,074	368	531	404	234	(9,944)	1,667
Interest in associates	-	-	-	-	-	-	-
Share of associates	(15)	-	-	-	-	-	(15)
Interest expense	60	-	-	4	-	(4)	60
Capital expenditure	695	-	182	9	12	-	898
Depreciation and amortisation	558	-	-	6	68	-	632
Impairment	131	-	-	-	-	-	131
Income tax benefit	(224)	(30)	(22)	263	(37)	-	(50)

Note 28: Segment Reporting (cont)

Year ended 30 June 2011	Australia $000	New Zealand $000	United Kingdom $000	Republic of Ireland $000	Inter Segment Eliminations $000	Group $000
REVENUE						
External revenue	9,192	111	5,232	113	-	14,648
Other revenue	100	-	128	-	-	228
Inter-segment revenue	141	-	-	-	(141)	-
Interest revenue	158	-	45	-	(73)	130
Total revenue	9,591	111	5,405	113	(214)	15,006
RESULT						
Segment result	1,472	(398)	1,092	199	-	2,365
OTHER SEGMENT INFORMATION						
Segment assets	17,640	39	4,042	386	(13,306)	8,801
Segment liabilities	8,065	326	1,512	424	(7,566)	2,761
Interest in Associates	92	-	-	-	-	92
Share of net profits of associates	(73)	-	-	-	-	(73)
Interest expense	141	-	2	37	(73)	107
Capital expenditure	89	-	17	-	-	106
Depreciation and amortisation	796	-	6	71	-	873
Impairment	53	-	-	-	(53)	-
Income tax expense	619	(119)	570	(15)	-	1,055

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 included in the Australian segment information only and 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.

	Consolidated Entity	
	2012	2011
	$000	$000
Note 29: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax		
Profit/(loss) after income tax	(78)	1,310
Non-cash flows in profit /(loss)		
Amortisation	66	3
Depreciation	566	870
Net (profit)/loss on disposal of property, plant and equipment	-	64
Share-based payments	7	16
Impairment of associate	131	-
Other non cash outflows	19	113
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	636	1,063
(Increase)/decrease in inventories	(8)	-
(Increase)/decrease in prepayments	23	46
(Increase)/decrease in other assets	(94)	(225)
Increase/(decrease) in trade payables and accruals	(309)	2
Increase/(decrease) in income taxes payable	14	(430)
Increase/(decrease) in deferred taxes payable	18	198
Increase/(decrease) in other payables	(17)	(127)
Increase/(decrease) in provisions	14	(214)
Foreign currency movement	1	(281)
Cash flow from operations	989	2,408

Note 30: Share-based Payments

	Consolidated Entity			
	2012		2011	
	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	-	-	-	-
Exercised	-	-	-	-
Outstanding at year-end	1,645,000	$2.95	1,645,000	$2.95
Exercisable at year-end	1,145,000	$2.24	895,000	$1.40

The options outstanding at 30 June 2012 had a weighted average exercise price of $2.95 and a weighted average remaining contractual life of five years. Exercise prices range from $0.50 to $5.00.

There were no options granted during the year.

Included under employee benefits expense in the income statement is $7,000 relating in full to equity-settled share-based payment transactions. The amount recognised as an expense represents the proportion of the fair value of the options recognised over the vesting period of the options. One tranche of options has vesting conditions based on the establishment of a business in Spain.

Note 31: 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 20 August 2012 by the Board of directors.

Note 32: Related Party Transactions

	Consolidated Entity	
	2012 $000	**2011 $000**
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 2012 the net amount owed to the company by its subsidiaries was $532,000. (2011: $671,000)		
(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:	220	217
There are no amounts outstanding at year end.		

Note 33: 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	
	2012	**2011**
	$000	**$000**
Financial Assets		
Cash and cash equivalents	2,225	2,927
	2,225	2,927
Financial Liabilities		
Bank loans	460	900
	460	900
Net Exposure	1,765	2,027

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

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

The group's policy is to manage its finance costs using a mix of fixed and variable rate debt. At 30 June 2012 approximately 5% of the group's borrowings are fixed. The average variable interest rate on bank loans at year end is 4.5%. Variable loans drawn at year end are denominated in British pounds.

The group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Note 33: 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 2012, 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:

Judgements of reasonable possible movements:	Post Tax Profit Higher/(Lower)	
	2012	**2011**
	$000	**$000**
Consolidated		
+1% (100 basis points)	12	14
-0.5% (50 basis points)	(6)	(7)

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

Foreign currency risk

As a result of significant operations in the United Kingdom, the group's balance sheet can be affected by movements in the GBP/AUD exchange rates. The group seeks to mitigate the effect of its foreign currency exposure by borrowing in British pounds.

The group has an immaterial foreign currency exposure to the Euro with approximately $18,000 held in Euro denominated bank accounts at year end. No sensitivity analysis or disclosure has been prepared in relation to this exposure.

The group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

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	
	2012	**2011**
	$000	**$000**
Financial Assets		
Cash and cash equivalents	150	204
Trade and other receivables	512	929
	662	1,133
Financial Liabilities		
Trade and other payables	204	519
Bank loans and overdrafts	459	900
	663	1,419
Net Exposure	(1)	(286)

Note 33: 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 2012, 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:

Judgements of reasonable possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2012 $000	2011 $000	2012 $000	2011 $000
Consolidated				
+1% (100 basis points)	3	6	-	3
-1% (100 basis points)	(3)	(3)	-	(1)

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 33: Financial Instruments (cont)

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

Liquidity risk

Year ended 30 June 2012	Within 1 Year $000	1 to 5 Years $000	Over 5 years $000	Total $000
Consolidated financial assets:				
Cash	2,030	-	-	2,030
Receivables	912	-	-	912
Total Financial Assets	2,942	-	-	2,942
Consolidated financial liabilities:				
Bank loans	460	-	-	460
Trade and sundry payables	1,082	-	-	1,082
Hire purchase liabilities and equipment loans	24	-	-	24
Total Financial Liabilities	1,566	-	-	1,566
Net Maturity	**1,378**	**-**	**-**	**1,378**

Note 34: Change in Accounting Policy

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The AASB has issued AASB 1054 *Australian Additional Disclosures* and 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others

Standards and interpretations not yet effective which have not been early adopted by the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group’s financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

Note 34: Change in Accounting Policy (cont)

AASB 9 *Financial Instruments* (effective from 1 January 2013)

The AASB 9 aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The group's management have yet to assess the impact of these new and revised standards on the group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial

Instruments: Disclosures *5*

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities. Qualitative and quantitative disclosures have been added to IFRS 7 relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The amendments are applicable for annual periods beginning on or after 1 January 2014. The group's management have yet to assess the impact of these amendments.

AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 112 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The interpretation is applicable for annual periods beginning on or after 1 January 2013. The interpretation will have no impact on the group as it has no mining activities.

Note 35: 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 2012 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Chief Executive Officer and Chief Financial Officer have declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

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

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

Mr. Peter D. Ritchie
Chairman

Dated this 22nd day of August 2012

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

Grant Thornton House
Ground Floor
102 Adelaide Street
Brisbane Queensland 4000
GPO Box 1008
Brisbane Queensland 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Reverse Corp Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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 and fair presentation of the financial report 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 2012 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 6 to 9 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Andrew Newman
Partner - Audit & Assurance
Brisbane, 22 August 2012