REVERSE CORP LIMITED

REVERSE CORP LIMITED ANNUAL REPORT 2016

ozcontacts
AUSTRALIA'S CONTACT LENS STORE

1800 REVERSE

CONTENTS

CHAIRMAN'S LETTER

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

August 2016

Dear Shareholder,

On behalf of your Board, I am pleased to present our Annual Report for the financial year ended 30 June 2016. Over the year your company achieved revenues of $6,939,083 with EBITDA (earnings before interest, tax, depreciation & amortisation) of $2,414,565 and NPAT (net profit after tax) of $1,559,088. The result represents a decrease of 24% in NPAT over the previous year as market changes impact demand for reverse charge calling. The Board declared a fully franked dividend of $0.01.

1800-Reverse

After two years of stability where operational improvements and increasing calls-to-mobiles offset the declines in calls-to-fixed lines – all calls types declined across the 2016 financial year. Revenue was $5,405,831 which was down 20% while EBITDA was $2,876,965 which was down 24%. Call volumes will continue to decline as out-of-credit calling is impacted by the increased value in the consumer mobile market and the adoption of alternative call and messaging solutions enabled by smart phones and data networks. The Team continues to focus on operational improvements to maximise profitability as the end phase of the life cycle approaches.

OzContacts.com.au

Profitability improved in our online contact lenses store where EBITDA losses were $3,215 down from a loss of $41,860 in the previous year. Excluding one-off costs the business was profitable for the full year. In August we completed our first business acquisition, www.NetOptical.com.au, a pure-play online contact lens provider which will increase our total Contact Lenses business revenues to approximately $2.8m and give us an estimated 5%* share of the online market in Australia. It is hoped that this purchase paves the way for further acquisitions. In the year ahead both our brands will also benefit from the migration to new e-commerce platforms.

Future Growth

Our goal continues to be identifying suitable acquisitions which can replace the earnings from our reverse charge calling business. Over the year we have broadened our approach to consider both majority stakes and also minority strategic investments. We also remain focused on gaining scale in our online contact lenses business, with the Net Optical acquisition an important first step. With the core 1800-Reverse business still profitable and our anticipated gains on the investment in OnTheHouse Holdings Limited (ASX: OTH) expected in late October, we remain well placed to capitalise on the right opportunities.

Finally I would like to thank all our shareholders for your continued support, and also my fellow Board members and the Team at Reverse Corp for their efforts across the year.

Yours faithfully

Peter D Ritchie
Chairman
Reverse Corp Limited

* Indicative Australian online contact lenses market share based on market estimations included in the IBIS Worldwide Industry Report – Online Eyeglasses and Contact Lens Sales in Australia – October 2015

OPERATIONS REPORT

1800-Reverse | reverse charge calling

The year saw 1800-Reverse, which underpins Group earnings, impacted by significant call volume declines after a period of overall stability. In recent years the business has been able to successfully offset the ongoing declines in calls-to-fixed lines through growth in calls-to-mobiles and operational improvements. In the 2016 financial year all call types moved into decline as market dynamics intensified reducing demand for out-of-credit prepaid calling. Total call volumes for the full year were down 17% with the rate of decline increasing from 12% in the first half to 22% in the second half.

The declines resulted in revenue falling 20% to $5,405,831 and EBITDA (earnings before interest, tax, depreciation and amortisation) decreasing 24% to $2,876,965 over the previous year. EBITDA margin for the full year also decreased from 56% to 53% as the volume of higher margin calls-to-fixed lines continues to fall. In FY16 calls-to-fixed lines represented 12% of the total which was down from 16% in the previous year.

The reduced demand for 'out-of-credit' calling is primarily due to the increased value offered by mobile operators in their prepaid and pay monthly SIM only plans. Price led competition in these markets increased in the 2015 financial year with the full impacts being felt in the 2016 financial year. In addition, there is growing teen adoption of smart phones using data to access messaging services which substitute for voice calling. The availability of free public WiFi also allows users to access messaging and VoIP (voice over internet protocol) services whilst out-of-credit which replace the need for traditional reverse charge calls.

Whilst these market and customer trends are certain to continue, the speed at which they impact demand for 1800-Reverse is unclear. The service continues to benefit from its ease of use (24-7 availability anywhere with no registration), and the established 1800-Reverse phoneword and brand. The product positioning has also evolved in recent years with the premium pricing to providing a "call of last resort" option. Management remains focused on maximising the profitability of the service as it approaches the end phase of its life cycle through strategic price increases, further cost savings and operational improvements.

OzContacts.com.au | online contact lenses store

Reverse Corp has a 95% stake in Ozcontacts.com.au with Managing Director Michael Aarts holding 5%. The year has seen a continuation of the consolidation steps in 2015 to reach breakeven and achieve growth via quality customer base acquisitions. Whilst an EBITDA loss of $3,215 was reported, excluding acquisition legal costs the business was profitable. The result was also an improvement on the $41,860 EBITDA loss in the previous year.

Key operating changes improving profitability included better product buying (boosting gross profit margins by 1.8%), and combined reductions in marketing and staff costs of 27% over the previous year. Customer satisfaction remains strong as measured by Net Promoter Score™ (NPS), consistently tracking at 80+ over the year. An improved customer service telephone system has been deployed together with process improvements to make order fulfilment more efficient. Key points of market differentiation for the business remain Australian based customer service and speed of order dispatch and delivery.

The business achieved revenues of $1,533,252 which were down 16% on the previous year. This was due to 3 factors – (i) the continuing focus on profitability and the shedding of uneconomic customers acquired via Google AdWords and coupon discount channels, (ii) the need for customer experience improvements in accessing the website from mobiles and tablets, and (iii) the need to restart acquisition marketing through targeted, efficient activity including a content plan and customer relationship management (CRM) system.

On 12 August we completed the acquisition of the Net Optical Australia business (www.netoptical.com.au). Net Optical was founded by Sunshine Coast based Optometrist Graham Bohl who has operated the business for 17 years. Over this time he has built up a customer base of approximately 24,000 through personalised service supporting regular customer re-orders. Net Optical will complement our OzContacts business as a pure-play online contact lenses provider offering comparable pricing and product set.

The business is expected to deliver $1,300,000 in revenue and $250,000 EBITDA over a full year period. The combined Net Optical and OzContacts revenues are estimated to increase our share of the online contact lenses market in Australia to approximately 5%* as per indicative market sizing included in the IBIS World Industry Report (Online Eyeglasses and Contact Lens Sales in Australia – October 2015). This report estimates the online contact lenses market in Australia to be $50m in revenue per annum with the total Australian market between $140m and $196m (online and traditional retail). Achieving scale in the online market with high customer satisfaction is anticipated to also open future cross sell opportunities in the growing online frames and sunglasses markets. Our new e-commerce platform and planned CRM and inventory consolidation projects will be designed to accommodate future product extensions.

The Net Optical purchase price was $750,000 representing a 3x multiple of EBITDA. Following transition we expect upsides through the migration to a responsive web platform, applying the customer experience and order fulfilment learnings from OzContacts, and efficiencies in our product buying.

The priorities for the year ahead across both our online optical brands include…

- Upgrading the OzContacts and Net Optical e-commerce platforms to responsive Magento 2 sites to improve the customer experience and boost customer retention and acquisition. The OzContacts upgrade has taken longer than anticipated due to the time required to form the right supplier relationship, as well as internal resource pressures from the Net Optical acquisition
- Continue to grow by completing further acquisitions of quality customer bases
- Support our Team with additional IT and project resource to plan and deploy consolidated customer relationship management (CRM) and inventory management systems to maximise efficiencies in customer and product management

Future Growth and Group Outlook

Strategic acquisitions in the online contact lenses sector and broader market remain essential for the medium and long term success of the business. In addition to our ongoing preference for majority acquisitions in established businesses, a broader approach to also consider strategic minority investments has been adopted. This saw us invest $1,980,393 to acquire 3,143,000 shares (3.8% of total) in Australian real estate agent software provider OntheHouse Holdings Limited (ASX: OTH). In making this acquisition we viewed the core estate agent software business which delivered approximately $22m revenue and $11m EBITDA in FY15 as being very stable and offering good upside potential through improved management focus and execution. In the months following our investment, OntheHouse confirmed that it had had entered into a scheme implementation deed with a consortium of investors to acquire all of the shares not already owned by the consortium. The scheme is subject to various conditions including shareholder and court approval. Completion is scheduled for October 2016 and would result in a net gain for $691,157 for Reverse Corp.

The year ahead for our OzContacts business is again critical as we seek to build momentum from Net Optical to complete further acquisitions. The end-to-end process to acquire Net Optical has provided important market learnings and insights to assist these plans. We also must invest to improve the customer experience and our operational efficiency by moving to new web platforms for both our brands, as well as consolidated CRM and Inventory systems. Additional project management and IT resource will be required to successfully execute these projects.

After benefiting from turnaround initiatives which commenced in 2013, 1800-Reverse now faces continuing declines as market dynamics make reverse charge calling less relevant for consumers. Whilst this trend is irreversible, the company is taking all appropriate steps to maximum profitability in the short and medium term when the product will continue to generate free cash.

The strategic priorities for the company for the year ahead remain largely unchanged, the key being to drive growth in our online contact lenses business:

1. Build on the purchase of Net Optical by completing further acquisitions to achieve scale in our online contact lenses business, supported by the deployment of improved e-commerce, customer management and product inventory systems;
2. Identify and capitalise on the right strategic investment opportunities to deliver medium and long term growth to replace and grow the earnings from reverse charge calling;
3. Maximise the profitability of the mature 1800-Reverse business to increase our cash reserves

Charles Slaughter
Chief Executive Officer

August 2016

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2016.

Directors

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

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

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

Principal Activities

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

Operating Results

Net profit after tax for the year to 30 June 2016 amounted to $1,559,089 which was down 24% from a profit of $2,062,073 for the previous year. Revenue for the year was $6,939,083 which was down 21% from $8,810,844 in the previous year. Earnings per share for the year were $0.017 which was down 23% from $0.022.

The Group result continues to be underpinned by the Australia Reverse Charge business (1800-Reverse) where revenue decreased 20% on the previous year to $5,405,831 and Earnings Before Interest Depreciation and Amortisation (EBITDA) decreased 24% to $2,876,965.

Online contact lenses business OzContacts.com.au achieved an EBITDA loss of $3,215 which was an improvement on an equivalent loss of $41,860 last year.

Review of Operations

1800-Reverse. After three years of growth in total call volumes driven by calls-to-mobiles, FY16 saw a decline across all call types. Total calls were down approximately 17% versus the previous year as the flow through of changing prepay market dynamics resulted in less demand for out-of-credit calling.

These changes are not unexpected due to the product being in the latter stage of its life cycle with the declines driven by a combination of factors which include:

- Price erosion and increasing inclusive value within mobile operator prepay plans
- The growth of the SIM Only 30 day term pay monthly market segment attracting high prepay users
- The increasing adoption and usage of substitutional messaging Apps enabled by smart phones
- The increasing availability of free public WiFi enabling free out-of-credit calling via VoIP Apps

Volumes declined by approximately 37% for calls-to-fixed lines as voice usage continues to migrate to mobiles, and by approximately 13% for calls-to-mobiles. The rate of decline was greater in the second half of the year where total call volumes fell 22% versus the equivalent period in FY15. As a result of these declines, 1800-Reverse EBITDA decreased by 24% for the year to $2,876,965. EBITDA margin also decreased from 56% in FY15 to 53% in FY16 as the proportion of calls-to-fixed lines delivering higher margins decreased. Management continues to implement ongoing operational initiatives to maximise profitability as demand reduces. Key focus areas remain strategic price increases, carriage cost savings and operaterational changes to increase mobile billing collections and call connections. The business maintains an efficient approach to marketing with total spend of $101,479 for the year primarily through targeted mobile advertising and direct SMS activity.

DIRECTORS' REPORT

Ozcontacts.com.au. The business achieved an EBITDA loss of $3,215 which was an improvement on a loss of $41,860 in the previous year. The EBITDA result includes $10,144 in legal costs associated with the Net Optical business acquisition and hence the full year result would have otherwise been positive. Revenue for the year was $1,533,252 which was down 16% on the previous year. This decline was primarily due to the continued shedding of unprofitable 'deal seeker' customers acquired at significant cost in previous years via google AdWords and coupon discounts. The total customer base at year end was 16,800 with approximately 39% ordering twice or more in the last 24 months.

The business focus throughout the year has been to build scale through quality base acquisitions and ensure the right enabling web platform is in place to deliver the best customer experience. Whilst this has initially proven more time consuming than anticipated, the first acquisition Sale agreement was signed on 28 June 2016 to acquire the Net Optical Australia online contact lenses business. The acquisition was completed on 12 August and will add approximately $1.3m in revenue to the Group and $250,000 in EBITDA. The combined businesses revenues are estimated to take our share of the online contact lenses market in Australia to c.5% based on IBIS World market sizing reports for October 2015 (Online Eyeglasses and Contact Lens Sales in Australia Report). There is also potential for additional upside and efficiencies from improved customer management and acquisition marketing, consolidation of product buying and the migration to improved IT platforms.

The business also commenced the build of a new e-commerce platform to improve our fixed and mobile customer experience and provide capability to support greater scale through both new brands and product extensions. The platform is expected to be deployed for the OzContacts.com.au customer base in Q1 and for the Net Optical base in Q3 of FY17. Following these implementations, a customer relationship management system (CRM) and inventory management system consolidation project will be deployed to enhance customer growth, retention and operational efficiencies across both our brands.

Financial Position

The company generated operating cash flows of $1,508,725 down 33% compared to the previous year of $2,253,041. The balance sheet remains conservatively geared with net cash at year-end of $6,039,277.

Significant Changes in State of Affairs

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

Events arising since the end of the Reporting Period

In February 2016 the company announced that it had acquired 3,143,000 shares in OntheHouse Holdings Limited (ASX:OTH) for a total consideration of $1,980,394. Subsequent to the initial investment, OntheHouse was subject to a takeover proposal. On 6 July 2016 OntheHouse confirmed that it had entered into a scheme implementation deed with a consortium of investors led by the Macquarie Group to acquire all of the shares not already owned by the consortium for 85c per share. The scheme is subject to various conditions and it is anticipated that shareholders will have the opportunity to vote on the proposal at a meeting in October 2016. Subject to court approval and the conditions of the scheme being satisfied, the scheme is expected to be implemented in late October 2016. Completion would result in a net gain for $691,157 for Reverse Corp.

The acquisition of the Net Optical Australia online contact lenses business was completed on 12 August 2016. The business was acquired for a total consideration of $750,000.

No other matters or circumstances, other than the update on the status of the investment in OntheHouse Holdings Limited, the acquisition of Net Optical Australia and the declared dividend have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' REPORT

Information on Directors

Mr Peter D Ritchie	— Chairman (Non-executive)
Qualifications	— B.Com, FCPA
Experience	— Company Chairman since inception in 1999. Previously founding Director, Chief Executive and Chairman of McDonald's Australia Limited. Other previous directorships include Westpac Bank Limited, Seven Group Holdings Limited and Solution Six Holdings Limited.
Interest in Shares and Options	— 4,722,234 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	— Mr Ritchie is a member of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee.
Directorships held in other listed entities	— Current Chairman of Mortgage Choice Limited (since April 2004).

Mr Gary B Hillberg	— Non-executive Director
Qualifications	— B.Bus (Marketing)
Experience	— Mr Hillberg has been a Board member since October 2005. He has over 30 years' experience in the Australian telecommunications industry and has held the roles of Chief Operating Officer and Group Managing Director with the company.
Interest in Shares and Options	— 250,356 Ordinary Shares in Reverse Corp Limited.

Mr Stephen C Jermyn	— Non-executive Director
Qualifications	— FCPA
Experience	— Mr Jermyn joined the Board of Directors of McDonald's Australia in 1986 and was appointed Executive Vice President in 1993. In June 1999, he was appointed Deputy Managing Director. In August 2005 Mr Jermyn stepped down from executive duties at McDonald's. Mr Jermyn was appointed to the Board of Reverse Corp Limited in October 2005.
Interest in Shares and Options	— 2,901,544 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	— Mr Jermyn is the Chairman of the Audit and Risk Committee, and a member of the Remuneration and Nomination Committee.
Directorships held in other listed entities	— Mr Jermyn is a current director of Mortgage Choice Limited and a former director of Regional Express Holdings Limited (resigned June 2008).

Mr Richard L Bell	— Non-executive Director
Qualifications	— LLB
Experience	— Mr Bell is Reverse Corp's founder and former Chief Executive and Board member since inception in 1999.
Interest in Shares and Options	— 20,370,588 Ordinary Shares in Reverse Corp Limited.
Special Responsibilities	— Mr Bell is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

DIRECTORS' REPORT

Company Secretary

Dion Soich is a Certified Practising Accountant and the Chief Financial Officer. Dion has held senior positions with a number of leading companies and has a Bachelor of Commerce and is a Member of the Australian Institute of Company Directors.

Dividends

During the financial year, a fully franked dividend of $934,415 (1c per share) was paid on 17 September 2015 (2015: Nil).

Since the end of the financial year, the Board have declared a fully franked dividend of $934,415 (1c per share) to be paid on 9 September 2016.

Meetings of Directors

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

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			Audit and Risk		Remuneration and Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter D Ritchie	6	6	2	2	2	2
Mr Stephen C Jermyn	6	5	2	1	2	1
Mr Richard L Bell	6	6	2	2	2	2
Mr Gary B Hillberg	6	6	2	2	2	2

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.

Indemnities given and insurance premiums paid to Auditors and Officers

During the year, Reverse Corp Limited paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

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

Unissued shares under option

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

During the year ended 30 June 2016, 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 28 Share-based Payments.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 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 2016, or are payable, to the external auditors:

	Consolidated entity $
Taxation and other services	17,036

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 2016, which forms part of this report, has been received and can be found on page 14.

Remuneration Report – Audited

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

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

Remuneration policy

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

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

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

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

DIRECTORS' REPORT

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

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

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

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

The company has adopted a policy in respect of directors and executives trading in the company'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 are applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of shares under an employee share scheme to key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

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

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

Reverse Corp received more than 98% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2015. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

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

	2012	2013	2014	2015	2016
	$	$	$	$	$
Revenue	9,996,600	8,523,302	9,736,666	8,810,844	6,939,083
Net Profit/(loss)	(78,284)	365,025	1,497,714	2,062,073	1,559,089
Dividends paid (cents)	-	-	-	-	1.00
EPS (cents)	(0.10)	0.40	1.60	2.20	1.70
Share price at year-end	$0.03	$0.04	$0.15	$0.14	$0.13

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

DIRECTORS' REPORT

(b) Details of remuneration for year ended 30 June 2016

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

Director and other Key Management Personnel remuneration									
		Short term employee benefits			Post-employment benefits	Termination benefits	Share-based payments		
Employee	Year	Cash salary and fees	Cash Bonus	Non-monetary benefits	Superannuation	Termination payments	Shares	Total	Performance based percentage of remuneration
Non-Executive Directors									
Peter Richie *Independent Chairman*	2016	86,957	-	-	8,261	-	-	95,218	0.0%
	2015	86,957	-	-	8,261	-	-	95,218	0.0%
Stephen Jermyn *Independent Director*	2016	45,767	-	-	4,348	-	-	50,115	0.0%
	2015	45,767	-	-	4,348	-	-	50,115	0.0%
RIchard Bell *Independent Director*	2016	-	-	-	-	-	-	-	0.0%
	2015	-	-	-	-	-	-	-	0.0%
Gary Hillberg *Independent Director*	2016	45,767	-	-	4,348	-	-	50,115	0.0%
	2015	45,767	-	-	4,348	-	-	50,115	0.0%
Key Management Personnel									
Charles Slaughter *Chief Executive Officer*	2016	211,442	35,949	-	19,697	-	-	267,088	13.5%
	2015	201,373	60,169	-	20,000	-	47,445	328,987	18.3%
Dion Soich *Chief Financial Officer*	2016	183,103	14,625	-	18,746	-	-	216,474	6.6%
	2015	174,633	18,656	-	17,976	-	23,722	234,987	7.9%
Luke Krasnoff *Head of IT*	2016	122,917	9,843	-	12,612	-	-	145,372	6.6%
	2015	118,216	10,413	-	12,220	-	-	140,849	7.4%
Michael Aarts *Managing Director – OzContacts*	2016	95,129	7,539	-	9,753	-	-	112,421	6.7%
	2015	73,255	10,000	-	7,909	-	-	91,164	11.0%
2016 Total	**2016**	**791,082**	**67,956**	**-**	**77,765**	**-**	**-**	**936,803**	
2015 Total	**2015**	**745,968**	**99,238**	**-**	**76,062**	**-**	**71,167**	**991,435**	

DIRECTORS' REPORT

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

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

(c) Employment contracts of key management personnel

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

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

(d) Share-based remuneration

The Board implemented a new Employee Loan Funded Share Plan during the 2015 financial year to provide key management personnel an incentive in a tax effective manner to better align the interests of the participants with the interests of Shareholders. No share based remuneration was paid during the financial year.

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

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

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

DIRECTORS' REPORT

(e) Bonuses included in remuneration

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

Key Management Personnel	Included in remuneration ($)	Percentage vested during the year	Percentage forfeited during the year
Charles Slaughter[1]	16,362	81%	19%
Dion Soich	14,625	81%	19%
Luke Krasnoff	9,843	81%	19%
Michael Aarts	7,539	81%	19%

1. Charles Slaughter was paid an additional discretionary bonus of $19,587.

(f) Other information

Options held by Key Management Personnel

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

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2016 reporting period held by each of the key management personnel, including their related parties, is set out below:

	Balance 1.7.15	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.16
Peter Ritchie	4,722,234	-	-	-	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Charles Slaughter (2)	706,215	-	-	-	706,215
Dion Soich (2)	353,107	-	-	-	353,107
Total	**29,304,044**	**-**	**-**	**-**	**29,304,044**

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

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

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

Loans to Key Management Personnel

The Company provides key management personnel with a limited recourse loan to purchase shares in the Company. Further details are outlined in Note 28 – Share-based payments.

The number of key management personnel included in the Company aggregate at year end is two (2). There are no individuals with loans above $100,000 during the financial year.

Other transactions with Key Management Personnel

During 2016, 1800 Reverse Pty Ltd, a subsidiary of the Company, leased office premises from Bell Co Pty Ltd, a company which Non-executive Director Mr Richard Bell controls. This lease ended on 26 August 2015 and the amount of operating lease payments for 2016 was $19,372.

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 29th day of August 2016

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Reverse Corp Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M S Bell
Partner - Audit & Assurance

Brisbane, 29 August 2016

REVERSE CORP LIMITED AND CONTROLLED ENTITIES

ABN 16 085 949 855

Financial Report for the Financial Year

Ended 30 June 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	Consolidated Entity 2016 $	2015 $
Revenue	2	6,939,083	8,609,052
Other revenue	2	158,218	160,431
Direct costs associated with revenue	3	(2,622,957)	(3,297,868)
Employee benefits expense		(1,350,353)	(1,458,310)
Depreciation and amortisation expense		(183,803)	(196,887)
Impairment of intangibles		(73,838)	-
Exchange differences reclassified to the profit and loss		(5,219)	-
Other expenses		(579,844)	(682,430)
Finance costs	3	(1)	(164)
Profit /(loss) before income tax		2,281,286	3,133,824
Income tax (expense) / benefit	4	(722,197)	(950,349)
Profit/(loss) for the year from continuing operations		**1,559,089**	**2,183,475**
Profit/(loss) for the year from discontinued operations		-	(121,402)
Profit/(loss) for the year		**1,559,089**	**2,062,073**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(3,737)	(259)
- Reclassification to the profit and loss		5,219	-
Available-for-sale financial assets:			
- Current year gains		251,136	-
Income tax on other comprehensive income	4	-	-
Other comprehensive income for the year, net of income tax		**252,618**	**(259)**
Total comprehensive income for the year		**1,811,707**	**2,061,814**
Profit/(loss) for the year attributable to:			
Non-controlling interest		(4,473)	(23,452)
Owners of the parent		1,563,562	2,085,525
		1,559,089	2,062,073
Other comprehensive income for the year attributable to:			
Non-controlling interest		-	-
Owners of the parent		252,618	(259)
		252,618	(259)
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		1,816,180	2,206,668
Discontinued operations		-	(121,402)
		1,816,180	2,085,266
Earnings per share	8		
Basic earnings per share		**0.017**	**0.022**
Earnings from continuing operations		0.017	0.024
Profit/(loss) from discontinued operations		N/A	0.001
Diluted earnings per share		**0.017**	**0.022**
Earnings from continuing operations		0.017	0.024
Profit/(loss) from discontinued operations		N/A	0.001

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Consolidated Entity 2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	6,039,277	7,478,033
Trade and other receivables	10	474,622	697,338
Inventories	11	164,954	74,398
Available for sale financial Assets	13	2,231,530	-
Other current assets	17	116,002	66,842
TOTAL CURRENT ASSETS		**9,026,385**	**8,316,611**
NON-CURRENT ASSETS			
Property, plant and equipment	15	60,288	36,008
Deferred tax assets	20	353,738	336,852
Goodwill	16	1,671,024	1,671,024
Other intangible assets	16	164,807	331,298
Other non-current assets	17	-	650
TOTAL NON-CURRENT ASSETS		**2,249,857**	**2,375,832**
TOTAL ASSETS		**11,276,242**	**10,692,443**
CURRENT LIABILITIES			
Trade and other payables	18	405,559	649,136
Current tax liabilities	20	114,924	180,812
Short-term employee benefits	21	101,938	78,367
TOTAL CURRENT LIABILITIES		**622,421**	**908,315**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	6,210	19,891
Long-term employee benefits	21	22,162	16,080
TOTAL NON-CURRENT LIABILITIES		**28,372**	**35,971**
TOTAL LIABILITIES		**650,793**	**944,286**
NET ASSETS		**10,625,449**	**9,748,157**
EQUITY			
Issued capital	22	3,553,224	3,553,224
Other components of equity	23	694,851	442,233
Retained earnings		6,413,396	5,759,025
		10,661,471	9,754,482
Non-controlling interest		**(36,022)**	**(6,325)**
TOTAL EQUITY		**10,625,449**	**9,748,157**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Note	Consolidated Entity				
		Issued capital $	Retained earnings $	Non-controlling interest $	Other components of equity $	Total $
Balance at 1 July 2014		**3,553,224**	**3,939,113**	**(184,009)**	**371,325**	**7,679,653**
Total comprehensive income		-	2,085,525	(23,452)	(259)	2,061,814
Subtotal		3,553,224	6,024,638	(207,461)	371,066	9,741,467
Transactions with owners						
Share-based payments	**23**	-	-	-	71,167	71,167
Acquisition of non-controlling interest in Oz Contacts Pty Ltd		-	(265,613)	201,136	-	(64,477)
Balance at 30 June 2015		**3,553,224**	**5,759,025**	**(6,325)**	**442,233**	**9,748,157**
Balance at 1 July 2015		**3,553,224**	**5,759,025**	**(6,325)**	**442,233**	**9,748,157**
Total comprehensive income		-	1,563,562	(4,473)	252,618	1,811,707
Subtotal		3,553,224	7,322,587	(10,798)	694,851	11,559,864
Transactions with owners						
Share-based payments	**23**	-	-	-	-	-
Dividends paid		-	(934,415)	-	-	(934,415)
Issue of shares to non-controlling interest in Oz Contacts Pty Ltd		-	25,224	(25,224)	-	-
Balance at 30 June 2016		**3,553,224**	**6,413,396**	**(36,022)**	**694,851**	**10,625,449**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 June 2016

	Note	Consolidated Entity	
		2016 $	2015 $
OPERATING ACTIVITIES			
Receipts from customers		7,514,478	8,899,173
Payments to suppliers and employees		(5,187,102)	(5,853,753)
Taxes paid		(818,651)	(780,250)
Net cash from continuing operations		1,508,725	2,265,170
Net cash from discontinuing operations		-	(12,129)
Net cash provided by (used in) operating activities	27	1,508,725	2,253,041
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		795	-
Payments for property, plant and equipment		(66,284)	(7,541)
Proceeds from the sale of subsidiaries		-	1
Payments for financial assets		(1,980,393)	-
Interest received		123,682	160,430
Payments for intangible assets		(57,859)	(3,330)
Investment in subsidiaries		(32,239)	(32,239)
Net cash provided by (used in) investing activities		(2,012,298)	117,321
FINANCING ACTIVITIES			
Interest paid		(1)	(164)
Dividends paid		(934,415)	-
Net cash used in financing activities		(934,416)	(164)
Net increase in cash and cash equivalents		(1,437,989)	2,370,198
Cash and cash equivalents at beginning of financial year		7,478,033	5,108,025
Effect of exchange rates on cash holdings in foreign currencies		(767)	(190)
Cash and cash equivalents at end of financial year	**9**	**6,039,277**	**7,478,033**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1: Statement Of Significant Accounting Policies

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

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

Reverse Corp Limited is a for-profit entity for the purpose of preparing the financial statements.

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

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) *Basis of Consolidation*

The Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 30 June 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from the involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All subsidiaries have a reporting date of 30 June.

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

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

Business Combinations

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

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

(b) *Income Tax*

The charge for current income tax expense is based on the profit for the year adjusted for any non- assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position 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 statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1: Statement Of Significant Accounting Policies (cont)

(b) *Income Tax (cont)*

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

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

(c) *Inventories*

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

(d) *Property, Plant and Equipment*

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

Plant and equipment

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

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

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

Depreciation

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

The depreciation rates used for each class of depreciable assets are

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

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

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

(e) *Leases*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1: Statement Of Significant Accounting Policies (cont)

(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.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any other categories of financial assets. The Group's AFS financial assets include listed securities.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1: Statement Of Significant Accounting Policies (cont)

(h) Intangibles (cont)

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.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

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

(j) 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 high quality bonds that have maturity dates 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 1: Statement Of Significant Accounting Policies (cont)

(k) 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.

(l) 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.

(m) 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).

(n) Borrowing Costs

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

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances the GST 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.

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.

(p) Comparative Figures

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

(q) 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 16: Goodwill and other Intangible Assets.

Recognition of deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 2: Revenue

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Sales revenue			
— Sale of products		1,533,252	1,818,843
— Rendering of services		5,405,831	6,790,209
Sales revenue		6,939,083	8,609,052
Other revenue			
— Interest received from other corporations		123,682	160,430
— Other revenue		34,536	1
Other revenue		158,218	160,431

Note 3: Expenses

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Direct costs associated with revenue		2,622,957	3,279,868
Realised foreign exchange loss/(gain)		(2,224)	(464)
Cost of inventories expensed		1,077,963	1,286,305
Inventory write-off expensed		4,848	25,760
Rental expenses on operating leases:			
— minimum lease payments		131,872	211,335
Finance costs:			
— External		1	164

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 4: Income Tax Expense

	Note	Consolidated Entity	
		2016 $	2015 $
(a) The components of tax expense/(benefit) comprise:			
Current tax		730,888	965,583
Deferred tax	**20**	(30,567)	(13,936)
Under/(over) provision in respect of prior years		21,876	(1,298)
Income tax expense		722,197	950,349
Deferred tax expense recognised in other comprehensive income	**20**	-	-
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit before income tax at 30% (2015: 30%)		684,386	940,147
Add:			
Tax effect of:			
— Other non-allowable/(deductible) items		15,935	(9,850)
— Share payments expensed during year		-	21,350
— Under/ (over) provision in respect of prior years		21,876	(1,298)
		722,197	950,349
Less:			
Tax effect of:			
— Loans forgiven to and from subsidiaries which have been wound up / foreign tax differential		-	-
Income tax expense		**722,197**	**950,349**
The applicable weighted average effective tax rates are as follows:		32%	30%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 2016. Names and positions held by key management personnel in office at any time during the financial year are:

Directors

Peter Ritchie	Non-executive Chairman
Gary Hillberg	Non-executive Director
Stephen Jermyn	Non-executive Director
Richard Bell	Non-executive Director

Management Personnel

Charles Slaughter	Chief Executive Officer
Dion Soich	Chief Financial Officer
Michael Aarts	Managing Director – Oz Contacts Pty Ltd
Luke Krasnoff	Head of IT

	Note	Consolidated Entity	
		2016 $	2015 $
(b) Remuneration for Key Management Personnel			
Short term employee benefits		859,038	845,206
Post-employment benefits		77,765	75,062
Share-based payments		-	71,167
Termination benefits		-	-
		936,803	991,435

(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 28: Share-based Payments.

(d) Employee Loan Funded Share Plan

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

Further details on share-based payments can be found at Note 28: Share-based Payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 5: Key Management Personnel Remuneration (cont)

(e) Shares issued on Exercise of Remuneration Options

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

(f) Shareholdings

Number of Shares held by Key Management Personnel during the year

	Balance 1.7.15	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.16
Peter Ritchie	4,722,234	-	-	-	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn	2,901,544	-	-	-	2,901,544
Richard Bell	20,370,588	-	-	-	20,370,588
Charles Slaughter (2)	706,215	-	-	-	706,215
Dion Soich (2)	353,107	-	-	-	353,107
Total	29,304,044	-	-	-	29,304,044

Number of Shares held by Key Management Personnel for the year ended 30 June 2015

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

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

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

Note 6: Auditors' Remuneration

	Consolidated Entity	
	2016 $	2015 $
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial report	50,879	51,991
– taxation services provided by related practice of auditor	17,036	16,150

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 7: Dividends

	Consolidated Entity	
	2016 $	2015 $
Dividends Paid	934,415	-
Fully franked dividend (1c per share)	934,415	-
Balance of franking account at year end:	6,292,510	5,874,323
— Adjustment for franking credits arising from payment of provision for income tax	34,477	54,244
Balance of franking account after post balance date adjustments	6,326,987	5,928,567

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

Note 8: Earnings per Share

	Consolidated Entity	
	2016 $	2015 $
(a) Reconciliation of Earnings to Profit		
Profit	1,563,562	2,085,525
Earnings used to calculate basic EPS	1,563,562	2,085,525
Earnings used in the calculation of dilutive EPS	1,563,562	2,085,525
	No	No
(b) Weighted average number of ordinary shares during the year used in calculating basic EPS	93,441,497	93,258,153
	93,441,497	93,258,153
Weighted average number of options outstanding (i)	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	93,441,497	93,258,153

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 9: Cash and Cash Equivalents

	Consolidated Entity	
	2016 $	2015 $
Cash at bank and on hand	59,781	76,478
Short-term deposits	5,979,496	7,401,555
	6,039,277	7,478,033

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 1.7% (2015: 2.7%).

Note 10: Trade and Other Receivables

	Note	Consolidated Entity	
		2016 $	2015 $
CURRENT			
Trade receivables	**10a**	386,952	567,535
Sundry receivables		87,670	129,803
		474,622	697,338

(a) Current trade receivables are on 30 day terms. No receivables are either past due or impaired. Refer to Note 31 for further information regarding credit risk.

Note 11: Inventories

	Consolidated Entity	
	2016 $	2015 $
Inventory at cost	164,954	74,398

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 12: Controlled Entities

(a) Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest	
			2016 %	2015 %
1800 Reverse Pty Ltd	Reverse Charge Calling Services	Australia	100	100
0800 Reverse Pty Ltd	Dormant Entity	Australia	100	100
Oz Contacts Pty Ltd	Online Contact Lenses	Australia	95	99
15-15 Pty Ltd	Dormant Entity	Australia	100	100
15-15 Cobro Revertido, S.L. (i) (iii)	Dormant Entity	Spain	0	100
1800 Reverse Operations Pty Ltd (ii)	Service Entity	Australia	100	100

(i) Subsidiary of 15-15 Pty Ltd

(ii) Subsidiary of 1800 Reverse Pty Ltd

(iii) Wound up on 30 September 2015

Note 13: Available-for-sale financial assets

During the financial year ended 30 June 2016, Reverse Corp Limited has purchased 3,143,000 shares in Onthehouse Holdings Limited (OTH) an ASX listed real estate software provider for a total consideration of $1,980,394 that represents a 3.8% shareholding in OTH.

The Group revalued this investment at 30 June 2016 in accordance with applicable accounting standards on a fair value basis using the ASX quoted bid price as at 30 June 2016 of $0.71. The revaluation resulted in an unrealised gain of $251,136 which was recorded in the statement of profit or loss and other comprehensive income as shown in the table below:

Details	Effect	Effect per share
Total Cost of OTH Shares	$1,980,394	$0.6307
Revaluation of OTH Shares @ 30 June 2016	**$2,231,530**	**$0.7100**
Unrealised gain on revaluation of OTH Shares	$251,136	$0.0793

On the 6 July 2016 OTH's Board accepted a revised takeover offer, via a scheme of arrangement, to acquire all of the remaining shares in OTH that they don't own by a consortium led by Macquarie. Further details are shown in Note 29.

As a result of this takeover offer the Group has reclassified the available-for-sale financial asset as current in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note 14: Parent Entity Information

Reverse Corp Limited	2016 $	2015 $
Assets		
Current assets	8,193,752	7,438,120
Non-current assets	(4,043,253)	(2,818,500)
Total Assets	**4,150,499**	**4,619,620**
Liabilities		
Current liabilities	155,331	288,934
Non-current liabilities	-	-
Total Liabilities	**155,331**	**288,934**
Equity		
Issued capital	3,553,224	3,553,224
Retained earnings	(2,770)	332,748
Other components of equity		
Share option reserve	444,714	444,714
Total Equity	**3,995,168**	**4,330,686**
Financial Performance		
Loss for the year	(335,518)	(69,516)
Other comprehensive income	-	-
Total Comprehensive Income	**(335,518)**	**(69,516)**

Guarantees in relation to the debts of subsidiaries:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 15: Property, Plant and Equipment

	Consolidated Entity	
	2016 $	2015 $
Plant and Equipment:		
At cost	214,506	192,609
Accumulated depreciation	(186,412)	(175,041)
	28,094	17,568
Calling Platform:		
At cost	1,063,171	1,049,926
Accumulated depreciation	(1,047,296)	(1,031,486)
	15,875	18,440
Leasehold Improvements:		
At cost	22,430	-
Accumulated depreciation	(6,111)	-
	16,319	-
Total Property, Plant and Equipment	60,288	36,008

Movements in Carrying Amounts

	Consolidated Entity			
	Plant and Equipment	Calling Platform	Lease Hold Improvements	Total
	$	$	$	$
Year ended 30 June 2015				
Balance at the beginning of year	142,917	39,067	-	181,984
Additions	1,735	5,806	-	7,541
Disposals	(59,326)	-	-	(59,326)
Depreciation expense	(67,758)	(26,433)	-	(94,191)
Carrying amount at the end of year	17,568	18,440	-	36,008
Year ended 30 June 2016				
Balance at the beginning of year	17,568	18,440	-	36,008
Additions	30,608	13,245	22,430	66,283
Disposals	(8,711)	-	-	(8,711)
Depreciation expense	(11,371)	(15,810)	(6,111)	(33,292)
Carrying amount at the end of year	28,094	15,875	16,319	60,288

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 16: Goodwill and Other Intangible Assets

	Consolidated Entity	
	2016 $	2015 $
Goodwill		
Cost	1,671,024	1,671,024
Accumulated impairment losses	-	-
Net carrying value	1,671,024	1,671,024
Trademarks, Licences and Intellectual Property		
Cost	395,068	337,209
Impairment	(73,838)	-
Accumulated amortisation	(209,090)	(174,213)
Net carrying value	112,140	162,996
Development Costs		
Cost	37,636	37,636
Accumulated amortisation	(37,636)	(36,000)
Net carrying value	-	1,636
Contractual Rights		
Cost	570,000	570,000
Accumulated amortisation	(517,333)	(403,334)
Net carrying value	52,667	166,666
Total intangible assets	1,835,831	2,002,322

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 16: Goodwill and Other Intangible Assets (cont)

Movements in Carrying Amounts

	Consolidated Entity				
	Goodwill	Trademarks, Licences & IP	Development Costs	Contractual Rights	Total
	$	$	$	$	$
Year ended 30 June 2015					
Balance at the beginning of year	1,671,024	214,048	3,636	280,666	2,169,374
Additions	-	3,329	-	-	3,329
Disposals	-	(8,360)	-	-	(8,360)
Impairment	-	-	-	-	-
Amortisation expense	-	(46,021)	(2,000)	(114,000)	(162,021)
Carrying amount at the end of year	1,671,024	162,996	1,636	166,666	2,002,322
Year ended 30 June 2016					
Balance at the beginning of year	1,671,024	162,996	1,636	166,666	2,002,322
Additions	-	57,859	-	-	57,859
Disposals	-	-	-	-	-
Impairment	-	(73,838)	-	-	(73,838)
Amortisation expense	-	(34,877)	(1,636)	(113,999)	(150,512)
Carrying amount at the end of year	1,671,024	112,140	-	52,667	1,835,831

Impairment Disclosures

Goodwill is allocated to the following cash-generating unit:

	2016 $	2015 $
1800 Reverse	1,671,024	1,671,024
Total	1,671,024	1,671,024

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

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets assume minimal price increases for the life of the model and conservative assumptions for call volumes trends and that all parties to the Heads of Agreement don't exercise their options to terminate during the remaining option periods. The cash flows are discounted using an estimated weighted average cost of capital of 12.5%.

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

		Growth Rate	Discount Rate
1800 Reverse (Australia)	Year 1-3	(30%)	12.5%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 17: Other Assets

	Consolidated Entity	
	2016 $	2015 $
CURRENT		
Prepayments	40,952	55,769
Deposits	75,050	11,073
	116,002	66,842
NON-CURRENT		
Deposits	-	650

Note 18: Trade and Other Payables

	Consolidated Entity	
	2016 $	2015 $
CURRENT		
Unsecured liabilities		
Trade payables	164,929	294,634
Sundry payables and accrued expenses	240,630	354,502
	405,559	649,136

(a) Current trade payables are on 30 day terms. No payables are either past due or impaired. Refer to Note 31 for further information regarding currency risk.

Note 19: Financial Liabilities

NAB credit facility

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 20: Tax

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
(a) Current			
Income tax payable		114,924	180,812

	Balance Sheet		Comprehensive Income		Income Statement	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
(b) Non-Current						
Consolidated Entity						
Deferred tax liabilities:						
Prepaid expenses	(1,560)	(1,725)			(165)	1,545
Property, plant and equipment	-	(13,550)			(13,550)	9,402
Intangibles	(4,650)	(4,616)			34	(15,120)
Gross deferred income tax liability	(6,210)	(19,891)				
Deferred tax assets:						
Provisions	37,230	28,334			(8,896)	(268)
Carried forward tax losses	296,258	262,733			(33,525)	(47,363)
Intangibles	20,250	45,769			25,519	37,884
Other	-	16	-	-	16	(16)
Gross deferred income tax assets	353,738	336,852				
Deferred income tax charge			-	-	(30,567)	(13,936)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 21: Employee Benefits

	Consolidated Entity
	$
Employee Benefits	
Opening balance at 1 July 2015	94,447
Movement in employee benefits	29,653
Balance at 30 June 2016	124,100

Analysis of Total Employee Benefits

	Consolidated Entity	
	2016 $	2015 $
Employee Benefits		
Current	101,938	78,367
Non-current	22,162	16,080
	124,100	94,447

Employee Benefits

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

Note 22: Issued Capital

	Note	Consolidated Entity	
		2016 $	2015 $
93,441,497 (2015: 93,441,497)			
Fully paid Ordinary shares	**22(a)**	3,553,224	3,553,224
		3,553,224	3,553,224

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

(a) Ordinary Shares

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

	2016	2015
	No.	No.
At the beginning of reporting period	93,441,497	92,382,175
Shares issued during the year	-	1,059,322
At reporting date	93,441,497	93,441,497

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

Note 22: 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 28.

(ii) For information relating to share options issued to executives during the financial year, refer to Note 28.

(b) Capital Management

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

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

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

Management felt it was prudent to hold no group debt to provide maximum financial flexibility for future growth. The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are as follows:

	Note	Consolidated Entity	
		2016 $	2015 $
Total borrowings	19	-	-
Less cash and cash equivalents	9	(6,039,277)	(7,478,033)
Net debt		(6,039,277)	(7,478,033)
Total equity		10,625,449	9,748,157
Total capital		4,586,172	2,270,124
Gearing ratio		0.0%	0.0%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 23: Other components of equity

	Consolidated Entity			
	Available-for-sale Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$
At 1 July 2014	-	372,548	(1,223)	371,325
Currency translation differences	-	-	(259)	(259)
Share-based payments	-	71,167	-	71,167
At 30 June 2015	-	443,715	(1,482)	442,233
Currency translation differences	-	-	(3,737)	(3,737)
– Reclassification to the profit and loss	-	-	5,219	5,219
Current year unrealised gains	251,136	-	-	251,136
Share-based payments	-	-	-	-
At 30 June 2016	251,136	443,715	-	694,851

Share Option Reserve

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

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign operations into AUD. All foreign operations have been either disposed of or discontinued in 2013 and 2015, and as such no group entities have a functional currency other than AUD.

Available-for-sale Reserve

The available-for-sale reserve is used to record the fair value unrealised gain or losses on revaluation of available-for-sale financial assets.

Note 24: Leasing Commitments

	Note	Consolidated Entity	
		2016 $	2015 $
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		104,703	136,222
– greater than 1 year but not greater than 5 years		117,994	214,281
		222,697	350,503

(a) The current operating lease for the office in Brisbane, Australia which commenced on 1 August 2015 for a 3 year term. This lease has an annual increase of a fixed 4%.

(b) At balance date, the group had a $50,000 IT platform upgrade capital commitment for Oz Contacts Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 25: Contingent Liabilities and Contingent Assets

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

Note 26: Segment Reporting

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

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

The following table presents the operating segments for the years ended 30 June 2016 and 2015.

	Reverse Charges	Online Contacts	Corporate	Inter Segment Eliminations	Group
Year ended 30 June 2016	$	$	$	$	$
REVENUE					
External revenue	5,405,831	1,533,252	-	-	6,939,083
Other revenue	34,536	-	-	-	34,536
Interest revenue	-	-	204,651	(80,969)	123,682
Total revenue	5,440,367	1,533,252	204,651	(80,969)	7,097,301
RESULT					
Segment result	2,678,988	(123,765)	(273,937)	-	2,281,286
OTHER SEGMENT INFORMATION					
Segment assets	20,647,879	644,093	19,090,553	(29,106,283)	11,276,242
Segment liabilities	12,764,668	1,366,253	13,847,869	(27,327,997)	650,793
Interest expense	1	80,969	-	(80,969)	1
Capital expenditure	62,328	61,814	-	-	124,142
Depreciation and amortisation	145,165	38,638	-	-	183,803
Impairment	73,838	-	-	-	73,838
Income tax expense/(benefit)	820,483	(34,082)	(64,204)	-	722,197

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 26: Segment Reporting (cont)

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

Basis of accounting for purposes of reporting by operating segments

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

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of accumulated depreciation, amortisation and impairment.

Segment liabilities consist principally of payables, employee benefits, accrued expenses, and provisions. Segment assets and liabilities do not include deferred income taxes.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 26: Segment Reporting (cont)

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

	2016 $	2015 $
Revenues		
Total reportable segment revenues	7,097,301	8,971,275
Discontinued operations	-	(201,792)
Group revenues	**7,097,301**	**8,769,483**

Profit or loss		
Total reportable segment operating profit	2,281,286	2,921,657
Loss on sale	-	76,460
Operating loss of discontinued operations	-	135,707
Group operating profit/(loss)	**2,281,286**	**3,133,824**

Note 27: Cash Flow Information

	Consolidated Entity	
	2016 $	2015 $
Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax		
Profit/(loss) after income tax	1,559,089	2,062,073
Items reclassified in cash flow statement (Interest received and interest paid)	(123,683)	(160,266)
Non-cash flows in profit		
Amortisation	150,512	94,191
Depreciation	33,291	162,022
Net (profit)/loss on disposal of property, plant and equipment	7,600	-
Net (profit)/loss on disposal of subsidiaries	-	71,460
FX reclassified to profit and loss	5,219	-
Stock adjustment	4,848	25,760
Share-based payments	-	71,167
Impairment	73,838	-
Other non-cash outflows	(28,116)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	212,296	(36,338)
(Increase)/decrease in inventories	(95,404)	(4,153)
(Increase)/decrease in prepayments	10,575	17,774
(Increase)/decrease in other assets	(80,214)	(19,976)
Increase/(decrease) in trade payables and accruals	(129,705)	(122,676)
Increase/(decrease) in income taxes payable	(65,887)	93,272
Increase/(decrease) in deferred taxes payable	(13,681)	(4,173)
Increase/(decrease) in other payables	(47,608)	2,036
Increase/(decrease) in provisions	29,656	895
Foreign currency movement	6,099	(27)
Cash flow from operations	1,508,725	2,253,041

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 28: Share-based Payments

Options

There are no options outstanding at 30 June 2016.

There were no options granted during the year.

Employee Loan Funded Share Plan

There were no shares issued under the Loan Funded Share Plan during the year.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 29: Events After the Balance Sheet Date

In February 2016 the company announced that it had acquired 3,143,000 shares in OntheHouse Holdings Limited (ASX:OTH) for a total consideration of $1,980,394. Subsequent to the initial investment, OntheHouse was subject to a takeover proposal. On 6 July 2016 OntheHouse confirmed that it had have entered into a scheme implementation deed with a consortium of investors led by the Macquarie Group to acquire all of the shares not already owned by the consortium for 85c per share. The scheme is subject to various conditions and it is anticipated that shareholders will have the opportunity to vote on the proposal at a meeting in October 2016.

Subject to court approval and the conditions of the scheme being satisfied, the scheme is expected to be implemented in October 2016. Completion would result in a net gain for $691,157 for Reverse Corp.

The acquisition of the Net Optical Australia online contact lenses business was completed on 12 August 2016. The business was acquired for a total consideration of $750,000.

No other matters or circumstances, other than the update on the status of the investment in OntheHouse Holdings Limited, the acquisition of Net Optical Australia and the declared dividend have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

The financial report was authorised for issue on 29 August 2016 by the Board of directors.

Note 30: Related Party Transactions

	Consolidated Entity	
	2016 $	2015 $
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 2016 the net amount owed by the company to its subsidiaries was $6,291,596. (2015: $4,702,438)		
(b) Key Management Personnel		
1800 Reverse Pty Ltd leased office premises from Bell Co Pty Ltd, a company which Non-executive Director Mr Richard Bell controls. The leased terminated on 26 August 2015.		
Operating lease payments:	19,365	211,335

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 31: Financial Instruments

(a) Financial risk management objectives and policies

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

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

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

Interest rate risk

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

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

	Consolidated Entity	
	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	6,005,028	7,429,061
	6,005,028	7,429,061
Financial Liabilities		
Bank loans	-	-
	-	-
Net Exposure	6,005,028	7,429,061

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

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

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date.

At 30 June 2016, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)	
	2016 $	2015 $
Judgements of reasonable possible movements:		
Consolidated		
+1% (100 basis points)	60,050	74,291
-1% (100 basis points)	(60,050)	(74,291)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 31: Financial Instruments (cont)

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

Foreign currency risk

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

Market Price risk

The Group is exposed to price risk in respect of its listed equity securities.

For the listed equity securities, an increase of 18% was observed during 2016. However, the equity securities were subject to two separate takeover offers by a consortium lead by Macquarie during the year which caused all of this volatility. Prior to these offers the equity securities volatility level was low.

As a result the Group is not able to accurately assess the future volatility of the equity securities in future years.

Credit risk

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

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

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

Liquidity risk

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

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

	Within 1 Year	1 to 5 Years	Over 5 years	Total
Year ended 30 June 2016	$	$	$	$
Consolidated financial assets:				
Cash	6,039,277	-	-	6,039,277
Receivables	474,622	-	-	474,622
Total Financial Assets	6,513,899	-	-	6,513,899
Consolidated financial liabilities:				
Bank loans	-	-	-	-
Trade and sundry payables	405,559	-	-	405,559
Hire purchase liabilities and equipment loans	-	-	-	-
Total Financial Liabilities	405,559	-	-	405,559
Net Maturity	**6,108,340**	**-**	**-**	**6,108,340**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Note 32: New and revised standards that are effective for these financial statements

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

Accounting Standards issued but not yet effective and not been adopted	Effective date	Impact on Group
AASB 9 Financial Instruments (December 2014) [Also refer to AASB 2013-9 and AASB 2014-1 below]	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 16 Leases	1 January 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.
AASB 15 Revenue from Contracts with Customers	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	When these amendments become effective for the first time for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 33: Company Details

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

Level 1, 30 Little Cribb 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 2016 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 29th day of August 2016

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

Report on the financial report

We have audited the accompanying financial report of Reverse Corp Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Grant Thornton

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

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

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

Auditor's opinion
In our opinion:

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

 i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report
We have audited the remuneration report included in pages 7 to 12 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M S Bell
Partner - Audit & Assurance

Brisbane, 29 August 2016

SHAREHOLDER INFORMATION

This information is extracted from share registry records as at 5 September 2016.

(a) Distribution schedule

Range	Number of holders	Number of shares
1 - 1,000	237	114,984
1,001 - 5,000	235	672,824
5,001 - 10,000	123	1,032,201
10,001 - 100,000	259	10,447,734
100,001 and over	98	81,173,754
Total	**952**	**93,441,497**

Number of holders with less than a marketable parcel: 445

(b) Twenty largest shareholders

Rank	Name	Units	% of Issued capital
1	RICHARD LESLIE BELL	18,259,777	19.54%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	9,079,119	9.72%
3	RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	8,200,000	8.78%
4	MR PETER DAVID RITCHIE & MRS LEIGH MARGARET RITCHIE	4,602,534	4.93%
5	VELKOV FUNDS MANAGEMENT LIMITED	2,650,000	2.84%
6	BELL CO PTY LTD	1,901,544	2.04%
6	SCJ PTY LTD	1,901,544	2.04%
7	KEY GLORY INVESTMENTS PTY LTD	1,500,000	1.61%
8	MR QUAN NYUGEN	1,428,925	1.53%
9	LONGRO PTY LTD	1,247,627	1.34%
10	MR STEPHEN CRAIG JERMYN	1,000,000	1.07%
10	MR PETER SCARF & MRD IDA SCARF	1,000,000	1.07%
10	KERRY JOHN MASON & MARY CATHERINE COUGHLAN-MASON & BRUCE KENNETH DELL	1,000,000	1.07%
10	MR DONALD JAMES MILLER	1,000,000	1.07%
11	MR EDWARD JAMES DALLY & MRS SELINA DALLY	950,000	1.02%
12	AUST EXECUTOR TRUSTEES LTD	906,500	0.97%
13	ONE MANAGED INVT FUNDS LTD	857,711	0.92%
14	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	847,390	0.91%
15	MR WARWICK SAUER	770,000	0.82%
16	MR LIU KEYI	720,224	0.77%
17	WESTOR ASSET MANAGEMENT PTY LTD	707,258	0.76%
18	CHARLES SLAUGHTER	706,215	0.76%
19	G CHAN PENSION PTY LIMITED	700,000	0.75%
20	DMX CAPITAL PARTNERS LIMITED	675,000	0.72%
	Total: Twenty largest shareholders	**62,611,368**	**67.01%**
	Remainder	**30,830,129**	**32.99%**
	Total	**93,441,497**	**100.00%**

(c) Substantial shareholders

Rank	Name	Units	% of Issued capital
1	Richard Leslie Bell	20,370,588	21.8%
2	Wilson Asset Management	8,200,000	8.8%
3	Mr Peter David Ritchie & Mrs Leigh Margaret Ritchie	4,722,234	5.1%

(d) Voting rights

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

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

CORPORATE DIRECTORY

Directors

Mr Peter D Richie – Chairman

Mr Gary B Hillberg

Mr Richard L Bell

Mr Stephen C Jermyn

Audit and Risk Committee

Mr Stephen C Jermyn – Chairman

Mr Peter D Ritchie

Mr Richard L Bell

Remuneration and Nomination Committee

Mr Peter D Richie – Chairman

Mr Stephen C Jermyn

Mr Richard L Bell

Company Secretary

Mr Dion Soich

Registered Office

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Facsimile: +61 7 3295 0366

Principal Place of Business

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30 Little Cribb Street
Milton QLD 4064

Share Registry

Link Market Services
Level 15
324 Queen Street
Brisbane QLD 4000

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

Stock Exchange

Listed on the Australian Stock Exchange (Code: REF)

Auditors

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

Solicitors

Holding Redlich
Level 1
300 Queen Street
Brisbane QLD 4000

Website

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