

COMPANY ANNOUNCEMENT

28 February 2019

Reverse Corp Limited (ASX: REF) – Half Year Results Announcement

Reverse Corp Limited reports, including assets classified as held for sale, revenue of \$3,780,971 and earnings before interest, tax, depreciation & amortisation (EBITDA) of \$58,912 for the six months to 31 December 2018.

The result reflects the following:

- Revenue for our combined online contact lenses business increasing 35% on the same period last year to \$2,644,631. More efficient marketing and a larger customer base contributed to the EBITDA loss narrowing to \$59,427 from a loss of \$270,785 for the same period last year
- 1800-Reverse generating EBITDA of \$370,275 representing a 57% decline on last year following the termination of Optus mobile billing on 24 August 2018

Management remains focused on completing a process for the sale of our online contact lenses business as advised at our 2018 Annual General Meeting.

Given the 1800-Reverse service will close on 1 July 2019, management are also exploring the best future company structure to maximise value for shareholders.

By Order of the Board

Dion Soich
Company Secretary

REVERSE CORP LIMITED

ACN 085 949 855

Appendix 4D

Half-year report

for the half-year ended 31 December 2018

(previous corresponding period: half-year ended 31 December 2017)

Results for announcement to the market:

Revenue from ordinary activities (\$000)	Down 37.7%	to \$1,180
Loss from ordinary activities after tax attributable to members (\$000)	Down 168.2%	to \$275
Total comprehensive income after tax attributable to members (\$000)	Down 846.8%	to (\$463)

Brief explanation of any figures reported above necessary to enable the figures to be understood:

Refer to the accompanying financial statements and notes.

Dividend:

The Board has not declared a dividend.

	31 December 2018	31 December 2017
Net tangible assets per security:	\$0.01	\$0.07

Commentary on the Results for the Period:

Refer to the accompanying financial statements and notes.

Audit/Review Status:

This report is based on accounts to which one of the following applies:
(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

**Reverse Corp Limited
and Controlled Entities**

ABN 16 085 949 855

Financial Report for the half-year ended 31 December 2018

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2018.

Directors

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

Mr Peter D Ritchie – Non-Executive Chairman

Mr Gary B Hillberg – Non-Executive Director

Mr Richard L Bell – Non-Executive Director

Review and Results of Operations

Net loss after tax for the half-year ended 31 December 2018 was \$462,869 compared to a net profit after tax of \$61,978 for the same period last year. Including discontinued operations, group earnings before interest, tax, depreciation and amortisation (EBITDA) were \$58,912 with revenue for the period \$3,780,971. This compared to EBITDA of \$358,051 and revenue of \$3,825,507 for the same period last year. The Contact Lens business contributed 70% of total group revenue for the period.

Reverse Charge Calling Business

1800-Reverse EBITDA was \$370,275 which was a decrease of 57% on the same period last year. Revenue for the period declined 39% to \$1,136,340 with call volumes down 35% on last year as anticipated. Declines increased following the ceasing of calls to Optus mobiles on 24 August 2018. The final price change for the service was implemented in November 2018. As previously advised, the service will close in July 2019 as we will be unable to bill calls to Telstra mobiles after 30 June 2019 making the service unviable. This follows our announcement in October 2018 that our service provider agreement with Telstra Corporation for the billing of Telstra mobiles would terminate on 30 June 2019.

Contact Lens Business

Our combined online contact lens businesses recorded an EBITDA loss of \$59,427 for the period which was an improvement on a loss of \$270,785 for the same period last year. Our total revenue for the half was \$2,644,631 which was up 35% on last year. The division benefited from the customer growth achieved in FY18 following our significant investment in marketing for OzContacts. Profitability also improved due to greater efficiencies in our marketing spend utilising the learnings captured in FY18. The division also benefited from a full six months of trading for the WebContacts.com.au and YourContacts.com.au businesses acquired on 23 August 2017.

Our key customer acquisition brand OzContacts.com.au increased revenue by 56% to \$1,620,080 and was supported by online marketing and a summer promotion in November and December. Our marketing spend for OzContacts for the half was \$149,529 which was down from \$322,522 for the 6 months prior. We remain focused on efficient new customer acquisition via Google AdWords and social media, as well as the retention of the base through personalised re-order communications and customer experience improvements. Revenue for our Net Optical brand increased 2% on the same period last year to \$482,043 following the launch of our new website and propositions in August 2017 improving customer retention. Our WebContacts and YourContacts brands achieved combined revenues of \$542,508 for the period which was in line with expectations.

Priorities for Management in the second half are:

1. Progress the potential sale of our online contact lenses business as advised at the AGM in November 2018
2. Prepare for the close down of the 1800-Reverse business in July 2019
3. Consider future options for the structure of the company to achieve the best shareholder returns pending the sale of the contact lenses business

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

DIRECTORS' REPORT (Cont.)

Dividends

No dividend has been declared for the half-year.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.



Mr. Peter D. Ritchie
Chairman

Dated this 28th day of February 2019

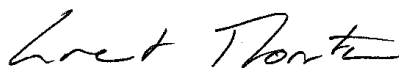
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Auditor's Independence Declaration to the Directors of Reverse Corp Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Reverse Corp Limited for the half-year ended 31 December 2018. 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F Newman
Partner – Audit & Assurance

Brisbane, 28 February 2019

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-Year Ended	
		31 Dec 2018	31 Dec 2017
		\$	\$
Revenue		1,136,340	1,859,572
Other income		43,790	35,678
Direct costs associated with revenue	2	(281,863)	(423,932)
Employee benefits expense		(527,070)	(598,096)
Depreciation and amortisation expense		(17,208)	(19,344)
Allowance for credit losses	8	(233,126)	-
Other expenses		(253,473)	(213,208)
Finance costs	2	(2,056)	-
Profit/(loss) before income tax		(134,666)	640,670
Income tax (expense) / benefit		(139,963)	(238,162)
Profit/(loss) for the half-year from continuing operations		(274,629)	402,508
Profit/(loss) for the half year from discontinued operations		(188,240)	(340,530)
Profit/(loss) for the half year		(462,869)	61,978
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of income tax		-	-
Total comprehensive income for the half-year		(462,869)	61,978
Profit/(loss) for the half-year attributable to:			
Non-controlling interest		-	(16,986)
Owners of the parent		(462,869)	78,964
		(462,869)	61,978
Other comprehensive income for the half-year attributable to:			
Non-controlling interest		-	-
Owners of the parent		-	-
		-	-
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		(274,629)	402,508
Discontinued operations		(188,240)	(340,530)
		(462,869)	61,978

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-Year Ended	
		31 Dec 2018	31 Dec 2017
		\$	\$
<hr/>			
Earnings per share			
Basic earnings per share		-0.005	0.001
Earnings from continuing operations		-0.003	0.004
Profit/(loss) from discontinued operations		-0.002	-0.003
Diluted earnings per share		-0.005	0.001
Earnings from continuing operations		-0.003	0.004
Profit/(loss) from discontinued operations		-0.002	-0.003

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	31 Dec 2018	30 Jun 2018	
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		943,781	5,313,397
Trade and other receivables		162,746	611,763
Inventories		-	939,657
Assets and disposal group classified as held for sale	9	1,897,597	-
Other current assets		53,308	62,814
TOTAL CURRENT ASSETS		3,057,432	6,927,631
NON-CURRENT ASSETS			
Property, plant and equipment		39,511	69,896
Deferred tax assets	10	113,437	520,063
Goodwill		296,024	441,062
Other intangible assets		40,933	1,343,983
TOTAL NON-CURRENT ASSETS		489,905	2,375,004
TOTAL ASSETS		3,547,337	9,302,635
CURRENT LIABILITIES			
Trade and other payables		160,698	739,406
Short term borrowings		37,412	-
Current tax liabilities		(12,457)	63,247
Liabilities included in the disposal group held for sale	9	553,606	-
Short-term employee benefits		68,030	133,642
TOTAL CURRENT LIABILITIES		807,289	936,295
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,161	4,403
Long-term employee benefits		48,522	36,372
TOTAL NON-CURRENT LIABILITIES		54,683	40,775
TOTAL LIABILITIES		861,972	977,070
NET ASSETS		2,685,365	8,325,565
EQUITY			
Share capital	7	3,576,084	3,576,084
Other components of equity		443,715	443,715
Retained earnings		(1,334,434)	4,407,799
		2,685,365	8,427,598
Non- controlling interest		-	(102,033)
TOTAL EQUITY		2,685,365	8,325,565

The accompanying notes form part of these financial statements.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Note	Share capital	Other components of equity	Retained earnings	Total attributable to owners of parent	Non- controllin g interest	Total Equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2018		3,576,084	443,715	4,407,799	8,490,598	(102,033)	8,325,565
Dividend payments		-		(5,107,331)	(5,107,331)	-	(5,107,331)
Acquisition of non-controlling interest in Oz Contacts Pty Ltd	11	-		(172,033)	(172,033)	102,033	(70,000)
Transactions with owners		-	-	(5,279,364)	(5,279,364)	102,033	(5,177,331)
Profit/(loss) for the period		-	-	(462,869)	(462,869)	-	(462,869)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	(462,869)	(462,869)	-	(462,869)
Balance at 31 December 2018		3,576,084	443,715	(1,334,434)	2,685,365	-	2,685,365
Balance at 1 July 2017		3,553,224	443,715	5,786,754	9,783,693	(43,422)	9,740,271
Dividend payments		-		(934,414)	(934,414)	-	(934,414)
Reduction of share capital under unmarketable parcel buy back		(53,737)		-	(53,737)	-	(53,737)
Proceeds of sale of ESLP shares forfeited (net of costs)		76,597		-	76,597	-	76,597
Transactions with owners		22,860	-	(934,414)	(911,554)	-	(911,554)
Profit/(loss) for the period		-	-	78,964	78,964	(16,986)	61,978
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	78,964	78,964	(16,986)	61,978
Balance at 31 December 2017		3,576,084	443,715	4,931,304	8,951,103	(60,408)	8,890,695

The accompanying notes form part of these financial statements.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
	\$	\$
OPERATING ACTIVITIES		
Receipts from customers	1,114,457	1,842,132
Payments to suppliers and employees	(1,556,646)	(1,229,703)
Taxes refunds/(paid)	193,667	(220,327)
Net cash from continuing operations	(248,522)	392,102
Net cash from discontinuing operations	1,083,447	(5,554)
Net cash from operating activities	834,925	386,548
INVESTING ACTIVITIES		
Purchase of property, plant & equipment	-	(38,186)
Payments for intangible assets	(37,936)	(810,252)
Payments for financial assets	-	(10)
Payment for minority interest	(70,000)	-
Net cash from acquisitions	-	1
Interest received	43,681	35,678
Proceeds from the sale of property, plant & equipment	909	-
Net cash from / (used in) investing activities	(63,346)	(812,769)
FINANCING ACTIVITIES		
Interest paid	(2,317)	-
Proceeds from the issue of shares	-	76,607
Proceeds from borrowings	59,087	-
Repayments of borrowings	(18,476)	-
Payments for the cancellation of shares	-	(53,737)
Dividends paid	(5,107,331)	(934,414)
Net cash used in financing activities	(5,069,037)	(911,544)
Net change in cash and cash equivalents	(4,297,458)	(1,337,765)
Cash and cash equivalents, beginning of period	5,313,397	7,285,778
Included in disposal group	(72,158)	-
Cash and cash equivalents, end of period	943,781	5,948,013

The accompanying notes form part of these financial statements.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION

These interim financial statements for the interim half-year reporting period ended 31 December 2018 are presented in Australian Dollar (\$AUD), which is the functional currency of the Parent Company and have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: *Interim Financial Reporting*.

This condensed interim financial report is intended to provide users with an update on the latest annual financial statements of Reverse Corp Limited and its controlled entities (the Group). They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the group for the year ended 30 June 2018, together with any public announcements made during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been prepared in accordance with the same accounting principles adopted in the Group's last annual financial statements for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. For both standards the Group has elected to not restate comparatives and record any changes as an adjustment to opening retained earnings at 1 July 2018. There are no effects from the changes in these standards for the Group.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2019.

Revenue

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new standard has had no impact on the financial statements.

Revenue arises for the 1800 Reverse product from reverse charge calls is recognised on the day on which the call is completed for calls ending on fixed line and when the call is billed for calls ending on a mobile line.

Revenue from the sale of contact lenses is recognised when the control of the goods have passed to the customer. Control is considered past to the customer when the contact lenses have been dispatched.

Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The new standard has had no impact on the financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactional costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a type of receivable basis as they possess credit risk characteristics based on the class of receivable. The Group provides for all receivables it deems unlikely to collect after 60 days and write off fully all amounts when the likelihood of collection is less than 5%.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group doesn't designate any interest in subsidiaries as being subject to the requirements of AASB 9.

Comparative Figures

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

Key Estimates and Judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

Income taxes

Prior to lodging its 2018 income tax return, the Reverse Corp Tax Group elected to add the Oz Contacts Tax Group to the tax consolidation group effective 1 July 2017.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Going Concern

Notwithstanding that the consolidated entity incurred an operating loss after tax of \$462,869 for the half year ended 31 December 2018 and the impending closure of the profitable 1800 Reverse charge calling business, the financial report has been prepared on a going concern basis, which assumes continuity of the remaining Contact Lens businesses and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group has cash reserves of \$1.0m at balance date as well as the ongoing Contact Lens business approaching profitability and is operating with a positive cash flow. The Group has further options of delisting to further reduce compliance costs or can raise additional funds on the ASX should these funds be needed.

At the date of this report and having considered the above factors, the directors are confident the consolidated entity will be able to continue as a going concern.

Should all of the above assumptions not eventuate, there exists a material uncertainty regarding the Company's and Group's ability to continue as a going concern and realise its assets and liabilities in the normal course of business and at the amounts stated in the financial statements.

	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
	\$	\$

NOTE 2: PROFIT FOR THE PERIOD

Expenses

Direct costs associated with revenue	281,863	423,932
Other employee benefits expense include:		
Staff incentives	42,416	35,622
Other expenses include:		
Realised foreign exchange (gain)/ loss	(102)	(311)
Allowance for credit losses	233,126	-
Finance costs:		
External	2,317	-

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: 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 business units.

The operating segments are therefore determined on the same basis.

The following table presents the operating segments for the years ended 31 December 2018 and 2017.

	Reverse Charges	Online Contacts	Corporate	Inter Segment Eliminations	Group
Half-Year ended 31 December 2018	\$	\$	\$	\$	\$
REVENUE					
External revenue (a)	1,136,340	2,644,631	-	-	3,780,971
Other income	10,611	1,895	-	(10,502)	2,004
Interest revenue	2,794	-	201,740	(160,853)	43,681
Total revenue	1,149,745	2,646,526	201,740	(171,355)	3,826,656
RESULT					
Segment result	114,790	(269,128)	(249,456)	-	(403,794)
OTHER SEGMENT INFORMATION					
Segment assets	26,846,270	2,237,346	16,682,604	(42,195,682)	3,570,538
Segment liabilities	16,752,265	4,815,652	18,289,632	(38,972,377)	885,172
Interest expense	554	161,114	1,502	(160,853)	2,317
Capital expenditure	-	37,938	-	-	37,938
Depreciation and amortisation	17,208	216,055	-	-	233,263
Income tax expense/(benefit)	100,724	(80,889)	39,239	-	59,074

- (a) External revenue includes revenue from reverse charge calls and the sale of contact lens products which are recognised at a point in time.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: SEGMENT INFORMATION (cont)

	Reverse Charges	Online Contacts	Corporate	Inter Segment Eliminations	Group
Half-Year ended 31 December 2017	\$	\$	\$	\$	\$
REVENUE					
External revenue (a)	1,859,572	1,965,935	-	-	3,825,507
Other income	59,391	-	-	(59,391)	-
Interest revenue	-	-	168,418	(132,740)	35,678
Total revenue	1,918,963	1,965,935	168,418	(192,131)	3,861,185
RESULT					
Segment result	839,008	(465,004)	(198,338)	-	175,666
OTHER SEGMENT INFORMATION					
Segment assets	24,776,093	2,757,809	20,286,986	(38,006,560)	9,814,328
Segment liabilities	15,233,671	4,282,292	16,660,925	(35,253,255)	923,633
Interest expense	-	132,740	-	(132,740)	-
Capital expenditure	32,604	815,835	-	-	848,439
Depreciation and amortisation	19,344	180,242	-	-	199,586
Income tax expense/(benefit)	256,269	(124,475)	(18,106)	-	113,688

* 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 arms length.

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

	31 Dec 2018	31 Dec 2017
	\$	\$
Revenues		
Total reportable segment revenues	3,826,656	3,861,185
Discontinued operations	(2,646,526)	(1,965,935)
Elimination of intersegment revenues	-	-
Group revenues	1,180,130	1,895,250
Profit or loss		
Total reportable segment operating profit	(403,794)	175,666
Operating loss of discontinued operations	269,128	465,004
Elimination of intersegment (profits)/losses	-	-
Group operating profit/(loss)	(134,666)	640,670

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: CHANGES IN COMPOSITION OF CONSOLIDATED ENTITY

Since the consolidated entity's last annual reporting date there have been no changes in the composition of the consolidated entity.

NOTE 6: ISSUED CAPITAL

The total number of shares on issue at 31 December 2018 is 92,860 562 (31 December 2017: 92,860,562).

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the reporting period, no matters other than mentioned above have arisen which significantly effected or may significantly effect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

NOTE 8: ALLOWANCE FOR CREDIT LOSSES

The Company announced in July 2018 that Optus had given 30-day's notice to terminate the operating agreements of its Direct Carrier Billing (DCB) and Premium SMS (PSMS) Mobile Billing Service Providers. 1800-Reverse relies upon Mobile Billing Service Providers to charge calls to Optus and Vodafone mobiles. These providers have direct connections with the mobile networks and operate as billing aggregators. The business decision by Optus meant 1800-Reverse was unable to provide calls to all mobiles on the Optus network from 24 August 2018.

In October 2018, the ACCC commenced proceedings against Optus into its use of DCB to charge 3rd party content to Optus mobile users. During the course of the ACCC's investigation, Optus ceased offering most DCB services and terminated the operating agreements with our Mobile Billing Service Providers. The 3rd party services involved primarily related to digital content charged by subscription where customers had unknowingly made purchases. 1800-Reverse is used on a call-by-call basis only and customers must choose to accept the charges for each and every call. It is not a subscription service.

In addition to terminating these Mobile Billing Service Provider agreements, Optus has withheld all payments due from March 2018 until termination on 24 August 2018.

Given the uncertainty of receiving these payments the Group felt it prudent to raise a credit loss allowance of \$233,126.

NOTE 9: ASSETS HELD FOR SALE

The Company, at the 2018 AGM, advised shareholders that it was looking at all options for the Contact Lens businesses post the closure of the 1800 Reverse business. These options included a potential sale of the Contact Lens businesses. The Board determined the criteria in AASB 5 Non-Current Assets Held for Sale and Discontinued Operations were met prior to 31 December 2018 and therefore have classified these assets and liabilities as being held for sale and disclosed the discontinued operations.

NOTE 10: DEFERRED TAX ASSETS (TAX LOSSES CARRIED FORWARD)

The Group has reviewed the carried forward tax losses of the Group in accordance with AASB 112 Income Taxes to assess whether these continue to meet the criteria for recognition as a deferred tax asset in the Group's Statement of Financial Position. From this review and a wider strategic review and in light of the closure of the 1800 Reverse charge calling business on the 30 June 2019 it was decided that the probability of the Group to utilise those carried forward losses was uncertain so these carried forward tax losses have been derecognised in full as at 31 December 2018. These carried forward tax losses are available should the Group produce future profits.

The total of the tax losses are \$1.2m (Deferred Tax Asset of \$336,559).

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 11: PAYMENTS FOR MINORITY INTEREST

The Group decided to purchase the remaining 5% shareholding of subsidiary Oz Contacts Pty Ltd from the Managing Director for \$70,000 after negotiations with the Board. This purchase was completed to simplify the structure now that the assets of the contact lens businesses are recorded as held for sale.

**Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
Interim Financial Report**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 17:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2. 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 28th day of February 2019

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

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Reverse Corp Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Reverse Corp Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates the Group incurred an operating loss after tax of \$462,869 for the half year ended 31 December 2018.

As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half Year Financial Report

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

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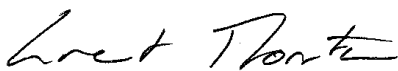
Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reverse Corp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F Newman
Partner – Audit & Assurance

Brisbane, 28 February 2019