

COMPANY ANNOUNCEMENT

30 August 2019

Reverse Corp Limited (ASK: REF) – Full Year Results Announcement

Reverse Corp Limited reports revenues of \$7,606,242 with EBITDA (earnings before interest, tax, depreciation & amortisation) of \$91,726 and NLAT (net loss after tax) of \$1,871,845 for the year ending 30 June 2019.

The net loss included significant one-off costs comprising; statutory staff redundancies, write-down of the remaining goodwill in 1800-Reverse, bad debts and transaction costs.

The full year business result meets company guidance and reflects:

- Greater declines in 1800-Reverse due to the loss of Optus mobile billing on 24 August 2018. EBITDA for this business declined 57% to \$687,156
- Our combined online contact lenses business increasing revenue by 21% to \$5,451,719 with an EBITDA loss of \$87,274 which was an improvement on the \$566,202 loss in the previous year

As at 1 July 2019, the company has no operating businesses following the closure of 1800-Reverse and the sale of the online contact lenses business to Coastal Contacts (Aus) Pty Ltd. The employees have been made redundant and all IT systems have been decommissioned with the remaining assets of value sold.

Following the company receiving the proceeds from the online contact lenses business sale, completing the full year accounts and determining final business closedown costs, the Directors declared a 2.75c fully-franked special dividend payable on 2 September 2019.

The Board is now focused on identifying the best option for the sale of the ASX-listed shell comprising the following assets:

- \$110,000 in cash
- \$140,000 due 1 July 2020 from the holdback on the online contact lenses business sale
- \$3,300,000 in franking / imputation credits

Reverse Corp Limited (ASX: REF) has 92,860,562 shares on issue and 460 shareholders.

By Order of the Board

Dion Soich
Company Secretary

REVERSE CORP LIMITED
ABN 16 085 949 855

Appendix 4E

Preliminary Final Report

for the year ended 30 June 2019
(compared to the year ended 30 June 2018)

Results for announcement to the market:

	Percentage Change	Amount \$
Revenue from ordinary activities	Down 6%	to \$7,655,662
Loss from ordinary activities after tax attributable to members	Down 272%	to \$1,871,845
Net Loss for the period attributable to members	Down 272%	to \$1,871,845

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

Refer to the accompanying Directors' report, financial statements and notes.

Dividend:

The Board has declared a 2.75c fully franked special dividend to be paid on 2 September 2019 with a record date of 21 August 2019.

	30 June 2019	30 June 2018
Net tangible assets per security:	\$0.014	\$0.070

Commentary on the Results for the Period:

Refer to the accompanying Directors' report, 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	X	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

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Reverse Corp Limited ABN 16 085 949 855
and Controlled Entities

Financial Report for the Financial Year Ended 30 June 2019

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2019.

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 Richard L Bell

Mr Gary B Hillberg

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

Principal Activities

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

Operating Results

Net loss after tax (NLAT) for the year to 30 June 2019 was \$1,871,845, including discontinued operations, which represented a decline of 272% compared to the previous year.

Group revenue for the year was \$7,606,242 which was down 5.6% from \$8,057,347 last year, including discontinued operations, while earnings before interest, tax, depreciation & amortisation (EBITDA) declined 84% to \$91,726.

Group earnings were again underpinned by the 1800-Reverse service where revenue decreased 39% on the previous year to \$2,154,523 and EBITDA decreased 57% to \$687,156. These declines were anticipated given the product's maturity and the loss of the Optus volumes in August 2018.

Our combined online contact lenses business achieved total revenue for the year of \$5,451,719 which was up 21% on last year. This division recorded an EBITDA loss of \$87,274 for the year which was an improvement on the \$566,202 lost in the previous year.

Review of Operations

Reverse Charge Calling. Total calls declined 39% following the anticipated market declines and the loss of Optus call volumes on 24 August 2018. A final 5% price increase was implemented on 1 November 2018 on calls-to-fixed lines where we still had the ability to alter pricing. Minor savings were achieved in Customer Service following reduced operating hours. Management focus remained ensuring operational continuity up until the business closedown which commenced 1 July 2019. This closedown was a result of the termination on 30 June 2019 of the agreement with Telstra permitting 1800-Reverse to bill calls to Telstra mobiles. The Telstra change combined with the inability to bill calls to Optus mobiles from 24 August 2018, has resulted in the service becoming unviable.

Online Contact Lenses. Revenue in our lead brand OzContacts.com.au increased by 36% to \$3,423,951. Our key secondary retention brands of NetOptical.com.au and WebContacts.com.au increased revenue by 1% and 6% respectively. WebContacts also benefited from the flow through of a full year of revenue following our acquisition in August 2017. OzContacts benefitted from a more efficient marketing approach which built on the learnings from the previous year where we invested significantly in marketing activity. The business remains in growth phase and requires further investment in order to deliver a significant positive contribution to group earnings.

Following the closure of the profitable 1800-Reverse business which had enabled ongoing investment in the Online Contact Lenses business, the Board decided that the best return for shareholders would be to sell the business and return all remaining company funds to shareholders. Following a tender process which commenced in August 2018, the sale of the business to Coastal Contacts (Aus) Pty Ltd for \$2,853,208 (subject to customary

DIRECTORS' REPORT

adjustments mechanisms) was completed on 1 July 2019.

Financial Position

The company generated operating cash flows of \$359,115 up 246% compared to the previous year of (\$246,708). The balance sheet remains conservatively geared with net cash at year-end of \$374,039.

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

1800-Reverse ceased to trade at 11:59pm on 30 June 2019. Throughout July 2019 the 1800-Reverse platform has been decommissioned and final Customer Service queries have been resolved. The sale of the Online Contact Lenses business was completed on 1 July 2019. All full time, including executive management and part time 1800-Reverse and Online Contact Lenses staff were made redundant on 28 June 2019 and 1 July 2019. Total staff redundancy costs were \$635,136 which were provided for as at 30 June 2019.

The Directors declared a 2.75c fully franked special dividend on 15 August 2019 payable on 2 September 2019.

The company continues to explore options for the sale of the listed shell.

No other matters or circumstances, other than the 1800-Reverse closure, Online Contact Lenses business sale, executive staff redundancies 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.

Likely Developments, Prospects and Business Strategies

Given 1800-Reverse has closed and the Online Contact Lenses business has been sold, the Company has no operating businesses. The remaining company priorities are:

1. Maximising the value of the remaining assets of the Company
2. Identifying the best option to sell the existing ASX listed shell
3. Finalising the year-end special dividend payable on 2 September 2019

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

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.

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 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	— 18,259,777 Ordinary Shares in Reverse Corp Limited.

Company Secretary

Dion Soich is a Certified Practising Accountant and a Member of the Australian Institute of Directors. 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 special dividend of \$5,107,333 (5.5c per share) was paid on 28 September 2018 (2018: \$914,413).

Since the end of the financial year, the Board have declared a fully franked special dividend of \$2,553,665 (2.75c per share) to be paid on 2 September 2019.

DIRECTORS' REPORT

Meetings of Directors

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

	DIRECTORS' MEETINGS					
	DIRECTORS' MEETINGS		Audit and Risk		Remuneration and Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter D Ritchie	7	6	2	2	2	2
Mr Richard L Bell	7	6	2	2	2	2
Mr Gary B Hillberg	7	7	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 or 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 2019, 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.

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 2019, or are payable, to the external auditors:

	Consolidated entity
	\$
Taxation and other services	\$59,950

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 2019, which forms part of this report, has been received and can be found on page 13.

DIRECTORS' REPORT

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.

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.

DIRECTORS' REPORT

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 99% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2018. 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.

	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
Revenue	8,810,844	6,939,083	6,024,898	8,057,347	7,606,242
Net Profit/(Loss)	2,062,073	1,559,089	300,373	(503,153)	(1,871,845)
Dividends paid (cents)	-	1.00	1.00	1.00	5.50
EPS (cents)	2.20	1.70	0.30	(0.50)	(2.02)
Share price at year-end	\$0.14	\$0.13	\$0.07	\$0.06	\$0.04

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

DIRECTORS' REPORT

(b) Details of remuneration for year ended 30 June 2019

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									
Employee	Year	Short term employee benefits			Post-employment benefits	Termination benefits	Share-based payments	Total	Performance based percentage of remuneration
		Cash salary and fees	Cash Bonus	Non-monetary benefits	Superannuation	Termination Payments	Shares		
Non-Executive Directors									
Peter Ritchie	2019	86,957	-	-	8,261	-	-	95,218	0.0%
Independent Chairman	2018	86,957	-	-	8,261	-	-	95,218	0.0%
Richard Bell	2019	-	-	-	-	-	-	-	0.0%
Independent Director	2018	-	-	-	-	-	-	-	0.0%
Gary Hillberg	2019	54,795	-	-	5,205	-	-	60,000	0.0%
Independent Director	2018	54,795	-	-	5,206	-	-	60,001	0.0%
Key Management Personnel									
Charles Slaughter	2019	232,055	46,382	-	20,531	-	-	298,968	15.5%
Chief Executive Officer	2018	225,731	35,744	-	20,049	-	-	281,524	12.7%
Dion Soich	2019	195,668	16,580	-	19,236	-	-	231,484	7.2%
Chief Financial Officer	2018	192,394	16,113	-	19,765	-	-	228,272	7.1%
Michael Aarts ¹	2019	131,876	97,815	-	16,531	113,068	-	359,290	27.2%
Managing Director - OzContacts	2018	129,772	17,686	-	14,008	-	-	161,466	11.0%
2019 Total	2019	701,351	160,777	-	69,764	113,068	-	1,044,960	
2018 Total	2018	689,649	69,543	-	67,289	-	-	826,481	

1. Michael Aarts was made redundant on 30 June 2019 with termination benefits including in lieu of notice, redundancy payments and unused annual and long service leave
2. Charles Slaughter and Dion Soich were made redundant on 1 July 2019. The termination benefits including in lieu of notice, redundancy payments and unused annual and long service leave totalled \$368,214 which was paid on 1 July 2019

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%
Michael Aarts	91%	9%

DIRECTORS' REPORT

(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 an 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.

(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. The performance criteria included revenue and EBITDA business targets as well as completion of key IT enabling projects.

	Included in remuneration (\$)	Percentage vested during the year	Percentage forfeited during the year
Key Management Personnel			
Charles Slaughter ^{1, 2}	46,382	85%	15%
Dion Soich ²	16,580	85%	15%
Michael Aarts ¹	97,815	90%	10%

1. Charles Slaughter and Michael Aarts were paid additional discretionary bonus' of \$25,000 and \$80,000 respectively, which were included in the table above.
2. Charles Slaughter and Dion Soich were paid a discretionary bonus for the completion of the Contact Lens Division sale of \$50,000 each respectively. This amount was paid on 1 July 2019.

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DIRECTORS' REPORT

(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 2019 reporting period held by each of the key management personnel, including their related parties, is set out below:

	Balance 1.7.18	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.19
Peter Ritchie	4,722,234	-	-	-	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Richard Bell	20,370,588	-	-	(2,110,811)	18,259,777
Total	25,343,178	-	-	(2,110,811)	23,232,367

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

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

Loans to Key Management Personnel

The number of key management personnel included in the Company aggregate at year end is zero (0).

There are no individuals with loans during the financial year.

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 Ritchie
Chairman

Dated this 30th day of August 2019

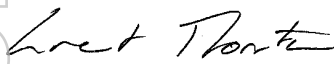
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Auditor's Independence Declaration

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 audit of Reverse Corp Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F NEWMAN
Partner – Audit & Assurance

Brisbane, 30 August 2019

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019 \$	2018 \$
Revenue		-	-
Interest income	2	42,496	98,424
Employee benefits expense		(637,965)	(276,691)
Other expenses		(447,575)	(170,796)
Finance costs	3	(1,695)	-
Profit/(loss) before income tax		(1,044,739)	(349,063)
Income tax (expense)/benefit	4	(297,259)	12,405
Profit/(loss) for the year from continuing operations		(1,341,998)	(336,658)
Profit/(loss) for the year from discontinued operations	26	(529,847)	(166,495)
Profit/(loss) for the year		(1,871,845)	(503,153)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(1,871,845)	(503,153)
Profit/(loss) for the year attributable to:			
Owners of the parent		(1,871,845)	(503,153)
Other comprehensive income for the year attributable to:			
Owners of the parent		-	-
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		(1,341,998)	(336,658)
Discontinuing operations		(529,847)	(166,495)
		(1,871,845)	(503,153)

The accompanying notes form part of these financial statements

In accordance with AASB 5, the comparatives have been restated to reflect the discontinued operations.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019 \$	2018 \$
Earnings per share	8		
Basic earnings per share		(0.0202)	(0.0054)
Earnings from continuing operations		(0.0145)	(0.0036)
Earnings from discontinuing operations		(0.0057)	(0.0018)
Diluted earnings per share		(0.0202)	(0.0054)
Earnings from continuing operations		(0.0145)	(0.0036)
Earnings from discontinuing operations		(0.0057)	(0.0018)

The accompanying notes form part of these financial statements.

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		Consolidated Entity	
	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	374,039	5,313,397
Trade and other receivables		-	611,763
Inventories		-	939,657
Assets and disposal group classified as held for sale	26	1,844,616	-
Other current assets	12	11,847	62,814
TOTAL CURRENT ASSETS		2,230,502	6,927,631
NON-CURRENT ASSETS			
Property, plant and equipment		-	69,896
Deferred tax assets	15	-	520,063
Goodwill		-	441,062
Other intangible assets		-	1,343,983
TOTAL NON-CURRENT ASSETS		-	2,375,004
TOTAL ASSETS		2,230,502	9,302,635
CURRENT LIABILITIES			
Trade and other payables	13	204,148	739,406
Current tax liabilities	15	(73,075)	63,247
Liabilities included in disposal group held for sale	26	454,828	-
Short-term employee benefits	16	368,214	133,642
TOTAL CURRENT LIABILITIES		954,115	936,295
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	-	4,403
Long-term employee benefits		-	36,372
TOTAL NON-CURRENT LIABILITIES		-	40,775
TOTAL LIABILITIES		954,115	977,070
NET ASSETS		1,276,387	8,325,565
EQUITY			
Share capital	17	3,576,084	3,576,084
Other components of equity	18	-	443,715
Retained earnings		(2,299,697)	4,407,799
		1,276,387	8,427,598
Non-controlling interest		-	(102,033)
TOTAL EQUITY		1,276,387	8,325,565

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share capital	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total Equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2018		3,576,084	443,715	4,407,799	8,427,598	(102,033)	8,325,565
Dividend payments	7			(5,107,333)	(5,107,333)	-	(5,107,333)
Acquisition of non-controlling interest in Oz Contacts Pty Ltd				(172,033)	(172,033)	102,033	(70,000)
Option reserve transferred to retained earnings	18		(443,715)	443,715	-	-	-
Transactions with owners			(443,715)	(4,835,651)	(5,279,366)	102,033	(5,177,333)
Profit/(loss) for the period				(1,871,845)	(1,871,845)	-	(1,871,845)
Total comprehensive income for the period				(1,871,845)	(1,871,845)		(1,871,845)
Balance at 30 June 2019		3,576,084		(2,299,697)	1,276,387		1,276,387
Balance at 1 July 2017		3,553,224	443,715	5,786,754	9,783,693	(43,422)	9,740,271
Dividend payments	7			(934,413)	(934,413)	-	(934,413)
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		(934,413)	(911,553)		(911,553)
Profit/(loss) for the period				(444,542)	(444,542)	(58,611)	(503,153)
Total comprehensive income for the period				(444,542)	(444,542)	(58,611)	(503,153)
Balance at 30 June 2018		3,576,084	443,715	4,407,799	8,427,598	(102,033)	8,325,565

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019	2018
		\$	\$
OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(1,203,882)	(816)
Taxes (paid) refunded		143,265	(376,687)
Net cash used in continuing operations		(1,060,617)	(377,503)
Net cash from discontinuing operations	26	1,419,732	130,795
Net cash from (used in) operating activities	22	359,115	(246,708)
INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(45,925)
Proceeds from disposal of property, plant and equipment		1,743	-
Payments for acquisitions		-	(710,000)
Interest received		45,290	98,424
Payments for intangible assets		(38,044)	(156,619)
Payment for minority interest		(70,000)	-
Investment in subsidiaries		-	(10)
Net cash used in investing activities		(61,007)	(814,130)
FINANCING ACTIVITIES			
Interest paid		(2,997)	-
Proceeds from the issue of shares		-	76,607
Payments for the cancellation of shares		-	(53,737)
Dividends paid		(5,107,333)	(934,413)
Net cash used in financing activities		(5,110,330)	(911,543)
Net change in cash and cash equivalents		(4,812,222)	(1,972,381)
Cash and cash equivalents at beginning of financial year		5,313,397	7,285,778
		501,175	5,313,397
Included in disposal group	26	(127,136)	-
Cash and cash equivalents at end of financial year	9	374,039	5,313,397

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

Changes in accounting policies – new and amended standards adopted by the Group

Revenue

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new standard is based upon the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard has had no impact on the financial statements.

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.

The applicable newly adopted standards have updated in detail in the below Revenue and Financial Instrument sections.

Basis of Consolidation

The Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 30 June 2019. 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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

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.

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.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Included in inventories are contact lenses and associated accessories including drops and solutions sold online by Oz Contacts Pty Ltd, Net Optical (Aust.) Pty Ltd, WebContacts Pty Ltd and YourContacts Pty Ltd.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(f) **Financial Instruments**

Recognition

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(f) **Financial Instruments (cont.)**

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

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

Development Costs, Contractual Rights and Customer Databases

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 corporate 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.

(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 arises for the 1800 Reverse product from reverse charge calls is recognised on the day the call is completed for calls ending on a 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 of the goods 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. Oz Contacts Pty Limited and its wholly-owned Australian subsidiaries have formed a GST group effective 1 July 2016. The impact of forming a GST group is GST is not charged on taxable supplies

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 26(d): Goodwill and other Intangible Assets.

(r) **Going Concern**

Notwithstanding that the consolidated entity incurred an operating loss after tax of \$1,871,845 for the year ended 30 June 2019 and the closure of the profitable 1800 Reverse charge calling business and the sale of the Contact Lens business, the financial report has been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group has cash reserves of \$0.4m at balance date and with the proceeds from the sale of the Contact Lens business settling on 1 July 2019 of \$2.7m, less executive redundancies of \$368,214 paid on 1 July 2019 and the dividend declared of \$2,553,665 will have sufficient cash reserves. The Group has reduced its operating costs to a minimal level whilst it explores all options for selling the listed shell. 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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019	2018
		\$	\$
Note 2: Revenue			
<hr/>			
Other income			
— Interest received from other corporations		42,496	98,424
— Other income		-	-
<hr/>			
Other income		42,496	98,424
<hr/>			
Note 3: Expenses			
Realised foreign exchange loss/(gain)		(49)	(707)
Provision for executive redundancies and bonus'		356,965	-
Rental expenses on operating leases:			
— Minimum lease payments		116,664	111,852
Finance costs:			
— External		1,695	-

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019 \$	2018 \$
Note 4: Income Tax Expense			
(a) The components of tax expense/(benefit) comprise:			
Current tax		17,910	-
Deferred tax		515,660	(12,405)
Under/(over) provision in respect of prior years		(236,311)	-
Income tax expense/(benefit) from continuing operations		297,259	(12,405)
Deferred tax expense recognised in other comprehensive income		-	-
(b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) before income tax at 27.5% (2018: 27.5%)		(287,303)	(95,992)
Add:			
Tax effect of:			
— Tax losses not recognised		133,274	6,304
— Other non-allowable/(deductible) items		-	77,283
— Derecognition of deferred tax assets and liabilities		687,599	-
— Under/ (over) provision in respect of prior years		(236,311)	-
Income tax expense/(benefit)		297,259	(12,405)
The applicable weighted average effective tax rates are as follows:			
		N/A	N/A

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019. 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
Richard Bell	Non-executive Director

Management Personnel

Charles Slaughter	Chief Executive Officer (terminated 1 July 2019)
Dion Soich	Chief Financial Officer (terminated 1 July 2019)
Michael Aarts	Managing Director – Oz Contacts Pty Ltd (terminated 28 June 2019)

		Consolidated Entity	
		2019	2018
		\$	\$
(b)	Remuneration for Key Management Personnel		
	Short term employee benefits	862,128	759,192
	Post-employment benefits	69,764	67,289
	Share-based payments	-	-
	Termination benefits	113,068	-
		<u>1,044,960</u>	<u>826,481</u>

(c) Remuneration Options

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

(d) Employee Loan Funded Share Plan

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

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 1.7.18	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.19
Peter Ritchie	4,722,234	-	-	-	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Richard Bell	20,370,588	-	-	(2,110,811)	18,259,777
Total	25,343,178	-	-	(2,110,811)	23,232,367

Number of Shares held by Key Management Personnel for the year ended 30 June 2018

	Balance 1.7.17	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.18
Peter Ritchie	4,722,234	-	-	-	4,722,234
Gary Hillberg	250,356	-	-	-	250,356
Steve Jermyn (2)	2,901,544	-	-	(2,901,544)	-
Richard Bell	20,370,588	-	-	-	20,370,588
Charles Slaughter	706,215	-	-	(706,215)	-
Dion Soich	353,107	-	-	(353,107)	-
Total	29,304,044	-	-	(3,960,866)	25,343,178

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

(2) Resigned 26 October 2017

Consolidated Entity	
2019	2018
\$	\$

Note 6: Auditors' Remuneration

Remuneration of the auditor of the parent entity for:

auditing or reviewing the financial report	76,208	52,307
taxation services provided by related practice of auditor	59,950	14,800

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated Entity	
	2019 \$	2018 \$
Note 7: Dividends		
Dividends Paid	5,107,333	934,413
Fully franked dividend (2019: 5.5c per share 2018:1c per share)	5,107,333	934,413
Balance of franking account at year end:	4,284,948	6,365,477
— Adjustment for franking credits arising from payment of provision for income tax	(20,096)	17,393
Balance of franking account after post balance date adjustments	4,264,852	6,382,870

The tax rate at which dividends have been franked is 27.5%.

	Consolidated Entity	
	2019 \$	2018 \$
Note 8: Earnings per Share		
(a) Reconciliation of Earnings to Profit/(Loss)		
Profit/(loss)	(1,871,845)	(503,153)
Earnings used to calculate basic EPS	(1,871,845)	(503,153)
Earnings used in the calculation of dilutive EPS	(1,871,845)	(503,153)
(b) Weighted average number of ordinary shares during the year used in calculating basic EPS	No 92,860,562	No 93,044,099
Weighted average number of options outstanding (i)	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	92,860,562	93,044,099

- (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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated Entity	
	2019	2018
	\$	\$
Note 9: Cash and Cash Equivalents		
Cash at bank and on hand	540	63,457
Short-term deposits	373,499	5,249,940
	374,039	5,313,397

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 0.7% (2018: 2.2%).

Note 10: Controlled Entities

(a) Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest	
			2019	2018
			%	%
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	100	100
Net Optical (Aust.) Pty Ltd (i)	Online Contact Lenses	Australia	100	100
Webcontacts Pty Ltd (i)(iii)	Online Contact Lenses	Australia	100	100
1800 Reverse Operations Pty Ltd (ii)	Service Entity	Australia	100	100
15-15 Pty Ltd	Dormant Entity	Australia	100	100
Yourcontacts Pty Ltd (i)	Online Contact Lenses	Australia	100	100

(i) Subsidiary of Oz Contacts Pty Ltd

(ii) Subsidiary of 1800 Reverse Pty Ltd

(iii) Formerly known as Online Contact Lenses (Aust.) Pty Ltd

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 11: Parent Entity Information

Reverse Corp Limited	2019	2018
	\$	\$
Assets		
Current assets	385,886	5,211,044
Non-current assets	3,519,309	3,489,460
Total Assets	3,905,195	8,700,504
Liabilities		
Current liabilities	387,468	107,640
Non-current liabilities	4,690,514	9,640,477
Total Liabilities	5,077,982	9,748,117
Equity		
Issued capital	3,576,084	3,576,084
Retained earnings	(4,748,871)	(5,068,411)
Other components of equity		
Share option reserve	-	444,714
Total Equity	(1,172,787)	(1,047,613)
Financial Performance		
Profit/(loss) for the year	319,540	(3,117,132)
Other comprehensive income	-	-
Total Comprehensive Income	319,540	(3,117,132)

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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated Entity	
	2019	2018
	\$	\$
Note 12: Other Assets		
CURRENT		
Prepayments	11,847	61,080
Deposits	-	1,734
	11,847	62,814

	Consolidated Entity	
	2019	2018
	\$	\$
Note 13: Trade and Other Payables		
CURRENT		
Trade payables	13a 90,297	620,269
Sundry payables and accrued expenses	113,851	119,137
	204,148	739,406

(a) Current trade payables are on 30-day terms. No payables are either past due or impaired.

Note 14: Financial Liabilities

NAB credit facility

The Group has a \$50,000 credit card limit and a bank guarantee limit of \$57,513. The bank holds a fixed and floating charge over the assets of the group.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019	2018
		\$	\$
Note 15: Tax			
(a) Current			
Income tax payable/(receivable)		(73,075)	63,247

(b) Income Tax

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 and the sale of the Contact Lens 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 30 June 2019.

These carried forward tax losses are available should the Group produce future profits.

The total of the tax losses are \$2.07m (Deferred Tax Asset of \$568,466).

(c) Capital Gains Tax

Due to the wind up of dormant foreign entities during 2011 the group realised capital tax losses. As a result a deferred tax asset of \$748,000 was generated. This asset, and the corresponding deferred tax benefit, have not been recognised. In 2017 the capital gain on sale of financial assets from the sale of the Onthehouse shares was utilised against the groups realised capital losses (\$207,347). The remaining amount is available for the tax consolidated group to utilise should the group incur a further capital tax gain in future years.

Note 16: Employee Benefits

Employee benefits at year end represent the employee benefits for the executive management that were made redundant on 1 July 2019.

The current balance is made up of the following:

Employee Benefit	\$
In lieu of notice and redundancy payments	256,396
Annual leave and long service leave	111,818
Total	368,214

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Entity	
		2019	2018
		\$	\$
Note 17: Issued Capital			
<hr/>			
92,860,562 (2018: 93,441,497)			
Fully paid Ordinary shares	17(a)	3,576,084	3,576,084
		3,576,084	3,576,084
<hr/>			

(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.

		2019	2018
		No.	No.
At the beginning of reporting period		92,860,562	93,441,497
Shares bought back during the year		-	(580,935)
At reporting date		92,860,562	92,860,562

(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.

Note 18: Other components of equity

	Consolidated Entity	
	Share Option Reserve	Total
	\$	\$
At 1 July 2017	443,715	443,715
Share-based payments	-	-
At 30 June 2018	443,715	443,715
Allocated to retained earnings	(443,715)	(443,715)
At 30 June 2019	-	-

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. All amounts were transferred to retained earnings as all options have expired.

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 19: Operating Leases as Lessee

	Note	Consolidated Entity	
		2019	2018
		\$	\$
<hr/>			
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		56,835	113,519
— greater than 1 year but not greater than 5 years		-	59,108
		<hr/>	<hr/>
		56,835	172,627
<hr/>			

- (a) A current operating lease for the office in Brisbane, Australia which commenced on 1 August 2015 for a 3-year term was renewed and now expires on 31 December 2019. This lease has an annual increase of a fixed 3.5%.

Note 20: 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 \$57,513.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 21: 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 2019 and 2018.

	Discontinued Reverse Charge Calls	Discontinued Online Contacts	Corporate	Inter Segment Eliminations	Group
Year ended 30 June 2019	\$	\$	\$	\$	\$
REVENUE					
External revenue	2,154,523	5,451,719	-	-	7,606,242
Other revenue	119,878	4,130	-	(119,878)	4,130
Interest revenue	2,794	-	203,349	(160,853)	45,290
Total revenue	2,277,195	5,455,849	203,349	(280,731)	7,655,662
RESULT					
Segment result	14,885	(605,919)	(1,044,739)	-	(1,635,773)
OTHER SEGMENT INFORMATION					
Segment assets	22,449,060	2,117,013	12,592,493	(34,928,063)	2,230,502
Segment liabilities	17,653,774	943,793	13,765,281	(31,408,733)	954,115
Interest expense	828	161,327	1,695	(160,853)	2,997
Capital expenditure	-	38,044	-	-	38,044
Depreciation and amortisation	34,952	429,979	-	-	464,931
Impairment	334,479	3,525	-	-	338,004
Income tax expense/(benefit)	87,852	(149,038)	297,259	-	236,073

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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 21: Segment Reporting (cont)

	Discontinued Reverse Charge Calls	Discontinued Online Contacts	Corporate	Inter Segment Eliminations	Group
Year ended 30 June 2018	\$	\$	\$	\$	\$
REVENUE					
External revenue	3,538,635	4,518,712	-	-	8,057,347
Other revenue	56,418	-	-	(56,418)	-
Interest revenue	-	-	392,072	(293,648)	98,424
Total revenue	3,595,053	4,518,712	392,072	(350,066)	8,155,771
RESULT					
Segment result	1,140,573	(930,501)	(349,063)	-	(138,991)
OTHER SEGMENT INFORMATION					
Segment assets	26,109,204	3,389,898	21,214,029	(41,410,496)	9,302,635
Segment liabilities	16,036,552	5,611,613	17,586,095	(38,257,190)	977,070
Interest expense	-	293,648	-	(293,648)	-
Capital expenditure	35,984	876,560	-	-	912,544
Depreciation and amortisation	39,367	345,819	-	-	385,186
Impairment	400,000	834	-	-	400,834
Income tax expense/(benefit)	425,711	(49,144)	(12,405)	-	364,162

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

	2019 \$	2018 \$
Revenues		
Total reportable segment revenues	7,655,662	8,155,771
Discontinued operations	(7,613,166)	(8,057,347)
Elimination of intersegment revenues	-	-
Group revenues	42,496	98,424
Profit or loss		
Total reportable segment operating profit/(loss)	(1,635,773)	(138,991)
Operating loss/(profit) of discontinued operations	591,034	(210,072)
Elimination of intersegment profits	-	-
Group operating profit/(loss)	(1,044,739)	(349,063)

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated Entity	
	2019	2018
	\$	\$
Note 22: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	(1,871,845)	(503,153)
Items reclassified in cash flow statement (Interest received and interest paid)	(42,293)	(98,424)
Non-cash flows in profit		
Amortisation	426,754	345,195
Depreciation	38,177	39,991
Net (profit)/loss on disposal of property, plant and equipment	1,789	-
Credit losses	214,577	-
Stock adjustment	15,067	12,441
Redundancy provisions	256,396	-
Impairment of intangibles	338,004	400,834
Other non-cash outflows	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	64,831	(46,280)
(Increase)/decrease in inventories	552,247	(693,953)
(Increase)/decrease in prepayments	16,243	(4,102)
(Increase)/decrease in other assets	521,748	(52,438)
Increase/(decrease) in trade payables and accruals	(251,873)	416,683
Increase/(decrease) in income taxes payable	(136,322)	42,722
Increase/(decrease) in deferred taxes payable	(4,403)	(4,492)
Increase/(decrease) in other payables	277,957	(127,425)
Increase/(decrease) in provisions	(57,939)	25,693
Foreign currency movement	-	-
Cash flow from/(used in) operations	359,115	(246,708)

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 23: Events After the Balance Sheet Date

1800-Reverse ceased to trade at 11:59pm on 30 June 2019. Throughout July 2019 the 1800-Reverse platform has been decommissioned and final Customer Service queries have been resolved. The sale of the Online Contact Lenses business was completed on 1 July 2019. 1800-Reverse, including executive management and Online Contact Lenses staff were made redundant on 28 June 2019 and 1 July 2019. Total staff redundancy costs were \$635,136.

The Directors declared a 2.75c fully franked special dividend on 15 August 2019 payable on 2 September 2019. The company continues to explore options for the sale of the listed shell.

No other matters or circumstances, other than the 1800-Reverse closure, Online Contact Lenses business sale, executive staff redundancies 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 30 August 2019 by the Board of directors.

Note 24: Related Party Transactions

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 2019 the net amount owed by the company to its subsidiaries was \$4,690,514. (2018: \$4,964,930)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 25: 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	
	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	374,039	5,257,807
	374,039	5,257,807
Financial Liabilities		
Bank loans	-	-
Net Exposure	374,039	5,257,807

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.

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 25: Financial Instruments (cont)

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

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

At 30 June 2019, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Judgements of reasonable possible movements:	Post Tax Profit	
	Higher/(Lower)	
	2019	2018
	\$	\$
Consolidated		
+1% (100 basis points)	3,743	52,578
-1% (100 basis points)	(3,743)	(52,578)

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

Foreign currency risk

The group has no foreign currency risk at year end.

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.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations

(a) Online Contact Lenses

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 on 1 July 2019. 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 30 June 2019 and therefore have classified these assets and liabilities as being held for sale and disclosed the discontinued operations.

Operating loss of Oz Contacts Pty Ltd and subsidiaries until the date of disposal and the profit or loss from re-measurement and disposal of assets and liabilities classified as held of sale is summarised as follows:

	2019	2018
	\$	\$
Revenue	5,451,719	4,518,712
Other revenue	4,130	-
Direct costs associated with revenue	(4,772,566)	(4,214,087)
Employee benefits expense	(483,708)	(599,232)
Depreciation and amortisation expense	(429,979)	(345,819)
Impairment of intangibles	(3,525)	(834)
Other costs	(371,517)	(289,240)
Finance costs	(473)	-
Loss from discontinued operations before tax	(605,919)	(930,500)
Tax benefit	149,039	49,144
Loss for year from discontinued operations	(456,880)	(881,356)

The carrying amounts of the assets and liabilities in this disposal group are summarised as follows:

	2019	2018
	\$	\$
Non-current assets		
- Property, plant and equipment	9,092	-
- Goodwill	145,038	-
- Other intangibles	911,675	-
Current assets		
- Inventories	372,343	-
- Cash and cash equivalents	67,014	-
- Trade and other receivables	11,765	-
- Other current assets	28,135	-
Assets classified as held for sale	1,545,062	-

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations (cont.)

	2019	2018
	\$	\$
Current liabilities		
- Trade and other payables	371,861	-
Liabilities classified as held for sale	371,861	-

Cash flows generated by Oz Contacts Pty Ltd and subsidiaries for the reporting periods under review until the disposal are as follows:

	2019	2018
	\$	\$
Operating activities	911,530	(990,671)
Investing activities	(37,244)	(876,569)
Cash flows from discontinued operations	874,286	(1,867,240)

Oz Contacts Pty Ltd and subsidiaries was sold to Coastal Contacts (Aus) Pty Ltd for \$2,853,208 (subject to customary adjustment mechanisms) including a holdback amount of \$140,000 on 1 July 2019.

(b) Reverse Charge Calls

In October 2018, 1800 Reverse Pty Ltd and Telstra Corporation Limited's Reverse Charge Facilitation Agreement, which was due to expire on 1 December 2019, was amended to terminate earlier on 30 June 2019. A further mobile terminating billing agreement with Telstra was also amended to terminate on 30 June 2019. These Telstra changes combined with the inability to bill calls to Optus mobiles from 24 August 2018, resulted in the service becoming unviable post 30 June 2019. The Board determined the criteria in AASB 5 Non-Current Assets Held for Sale and Discontinued Operations were met prior to 30 June 2019 and therefore have classified these assets and liabilities as being held for sale and disclosed the discontinued operations.

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations (cont.)

Operating loss of 1800 Reverse Pty Ltd and subsidiaries until the date of disposal and the profit or loss from re-measurement and disposal of assets and liabilities classified as held of sale is summarised as follows:

	2019	2018
	\$	\$
Revenue	2,154,523	3,538,635
Other revenue	2,794	-
Direct costs associated with revenue	(491,771)	(831,011)
Employee benefits expense	(776,171)	(879,351)
Depreciation and amortisation expense	(34,952)	(39,367)
Credit Losses	(214,577)	-
Impairment of intangibles	(334,479)	(400,000)
Other costs	(289,654)	(248,333)
Finance costs	(828)	-
Profit from discontinued operations before tax	14,885	1,140,573
Tax expense	(87,852)	(425,711)
Profit/(loss) for year from discontinued operations	(72,967)	714,862

The carrying amounts of the assets and liabilities in this disposal group are summarised as follows:

	2019	2018
	\$	\$
Non-current assets		
- Property, plant and equipment	19,093	-
- Other intangibles	1,618	-
Current assets		
- Cash and cash equivalents	60,122	-
- Trade and other receivables	213,817	-
- Other current assets	4,904	-
Assets classified as held for sale	299,554	-

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations (cont.)

	2019	2018
	\$	\$
Current liabilities		
- Trade and other payables	82,967	-
Liabilities classified as held for sale	82,967	-

Cash flows generated by 1800 Reverse Pty Ltd and subsidiaries for the reporting periods under review until the disposal are as follows:

	2019	2018
	\$	\$
Operating activities	508,202	1,121,466
Investing activities	3,738	(35,984)
Cash flows from discontinued operations	511,940	1,085,482

The remaining Goodwill of the Reverse Charge Calling business of \$296,024 was written off as well as old Optus trade receivables deemed unrecoverable and a credit loss of \$214, 577 was recorded. The remaining assets and all of the liabilities have been settled or sold in July and August 2019.

(c) Total

	2019	2018
	\$	\$
Revenue	7,606,242	8,057,347
Other revenue	6,924	-
Direct costs associated with revenue	(5,264,337)	(5,045,098)
Employee benefits expense	(1,259,879)	(1,478,583)
Depreciation and amortisation expense	(464,931)	(385,186)
Credit Losses	(214,577)	-
Impairment of intangibles	(338,004)	(400,834)
Other costs	(661,170)	(537,574)
Finance costs	(1,302)	-
Profit/(loss) from discontinued operations before tax	(591,034)	210,072
Tax benefit/(expense)	61,187	(376,567)
Profit/(loss) for year from discontinued operations	(529,847)	(166,495)

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations (cont.)

	2019	2018
	\$	\$
Non-current assets		
- Property, plant and equipment	28,185	-
- Goodwill	145,038	-
- Other intangibles	913,294	-
Current assets		
- Cash and cash equivalents	127,136	-
- Trade and other receivables	225,582	-
- Inventories	372,343	-
- Other current assets	33,039	-
Assets classified as held for sale	1,844,616	-
Current liabilities		
- Trade and other payables	454,828	-
Liabilities classified as held for sale	454,828	-
	2019	2018
	\$	\$
Operating activities	1,419,732	130,795
Investing activities	(33,506)	(912,553)
Cash flows from discontinued operations	1,386,226	(781,758)

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26: Assets and disposal groups classified as held for sale and discontinued operations (cont.)

(d) Goodwill and Other Intangible Assets

Movements in Carrying Amounts

	Consolidated Entity				Total
	Goodwill	Trademarks, Licences & IP	Customer Databases	Contractual Rights	
Year ended 30 June 2018					
Balance at the beginning of year	841,062	326,752	493,808	2,833	1,664,455
Additions	-	162,619	704,000	-	866,619
Write off	-	(834)	-	-	(834)
Impairment	(400,000)	-	-	-	(400,000)
Amortisation expense	-	(102,393)	(239,969)	(2,833)	(345,195)
Carrying amount at the end of year	441,062	386,144	957,839	-	1,785,045
Year ended 30 June 2019					
	\$	\$	\$	\$	\$
Balance at the beginning of year	441,062	386,144	957,839	-	1,785,045
Additions	-	38,044	-	-	38,044
Impairment	(296,024)	(41,980)	-	-	(338,004)
Amortisation expense	-	(165,953)	(260,800)	-	(426,753)
Carrying amount at the end of year	145,038	216,255	697,039	-	1,058,332

The remaining Goodwill of the Reverse Charge Calling business of \$296,024 was written off.

Note 27: Company Details

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

Level 1, 30 Little Cribb Street
Milton QLD 4064

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 28: 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 2019 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 early by the Group	Effective date	Impact on Group
AASB 16 Leases	1 January 2019	<i>When this standard is adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.</i>
AASB 17 Insurance Contracts	1 January 2021	<i>The entity is yet to undertake a detailed assessment of the impact of AASB 17. 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 2022.</i>
IFRIC 23 – Uncertainty Over Income Tax Treatments	1 January 2019	<i>When this interpretation is adopted for the year ending 30 June 2020, there will be no material impact on the financial statements</i>
AASB 2017-6 – Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	<i>When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements</i>
AASB 2017-7 – Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	<i>When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements</i>
AASB 2018-1 – Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	<i>When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements</i>
AASB 2018-2 – Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019	<i>When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements</i>
AASB 2018-6 – Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	<i>When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements</i>
AASB 2018-7 – Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	<i>When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements</i>
AASB 2019-1 – Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	<i>When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements</i>

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.

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 2019 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 Ritchie
Chairman

Dated this 30th day of August 2019

Independent Auditor's Report

To the Members of Reverse Corp Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Reverse Corp Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1(r) in the financial statements, which indicates that the Group incurred an operating loss after tax of \$1,871,845 during the year ended 30 June 2019, and the closure of the profitable 1800 Reverse charge calling business and the sale of the contact lens business. As stated in Note 1(r), these events or conditions, along with other matters as set forth in Note 1(r), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assets held for sale – online contact lens business – Note 26	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the Share Purchase Agreement (SPA); • Obtaining the preliminary balance sheet to the SPA and checking the mathematical accuracy; • Performing mathematical checks on the adjustment calculation under the terms of the SPA; • Verifying the proceeds received post year end; • Evaluating whether the assets and liabilities held for sale have been correctly allocated to the disposal group; • Assessing the disposal group for any material impairment; • Evaluating if the profit and loss activity has been correctly allocated to the disposal group; and • Assessing the appropriateness of the related financial statement disclosures.
Assets held for sale – reverse call business – Note 26	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Evaluating the assets and liabilities held for sale have been correctly allocated to the disposal group; • Assessing the disposal group for any material impairment; • Evaluating if the profit and loss activity has been correctly allocated to the disposal group; and • Assessing the appropriateness of the related financial statement disclosures.

On 1 July 2019, Reverse Corp Limited announced to the market the completion of the sale of its online contact lenses business to Coastal Contacts (Aus) Pty Ltd for \$2,853,208, subject to customary adjustment mechanisms.

The results for the year will be disclosed in discontinued operations with the assets and liabilities classified as Assets and Liabilities Held for Sale.

The business unit is a significant segment of the group.

The reverse call business will close on 1 July 2019.

The results for the year will be disclosed in discontinued operations with the assets and liabilities classified as Assets and Liabilities Held for Sale.

The business unit is a significant segment of the group.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

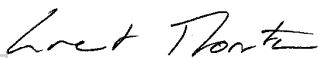
Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 11 of the Directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Reverse Corp Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F NEWMAN
Partner – Audit & Assurance
Brisbane, 30 August 2019