Corum Group Limited

ABN 25 000 091 305

Annual Report 2010

Contents

Chairman's Letter to Shareholders

It is with pleasure that as the Chairman of Corum Group Limited I am able to confirm the Group achieved an Operating Profit after Tax of $1,127,000 for the financial year ended 30 June 2010. Furthermore it is my firm belief that this result will improve in the 2010/11 financial year.

In May 2009, at a time when Corum continued to experience losses from its operations, shareholders resolved to issue shares to Lujeta Pty Ltd, a company controlled by Bill Paterson, which saw Lujeta become the majority shareholder of the Corum Group Limited. Bill Paterson expressed his desire to see an improved performance from the Group's operations. As a consequence the then executive directors' contracts were not renewed, a new Managing Director Geoffrey Broomhead was appointed, and the Board was restructured with the appointment of two new non-executive Directors thus establishing a Board consisting of a majority of independent non-executive directors.

The new Managing Director, with the understanding and approval of other Directors implemented processes which essentially addressed non contributing expenditures whilst continuing to increase revenues. These processes have seen the Group return to profitability each month from November 2009.

During the year the loan facilities with Westpac Banking Corporation were repaid except for approximately $5,000. The Company subsequently invoked a dispute resolution process with Westpac in response to Westpac's expectation of receiving a minimum return on the facility. Whilst this dispute remains unresolved Westpac continues to hold a fixed and floating charge over the assets of the Company. This charge also imposes restrictions on how the Company may operate.

Directors continue to seek a resolution to the Westpac dispute with the clear intention of achieving a result which will be in the best interests of all shareholders.

I take this opportunity to acknowledge and recognise the input of Geoffrey Broomhead, Peter Bradfield and Douglas Halley in returning Corum Group to profitability. I also acknowledge the support of Corum personnel who chose to remain loyal to the Company in what at times has been a challenging and difficult period in the Company's development.

Michael Shehadie
Chairman

29th September 2010

Directors' Report

The Directors of Corum Group Limited ("Corum" or the "Company") present their report together with the financial statements on the Company and its controlled entities ("Consolidated Entity") for the financial year ended 30 June 2010.

Directors

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

Michael John Shehadie – Non-executive Director and Chairman

Geoffrey John Broomhead – Managing Director – appointed 1 September 2009

Peter John Bradfield – Non-executive Director – appointed 1 September 2009

Douglas James Halley – Non-executive Director – appointed 6 October 2009

Mark William Winnett – Managing Director – resigned 31 August 2009

Craig Allen Glendenning – Executive Director – resigned 2 September 2009

Company Secretary

The following persons held the position of Company Secretary during or since the end of the year:

George Nicolaou – B. Econ., CA – appointed 1 September 2009. Mr Nicolaou has been in public practice since 1995.

Julian Michael Sydney Walter - MA, MBA, FCA – resigned 1 September 2009.

Principal Activities

The principal activities of the Consolidated Entity during the financial year were:

- Software development with particular emphasis in point-of-sale and pharmaceutical dispensing software, support services and computer hardware to the Australian pharmacy industry;
- Financial gateway providing transactional processing for electronic bill payments, funds transfer and processing services to the real estate industry and other corporate clients; and
- The provision of accredited training services to the real estate industry.

Operating Results

The operating profit of the Consolidated Entity after providing for income tax amounted to $1,127,000 (2009: loss $10,593,000). Last year's result included impairment of assets, including goodwill, of $6,115,000.

Dividends Paid or Recommended

No dividends were paid during the year and directors recommend no dividend be paid.

Review of Operations

Corum Health Services is a provider of software applications primarily to Australian pharmacies. During the financial year revenue increased by 10.3% to $14,695,000 (2009: $13,321,000). Segment profit of $1,424,000 (2009: $1,157,000) was 23.1% improvement on last year. Corum Health Services continues to invest in developing its software products and is maintaining a competitive position within the markets in which it operates.

Corum eCommerce offers individuals the ability to make payment of their rent, utilities, local government fees and commercial obligations using Corum's electronic payment gateways. Revenues of $6,755,000 (2009: $5,906,000) were an increase of 14.4% on the previous year. This division generated a segment profit of $387,000 (2009: loss $7,946,000). Last year's result included write off of goodwill on consolidation of $4,542,000; impairment of capitalised development costs of $1,100,000 and impairment of fixed assets of $473,000. The improved result reflected a reassessment of some operational processes and the paring back of non-contributing expenditures.

Corum Training is a Registered Training Organisation providing training services to the real estate industry. This division generated revenues of $291,000 (2009: $518,000) and incurred a segment loss of $207,000 (2009: $153,000).

Corporate net costs were $477,000 (2009: $3,651,000) for the year.

Financial Position

The net assets of the Consolidated Entity have increased by $1,350,000 from 30 June 2009 to $2,897,000 in 2010. This increase is due to the following factors:

- Comprehensive income for the year $1,127,000
- Deemed cost of share options issued $223,000

Directors' Report continued

The Consolidated Entity's strong financial position has enabled it to reduce borrowings by $963,000 and improve the working capital ratio. The Consolidated Entity's working capital, being current assets less current liabilities, has improved from $(12,226,000) in 2009 to $(7,478,000) in 2010.

Directors believe the Consolidated Entity is in a strong and stable financial position to expand and grow its current operations.

Corporate Capital and Financing

The recent improvement in profitability resulted in the Consolidated Entity generating $2,261,000 (2009: used $436,000) cash from operations during the financial year.

The Company also received significant continuing financial support from its major shareholder, Lujeta Pty Ltd ("Lujeta") and its related entities. On 31 May 2010 Lujeta advanced the Company $4,000,000 which, in addition to funds generated from operations, was used to repay almost $5,000,000 in loans owing to Westpac Banking Corporation.

The terms of the loan facility from Lujeta are:

- An Application Fee of $100,000 is payable and shall accompany the request to draw down the loan;
- The initial term of the loan shall be four years with Corum retaining the right to repay all or part of the loan earlier without penalty;
- Interest shall be chargeable at 15% per annum where the loan is unsecured and at the rate of 12% per annum from when the loan is secured against Corum's assets;
- Interest shall be calculated on average daily balance during the month and payable in cash within three business days of the new month. A late payment penalty of 0.2% per month or part month thereof shall apply;
- During each quarter the principal shall be partially repaid by a minimum of $200,000;
- The rate of interest charged shall increase by the increase in the rate as set by the Reserve Bank which exceeds 4.25% per annum;
- Corum shall pay all fees, charges and stamp duty;
- Lujeta shall permit Corum to repay all or part of this loan by offering other Corum shareholders the opportunity to loan monies to Corum and participate on identical terms to this agreement; and
- Both parties may at any time and in writing agree to amend the terms applicable to this facility.

On 21 June 2010 Lujeta assigned its benefit under this agreement to the William Paterson Superannuation Fund.

Impairment of Assets Testing

Directors have reviewed the carrying value of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. This assessment was based on comparison of the recoverable amount of the assets (using value-in-use method) and the asset's carrying value. Directors have determined that there is no impairment.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business notwithstanding that:

- The Company and Consolidated Entity had net current liabilities of $5,477,000 and $7,478,000 respectively as at 30 June 2010.

- The Company has breached covenants existing under the loan facility with Westpac and even though all but $5,000 of the loan has been repaid, Westpac has not waived any of the breaches and it retains a fixed and floating charge over the Consolidated Entity's assets.

- These breaches also give rise to possible early termination and a Minimum Return being claimed by Westpac under an agreement, which is disputed, that the Company and Consolidated Entity have provided for as disclosed in Note 20. This dispute is unresolved and remains the subject of dispute resolution processes which the Company is pursuing vigorously. The facility matures in February 2011 and the Directors are taking advice on whether, or to what extent, the claim for the Minimum Return may not be enforceable either now or at the facility's termination.

- The Convertible Note debt of $1,953,000 disclosed in Note 19 has been subordinated in favour of the secured bank loan also disclosed in Note 19. The term of the secured bank loan matures in February 2011. If the secured bank loan is repaid on maturity date and the fixed and floating charge is lifted, the subordination deed is terminated on the same date. The Convertible Note debt of $1,953,000 together with interest could therefore become due and payable in February 2011. Interest amounts to $366,000 as at 30 June 2010.

Notwithstanding the information above, the Directors believe that it is reasonably foreseeable that the Company and Consolidated Entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Consolidated Entity is now profitable and has generated positive cash flows from operating activities of $2,261,000 for the year ended 30 June 2010;

- The Consolidated Entity has recorded comprehensive income of $1,127,000 for the year ended 30 June 2010;
- The Company and Consolidated Entity's trading and cash flow budgets for the succeeding financial year, disclose financial performance in excess of that achieved in the year ended 30 June 2010, resulting in Directors being satisfied that adequate cash resources, including if required, further related party financial support (refer Note 19(2)), is in place to settle the Consolidated Entity's debts as and when they become due and payable; and
- Current liabilities include deferred revenue of $529,000 and employee provisions of $1,066,000, that are unlikely to result in significant cash outflows in the following 12 months.

If the Company and Consolidated Entity do not meet budget expectations or fail to secure additional funding there is significant uncertainty which may cast significant doubt about the Company's and Consolidated Entity's abilities to continue as going concerns and, therefore, whether assets can be realised and liabilities extinguished in the normal course of business and at the amounts stated in the financial report.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in the Directors' Report or the accompanying financial statements.

Future Developments, Prospects and Business Strategies

Disclosure of information regarding likely developments, prospects or business strategies of the Consolidated Entity in future financial years and the expected results from these initiatives, other than that disclosed in this Report, may result in unreasonable prejudice to the Consolidated Entity. Accordingly, no further information is included in this Report.

Events Subsequent to Reporting Date

During August 2010 the Company paid $500,000 as a reduction of the loan facility provided by the William Paterson Superannuation Fund.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Information on Directors

Michael John Shehadie, B.A. LLB
Non-executive Chairman and member of the Audit and Risk Committee and Remuneration and Nomination Committee.

Mr. Shehadie is a solicitor of over 25 years standing and has been Chairman of Corum Group Limited since 2005.

Mr Shehadie has an interest in 2,200,000 options to subscribe for shares in the Company and an option to convert an unsecured convertible note into 2,000,000 shares in the Company.

Geoffrey John Broomhead, B.Com. M.Com. FCPA FCIS SASIA
Managing Director and Chief Executive Officer

Mr Broomhead has had extensive financial and operational experience both as a director and financial officer for public and private international and Australian companies including retail and e-health.

Mr Broomhead has an interest in 27,500 shares in the Company and 5,000,000 options to subscribe for shares in the Company.

Peter John Bradfield, LLB FAICD
Non-executive Director and Chairman of the Remuneration and Nomination Committee and Chairman of the Audit and Risk Committee.

Mr Bradfield is Managing Director of Bradfield Corporate Services providing strategic marketing and business development advice to a range of Australian and international companies. He is currently Chairman of National Entitlement Security Trust, Coverforce Pty Ltd, Charter Pacific Corporation Ltd and Councilors for Management Inc (Washington D.C.). He has previously held directorships of listed companies including Everyday Mine Services Ltd, ChemGenex Pharmaceuticals Ltd and a number of resources companies including Ticor Limited.

Mr Bradfield has an interest in 1,000,000 options to subscribe for shares in the Company.

Directors' Report continued

Douglas James Halley, MBA B.Com FAICD FRT
Non-executive Director and member of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.

Mr Halley has held senior executive positions in a number of major companies over the past 25 years (including Thomson Corporation, IBM, John Fairfax Holdings, Goodman Fielder, Rothschild Australia, Hill Samuel Australia and Philips) covering finance, treasury, business development and general management. He is currently a director of Diversified Utility and Energy Trust, Aurora Community Television, Print & Digital Publishing Pty Ltd and Chairman of the Advisory Board of Australian Enterprise Holdings. He has previously held directorships of listed companies including MIKOH Corporation, John Fairfax Holdings and Television & Media Services.

Mr Halley has an interest in 2,297,675 shares in the Company and 1,000,000 options to subscribe for shares in the Company.

Meetings of Directors

The number of Directors' meetings held, including meetings of the Audit and Risk Committee and the Remuneration and Nomination Committee, and the number of meetings attended by each Director were:

	Directors' Meeting		**Audit Committee**		**Remuneration Committee**	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Shehadie	15	15	2	2	1	1
Geoffrey Broomhead	14	14	-	-	-	-
Peter Bradfield	14	14	2	2	1	1
Douglas Halley	11	11	1	1	1	1
Mark Winnett	-	-	-	-	-	-
Craig Glendenning	2	2	-	-	-	-

Indemnification of Directors and Officers

The Company has insured Directors and officers against all liabilities that may arise from their position except where the liability arises out of conduct involving lack of good faith. During the year the Company paid premiums of $23,656 in respect of an insurance policy for Directors' and officers' liability.

Options on issue

At the date of this report the following options were on issue to subscribe for ordinary shares in the Company:

Number	Expiry Date	Exercise Price
200,000	30/11/2010	$ 0.12
250,000	28/02/2011	$ 0.25
1,250,000	16/12/2012	$ 0.26
10,000,000	24/12/2014	$ 0.08
5,200,000	15/12/2014	$ 0.08
350,000	16/06/2015	$ 0.08

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

During the year RSM Bird Cameron Partners, the Company's auditor, did not perform any other services in addition to their statutory duties. The amounts paid or payable to the auditor for audit services are included in Note 5 of this report.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 16.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Remuneration Report

The Board of Corum Group Limited consists of the Chairman, two independent Non-executive Directors and one Executive Director. All but one Director were appointed during the financial year. The membership of the Remuneration and Nomination Committee are the Chairman and independent Non-executive Directors.

The Remuneration Committee has yet to finalise a remuneration policy for determining the nature and amount of remuneration for key management personnel.

During the year the Non-executive Directors determined the salaries payable to the new Managing Director and new Company Secretary. The Committee intends to review all key management personnel in September 2010.

At the 2009 Annual General Meeting shareholders approved the issue of options to the Managing Director, the Non-executive Directors and the Company Secretary, or their respective nominees. Each option entitled the holder to subscribe for one ordinary share in the Company during the period five years from the issue date at a price of 8 cents per share.

Subsequently the Remuneration Committee allocated options under the Corum Option Plan to other senior management on identical terms to that of Directors.

The options issued are intended to align management personnel objectives with shareholder expectations; both would benefit when the Company became profitable and witnessed a significant sustained increase in the share price.

In addition to the options granted key management personnel receive a statutory superannuation guarantee contribution which is currently 9% of base salary. General management and sales personnel in Corum Health Services receive bonuses/commissions relating to profit contribution/sales but no other bonuses or incentives are paid.

Non-executive Director Remuneration

At the 2009 Annual General Meeting shareholders approved that aggregate fees payable to Non-executive Directors be set at $400,000 per annum.

As detailed in the Notice of Annual General Meeting, Directors then determined that the remuneration payable to the Chairman shall be $80,000 per annum and other Non-executive Directors shall receive $55,000 per annum. Further, the Chairman of each committee receives $5,000 per annum and each member $3,000 per annum. The remuneration is inclusive of statutory superannuation.

Executive Director Remuneration

The Managing Director, Geoffrey Broomhead, is the only Executive Director on the Board. Mr Broomhead commenced his duties on 1 September 2009 and his remuneration was determined by the Non-executive Directors at a base salary of $300,000 per annum plus statutory superannuation.

At the 2009 Annual General Meeting shareholders approved the issue of 5,000,000 options to Mr Broomhead wherein each option entitles the holder to subscribe for one ordinary share in the Company during the period of 5 years from the issue date at a price of 8 cents per share. 2,500,000 options vested on 25 November 2009 and the remaining 2,500,000 options vest on 1 September 2010.

Mr Broomhead is employed with the Company under a contract dated 26 May 2009 which includes:

- The employee may terminate by giving 4 weeks written notice to the Company;
- The Company may terminate the employee without cause by giving 3 months notice to the employee; and
- The Company may terminate the employee summarily in the event of misconduct or other sufficient cause in which case salary and other remuneration is payable up to the date of dismissal only.

Directors' Report continued

Key Management Personnel

Key management personnel are considered to be those persons with authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity and which includes all Directors.

Key management personnel for the 2010 financial year were:

Non-executive Directors:

Michael Shehadie	Non-executive Chairman
Peter Bradfield	Non-executive Director
Douglas Halley	Non-executive Director

Executive Director:

Geoffrey Broomhead	Managing Director

Former Executive Directors:

Mark Winnett	Managing Director
Craig Glendenning	Executive Director – Technical Strategy

Senior Executives:

Glenn Brown	Chief Financial Officer
Geoffrey Arnold	National Sales Manager – Health
George Nicolaou	Company Secretary
Vinit Kumar	Manager Application Services
Claude Matthews	Manager IT Infrastructure

Former Senior Executives:

Leah Ford	General Manager Product Development
Vanessa Law	General Manager Customer Service
Samantha McLean	General Manager eCommerce
Julian Walter	Company Secretary

Remuneration details for the year ended 30 June 2010:

Details of the nature and amount of each major element of the compensation of key management personnel of the Consolidated Entity are:

2010	Short term benefits		Post employment benefits	Share based payments		Performance related
	Salaries and fees $	Bonuses $	Super-annuation $	Options $	Total $	%
Non-executive Directors						
Michael Shehadie	84,500	-	-	22,802	107,302	21
Peter Bradfield	51,833	-	-	11,401	63,234	18
Douglas Halley	47,250	-	-	11,401	58,651	19
Executive Director						
Geoffrey Broomhead	289,757	-	26,078	50,592	366,427	14
Former Executive Directors						
Mark Winnett	72,432	-	-	-	72,432	-
Craig Glendenning	168,412	-	-	-	168,412	-
Senior Executives						
Glenn Brown	183,486	-	16,514	6,658	206,658	3
Geoffrey Arnold	150,000	40,280	14,461	7,603	212,344	23
George Nicolaou	-	-	-	11,401	11,401	100
Vinit Kumar	146,789	-	13,211	6,658	166,658	4
Claude Matthews	137,846	-	12,406	6,658	156,910	4
Former Senior Executives						
Leah Ford	116,234	40,280	13,234	7,603	177,351	27
Vanessa Law	62,416	20,280	6,405	945	90,046	24
Samantha McLean	66,063	-	-	945	67,008	1
Julian Walter	75,000	-	-	-	75,000	-
	1,652,018	100,840	102,309	144,667	1,999,834	

Directors' Report continued

2009	Short term benefits		Post employment benefits	Share based payments		Performance related
	Salaries and fees $	Bonuses $	Super-annuation $	Options $	Total $	%
Non-executive Director						
Michael Shehadie	80,000	-	-	-	80,000	-
Executive Directors						
Mark Winnett	273,039	-	-	-	273,039	-
Craig Glendenning	318,662	-	-	-	318,662	-
Senior Executives						
Julian Walter	138,782	-	-	-	138,782	-
Glenn Brown	125,853	-	11,327	-	137,180	-
Geoffrey Arnold	149,448	40,000	13,729	-	203,177	20
Samantha McLean	184,870	-	-	4,196	189,066	2
Leah Ford	124,000	40,000	13,745	4,196	181,941	24
Vanessa Law	124,000	40,000	13,999	-	177,999	22
	1,518,654	120,000	52,800	8,392	1,699,846	

Options and Rights Granted:

	Grant detail		For the financial year ended 30 June 2010				Overall		
	Date	No.	Value $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Non-executive Directors									
Michael Shehadie	25/11/2009	2,000,000	22,802	-	-	2,000,000	100	-	-
Peter Bradfield	25/11/2009	1,000,000	11,401	-	-	1,000,000	100	-	-
Douglas Halley	25/11/2009	1,000,000	11,401	-	-	1,000,000	100	-	-
Executive Directors									
Geoffrey Broomhead	25/11/2009	5,000,000	57,005	-	-	2,500,000	50	50	-
Craig Glendenning	5/03/2007	-	-	1,000,000	46,266	-	-	-	100
Senior Executives									
Glenn Brown	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
Geoffrey Arnold	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
George Nicolaou	25/11/2009	1,000,000	11,401	-	-	1,000,000	100	-	-
Vinit Kumar	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
Claude Matthews	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
Leah Ford	15/12/2009	350,000	6,658	700,000	15,051	350,000	100	-	100
Vanessa Law	17/12/2007	-	-	350,000	8,393	-	-	-	100
Samantha McLean	17/12/2007	-	-	350,000	8,393	-	-	-	100
Julian Walter	various	-	-	1,500,000	48,292	-	-	-	100

Note 1 The value of options granted as remuneration and as shown in this table has been determined in accordance with applicable accounting standards.

Note 2 The value of options that have lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions had been satisfied.

Description of Options/Rights Issued as Remuneration:

Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

Grant date	Entitlement on exercise	Date exercisable to	Exercise price	Value per option at grant date	Amount paid/ payable by recipient
			$	$	$
25/11/2009	one ordinary share	24/11/2014	0.08	0.01141	nil
15/12/2009	one ordinary share	15/12/2014	0.08	0.01902	nil
16/06/2010	one ordinary share	16/06/2015	0.08	0.01279	nil

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the previous table.

There have not been any alterations to the terms or conditions of any options granted since the grant dates.

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

Michael Shehadie
Chairman

Geoffrey Broomhead
Managing Director

Dated: 29th day of September 2010

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Corum Group Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

G N SHERWOOD
Partner

Sydney, NSW
Dated: 29 September 2010

Consolidated Statement of Comprehensive Income
for year ended 30 June 2010

	Note	Consolidated		Company	
		2010	**2009**	**2010**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
Sales revenue	3	21,719	19,674	2,689	2,809
Other revenue	3	230	322	1,418	1,199
Total revenues		**21,949**	**19,996**	**4,107**	**4,008**
Materials and consumables used		(3,647)	(2,768)	-	-
Employee expenses		(11,472)	(13,177)	(2,260)	(2,976)
Occupancy costs		(1,379)	(1,126)	(260)	(202)
Legal expenses		(198)	(54)	(176)	56
Marketing expenses		(934)	(1,227)	-	(90)
Depreciation and amortisation expense	4	(1,102)	(1,583)	(143)	(187)
Finance costs	4	(815)	(3,099)	(815)	(3,093)
Other expenses	4	(1,193)	(777)	(707)	(504)
Share based payments	4	(223)	(663)	(223)	(663)
Impairment of plant and equipment	4	-	(473)	-	-
Impairment of development costs	4	-	(1,100)	-	-
Impairment of goodwill on consolidation	4	-	(4,542)	-	-
Provision against loan to associated company		141	-	-	-
Provision doubtful debts – controlled entities		-	-	(461)	120
Profit/(Loss) before income tax		**1,127**	**(10,593)**	**(938)**	**(3,531)**
Income tax expense	6	-	-	-	-
Profit/(Loss) for the year		**1,127**	**(10,593)**	**(938)**	**(3,531)**
Other comprehensive income					
No items		-	-	-	-
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**1,127**	**(10,593)**	**(938)**	**(3,531)**
Profit/(Loss) attributable to members of the parent entity		1,127	(10,593)	(938)	(3,531)
Comprehensive income attributable to members of the parent entity		1,127	(10,593)	(938)	(3,531)
Earnings per share		$	$		
Basic earnings per share	7	0.0047	(0.0847)		
Diluted earnings per share	7	0.0047	(0.0726)		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2010

	Note	Consolidated			Company	
		2010	**2009**	**1/7/2008**	**2010**	**2009**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
				(Note 2)		
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	9(a)	1,222	701	1,578	984	342
Other cash	9(b)	3,542	3,264	3,868	-	-
Trade and other receivables	10	959	614	1,415	129	115
Inventories	11	108	145	109	-	-
Other assets	12	231	277	100	39	29
Total Current Assets		**6,062**	**5,001**	**7,070**	**1,152**	**486**
NON-CURRENT ASSETS						
Trade and other receivables	10	-	-	-	7,792	9,775
Financial assets	13	30	-	-	5,264	5,264
Plant and equipment	14	366	447	1,161	227	323
Intangible assets	15	13,247	13,383	18,726	14	14
Other assets	16	96	179	56	-	86
Total Non-Current Assets		**13,739**	**14,009**	**19,943**	**13,297**	**15,462**
Total Assets		**19,801**	**19,010**	**27,013**	**14,449**	**15,948**
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	17	6,702	6,565	7,041	1,154	1,167
Deferred revenue	18	528	553	2,407	-	-
Borrowings	19	2,786	6,919	11,742	2,786	6,919
Provisions	20	3,524	3,190	859	2,689	2,485
Total Current Liabilities		**13,540**	**17,227**	**22,049**	**6,629**	**10,571**
NON-CURRENT LIABILITIES						
Borrowings	19	3,200	30	68	3,200	30
Provisions	20	164	206	158	5	17
Total Non-Current Liabilities		**3,364**	**236**	**226**	**3,205**	**47**
Total Liabilities		**16,904**	**17,463**	**22,275**	**9,834**	**10,618**
Net Assets		**2,897**	**1,547**	**4,738**	**4,615**	**5,330**
EQUITY						
Issued capital	21	85,219	85,219	77,835	85,219	85,219
Reserves	22	255	319	301	255	319
Accumulated losses		(82,577)	(83,991)	(73,398)	(80,859)	(80,208)
Total Equity		**2,897**	**1,547**	**4,738**	**4,615**	**5,330**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 30 June 2010

	Ordinary Share Capital $'000	Option Reserve $'000	Retained Losses $'000	Total $'000
Consolidated Entity				
Balance at 30 June 2008	77,835	301	(73,398)	4,738
Shares issued during the year	7,004	-	-	7,004
Share based payments – shares issued	645	-	-	645
Share based payments – options issued	-	18	-	18
Capital raising costs	(265)	-	-	(265)
Loss attributable to members of parent entity	-	-	(10,593)	(10,593)
Balance at 30 June 2009	**85,219**	**319**	**(83,991)**	**1,547**
Reclassification of lapsed share options	-	(287)	287	-
Share based payments – options issued	-	223	-	223
Profit attributable to members of parent entity	-	-	1,127	1,127
Balance at 30 June 2010	**85,219**	**255**	**(82,577)**	**2,897**
Company				
Balance at 30 June 2008	77,835	301	(76,677)	1,459
Shares issued during the year	7,004	-	-	7,004
Share based payments – shares issued	645	-	-	645
Share based payments – options issued	-	18	-	18
Capital raising costs	(265)	-	-	(265)
Loss attributable to members of parent entity	-	-	(3,531)	(3,531)
Balance at 30 June 2009	**85,219**	**319**	**(80,208)**	**5,330**
Reclassification of lapsed share options	-	(287)	287	-
Share based payments – options issued	-	223	-	223
Loss attributable to members of parent entity	-	-	(938)	(938)
Balance at 30 June 2010	**85,219**	**255**	**(80,859)**	**4,615**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for year ended 30 June 2010

	Note	Consolidated		Company	
		2010	**2009**	**2010**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		23,460	21,554	9	3,160
Payments to suppliers and employees		(21,072)	(21,769)	1,911	(4,799)
Interest received		200	187	63	1,134
Interest and other finance costs paid		(327)	(408)	(327)	(408)
Net cash generated by / (used in) operating activities	27(a)	**2,261**	**(436)**	**1,656**	**(913)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of plant and equipment		6	-	4	-
Loan proceeds associated company		111	-	-	-
Payment for intangible assets		(692)	(1,278)	-	-
Payment for plant and equipment		(198)	(364)	(51)	(119)
Net cash (used in) investing activities		**(773)**	**(1,642)**	**(47)**	**(119)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	6,404	-	6,404
Proceeds from issue of convertible notes		-	1,953	-	1,953
Repayment of convertible notes		-	(6,700)	-	(6,700)
Repayment of borrowings		(4,967)	(413)	(4,967)	(413)
Loans from related party		4,000	-	4,000	-
Loans to ex-Director Associates		-	(43)	-	(43)
Net cash provided by financing activities		**(967)**	**1,201**	**(967)**	**1,201**
Net increase / (decrease) in cash held		521	(877)	642	169
Cash at beginning of the financial year		701	1,578	342	173
Cash at end of the financial year	9(a)	**1,222**	**701**	**984**	**342**

OTHER CASH					
Net increase / (decrease) in cash held		278	(604)	-	-
Other cash at beginning of the financial year		3,264	3,868	-	-
Other cash at end of the financial year	9(b)	**3,542**	**3,264**	-	-

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for year ended 30 June 2010

This financial report includes the consolidated financial statements and notes of Corum Group Limited and controlled entities ('Consolidated Entity'), and the separate financial statements and notes of Corum Group Limited as an individual parent entity ('Company'). Corum Group Limited is a listed public company, incorporated and domiciled in Australia.

Note 1: Statement of significant accounting policies

a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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 to all years presented, unless otherwise stated.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs; modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business notwithstanding that:

- The Company and Consolidated Entity had net current liabilities of $5,477,000 and $7,478,000 respectively as at 30 June 2010.

- The Company has breached covenants existing under the loan facility with Westpac and even though all but $5,000 of the loan has been repaid, Westpac has not waived any of the breaches and it retains a fixed and floating charge over the Consolidated Entity's assets.

- These breaches also give rise to possible early termination and a Minimum Return being claimed by Westpac under an agreement, which is disputed, that the Company and Consolidated Entity have provided for as disclosed in Note 20. This dispute is unresolved and remains the subject of dispute resolution processes which the Company is pursuing vigorously. The facility matures in February 2011 and the Directors are taking advice on whether, or to what extent, the claim for the Minimum Return may not be enforceable either now or at the facility's termination.

- The Convertible Note debt of $1,953,000 disclosed in Note 19 has been subordinated in favour of the secured bank loan also disclosed in Note 19. The term of the secured bank loan matures in February 2011. If the secured bank loan is repaid on maturity date and the fixed and floating charge is lifted, the subordination deed is terminated on the same date. The Convertible Note debt of $1,953,000 together with interest could therefore become due and payable in February 2011. Interest amounts to $366,000 as at 30 June 2010.

Notes to the Financial Statements for year ended 30 June 2010

Notwithstanding the information above, the Directors believe that it is reasonably foreseeable that the Company and Consolidated Entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Consolidated Entity is now profitable and has generated positive cash flows from operating activities of $2,261,000 for the year ended 30 June 2010;
- The Consolidated Entity has recorded comprehensive income of $1,127,000 for the year ended 30 June 2010;
- The Company and Consolidated Entity's trading and cash flow budgets for the succeeding financial year, disclose financial performance in excess of that achieved in the year ended 30 June 2010, resulting in Directors being satisfied that adequate cash resources, including if required, further related party financial support (refer Note 19(2)), is in place to settle the Consolidated Entity's debts as and when they become due and payable; and
- Current liabilities include deferred revenue of $529,000 and employee provisions of $1,066,000, that are unlikely to result in significant cash outflows in the following 12 months.

If the Company and Consolidated Entity do not meet budget expectations or fail to secure additional funding there is significant uncertainty which may cast significant doubt about the Company's and Consolidated Entity's abilities to continue as going concerns and, therefore, whether assets can be realised and liabilities extinguished in the normal course of business and at the amounts stated in the financial report.

b) Principles of consolidation

A controlled entity is any entity over which Corum Group Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 26 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-group balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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 and 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. 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 and liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

Notes to the Financial Statements for year ended 30 June 2010

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of services

Revenue from rendering services is recognised in proportion to the stage of contract completion when the stage of contract completion can be reliably measured.

Maintenance revenue is recognised by amortising the payments received on a straight-line basis over the life of the contract as the maintenance services are performed.

Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield of the financial asset.

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the balance sheet inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Foreign currency transactions and balances

Foreign currency transactions during the year are translated into Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are recognised in the statement of comprehensive income in the financial period in which the exchange rate changes.

Notes to the Financial Statements for year ended 30 June 2010

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

g) Taxation

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company and its wholly-owned Australian subsidiaries intend to form an income tax consolidated group under the tax consolidation regime.

Notes to the Financial Statements for year ended 30 June 2010

h) Impairment of assets

At each reporting date, the Company reviews the carrying value 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 value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) 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 maturities of less than three months.

j) Receivables

Trade debtors that are to be settled within normal trading terms are carried at amounts due. The recoverability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring inventories and bringing them to their present location and condition.

l) Financial assets

Investments in controlled entities are carried in the Company’s balance sheet at the lower of cost and recoverable amount.

Other unlisted investments are carried at the lower of cost and recoverable amount.

m) Leased assets

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases
Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases
Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight line basis over the period of the lease.

Notes to the Financial Statements for year ended 30 June 2010

n) Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the amount recoverable from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' deployment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

o) Depreciation and amortisation

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment losses.

Such depreciable assets are depreciated using the diminishing value method over their estimated useful lives, with the exception of leased assets which are amortised over the term of the relevant lease or, where it is likely the consolidated entity will obtain ownership of the asset, the useful life of the asset.

Estimated useful lives, residual values and depreciation rates and methods are reviewed annually. When changes are made, adjustments are reflected prospectively in current and future periods only. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	1 to 5 years
Plant and equipment	1 to 12 years

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.

p) Intangibles

Intellectual Property

Intellectual property rights comprise various applications, intellectual knowledge and know-how. The value of intellectual property consists of the capitalised cost incurred in acquiring intellectual property less amortisation.

Goodwill

Goodwill and goodwill on consolidation represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment loss is written off immediately to profit or loss.

Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.
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.

q) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within established terms.

Notes to the Financial Statements for year ended 30 June 2010

r) Borrowings

Bank and other loans are shown in the Balance Sheet at their principal amounts. Interest payable is accrued at the contracted rate and expensed in the Statement of Comprehensive Income. Notes payable are recognised when issued at the net proceeds received, with the premium or discount on issue amortised over the period to maturity.

s) Employee benefits

Wages, salaries and annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date. These are calculated as undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at the reporting date, including related on-costs such as workers compensation insurance and payroll tax.

Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows resulting from employees' services provided to reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs over the vesting periods and is discounted to present value using a probability weighted discount rate reflecting staff turnover history. The unwinding of the discount is treated as long service leave expense.

Equity-settled compensation

The Company operates an employee share option scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Superannuation schemes

The Company and controlled entities contribute to several employee defined contribution superannuation funds. The contributions are recognised as an expense. The Company and its controlled entities have no legal or constructive obligation to fund any deficit in any fund.

t) Provisions

A provision is recognised when there are legal or constructive obligations as a result of past events and it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

Notes to the Financial Statements for year ended 30 June 2010

u) Financial instruments issued

Where financial instruments, such as preference shares and convertible notes issued by the Company, give rise to a contractual obligation to deliver cash to the holder, they are classified as liabilities to the extent of the obligation.

Where financial instruments are redeemable but either the holder or the Company has an option to convert them into ordinary shares of the Company, they are classified as compound financial instruments. The liability component is measured as the present value of the principal and interest obligations, discounted at the prevailing market rate for a similar liability that does not have an equity component. The residual of the net proceeds received on issuing the instrument is classified as equity.

Interest expense on compound instruments is determined based on the liability component and includes the actual interest paid to holders. The liability accretes over the life of the instruments to the original face value if they are not previously converted. There are no dividends associated with the equity component.

v) Investments in associates

Investments in associated companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Company's share of post-acquisition profits and movement in reserves of its associates.

w) Share based payments

Equity settled share-based payment transactions with parties other than employees and others providing similar services are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, at the time that the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

x) Critical accounting estimates

The Directors evaluate estimates 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 Company. The key assumptions are detailed in Note 15 (c).

Impairment

The Company assesses impairment at each reporting period by evaluation of conditions and events specific to the Company that maybe indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Amounts in dispute

The breaches under the existing loan facilities give rise to possible early termination and a Minimum Return being claimed by Westpac Banking Corporation under the Transactional Banking Facility Agreement. These issues are unresolved and remain the subject of dispute resolution processes which the Company is pursuing vigorously. The facility matures in February 2011 and Directors are taking advice on whether, or to what extent, the claim for the Minimum Return may not be enforceable either now or at nominal termination. There is significant uncertainty with regard to the outcome of the expected final settlement of these amounts in dispute. The amount has been accrued as a provision for amounts in dispute in Note 20.

Notes to the Financial Statements for year ended 30 June 2010

y) Comparative figures

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

z) Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

aa) New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference and Title	Summary	Application date (financial years beginning)
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]*	Amends a number of standards as a result of the annual improvements project.	1 January 2010
AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]*	Amends AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.	1 January 2010
AASB 9 *Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013

Notes to the Financial Statements for year ended 30 June 2010

Reference and Title	Summary	Application date (financial years beginning)
Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.	1 July 2010
AASB 124 *Related Party Disclosures*	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011
2009-9 *Amendments to Australian Accounting Standards – Additional Exemptions for first-time adopters*	Amends AASB 1 regarding retrospective application of certain standards for first-time adopters of IFRS.	1 January 2010
2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*	Amends AASB 132 to clarify the requirements for classification of rights, options and warrants.	1 February 2010
2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013
2009-12 *Amendments to Australian Accounting Standards*	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011
2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*	Amends AASB 1 due to the issuance of Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.	1 July 2010
2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*	Amends Interpretation 14 AASB 119 – The limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	1 January 2011

Notes to the Financial Statements for year ended 30 June 2010

Reference and Title	Summary	Application date (financial years beginning)
2010-1 *Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7Disclosures from First-time Adopters*	Amends AASB 1 *First-time Adoption of Australian Accounting Standards;* and AASB 7 *Financial Instruments: Disclosures.* Principally give effect to extending transitional provisions of AASB 2009-2.	1 July 2010
AASB 1053 *Application of Tiers of Australian Accounting Standards*	This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013
2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements and amends AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052.	1 July 2013
2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010
2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010

The Consolidated Entity does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Consolidated Entity's financial statements.

Notes to the Financial Statements for year ended 30 June 2010

Note 2: Prior period error and Reclassifications

(a) Prior period error

During the year it was identified that the recognition policies of the subscription revenue in the Corum eCommerce operations did not comply with the accounting standards with regard to deferred revenue. Accordingly with the auditor's approval the Company has restated revenue, profit/(loss) and deferred revenue liabilities for the prior period.

The corrections to the respective financial statements are:

	Consolidated	
	2009 $'000	1/7/2008 Opening Balance $'000
Statement of Comprehensive Income		
Sales revenue - Rendering of services	(105)	-
Profit/(Loss) attributable to members of the parent entity	(105)	-
Comprehensive income attributable to members of the parent entity	(105)	-
Balance Sheet		
Current Liabilities - Deferred revenue	475	371
Accumulated losses	475	371
Earnings per share	$	
Basic earnings per share	(0.0008)	
Diluted earnings per share	(0.0007)	

(b) Reclassifications

Other cash

Bank balances held in respect of tenant rentals collected and payable to customers still awaiting bank clearance were previously reported as Other assets. These cash resources are not designated as trust funds, nor are they regulated by any statute. The classification of these cash assets were reconsidered in the year under review. It was considered more appropriate to disclose the asset as Other cash.

Notes to the Financial Statements for year ended 30 June 2010

Provisions

The Company has breached covenants existing under the loan facility with Westpac Banking Corporation Limited and even though all but $5,000 of the loan has been repaid, Westpac has not waived any of the breaches and Westpac retains a fixed and floating charge over the Controlled Entity's assets. These breaches also give rise to possible early termination and a minimum return being claimed by Westpac Banking Corporation under the Transaction Banking Facility Agreement. These issues are unresolved and remain the subject of dispute resolution processes which the Company is pursuing vigorously. The facility matures in February 2011 and Directors are taking advice on whether, or to what extent, the claim for Minimum Return may not be enforceable either now or at a nominal termination. There is significant uncertainty with regard to the outcome of the timing and amount of expected final settlement of these amounts in dispute and consequently it was thought more appropriate to classify these amounts as provisions.

The reclassifications to the respective financial statements are:

	Consolidated		Company	
	2009	1/7/2008 Opening Balance	2009	1/7/2008 Opening Balance
	$'000	$'000	$'000	$'000
Balance Sheet				
Other cash	3,264	3,868	-	-
Other assets	(3,264)	(3,868)	-	-
Trade and other payables	(2,392)	-	(2,392)	-
Provisions	2,392	-	2,392	-

Note 3: Revenue and other income

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Sales revenue				
Rendering of services	20,132	18,804	2,689	2,809
Sales of goods	1,587	870	-	-
	21,719	19,674	2,689	2,809
Other revenue				
Interest received from other parties	200	188	63	20
Interest received from wholly-owned controlled entities	-	-	1,347	1,114
Other revenue	30	134	8	65
	230	322	1,418	1,199
Total revenue	21,949	19,996	4,107	4,008

Notes to the Financial Statements for year ended 30 June 2010

Note 4: Expenses

	Consolidated		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation				
Plant and equipment	238	559	138	173
Amortisation				
Leasehold improvements	36	46	5	14
Development costs	828	978	-	-
Total depreciation and amortisation	1,102	1,583	143	187
Finance costs				
Interest – convertible notes	248	130	248	130
Interest – external	515	2,969	515	2,963
Interest – related parties	52	-	52	-
Total finance costs	815	3,099	815	3,093
Share based payment expenses – Non cash (Note 28)				
Interest – convertible notes	-	645	-	645
Share option premium	223	18	223	18
Total share based payments	223	663	223	663
Other items				
Net (profit) on disposal of non-current assets	(5)	(1)	(5)	-
Bad and doubtful debts	114	12	-	-
Employee entitlement provisions	103	(37)	32	(49)
Operating leases	1,160	1,123	275	269
Significant expenses				
Impairment of plant and equipment	-	473	-	-
Impairment of development costs	-	1,100	-	-
Impairment of goodwill on consolidation	-	4,542	-	-

Notes to the Financial Statements for year ended 30 June 2010

Note 5: Auditor's remuneration

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
RSM Bird Cameron Partners				
Audit and review of financial reports	77	-	77	-
Total	77	-	77	-
Hall Chadwick				
Audit and review of financial reports	-	106	48	106
Taxation services	-	35	-	35
Due diligence	-	69	-	69
Other services	-	14	-	14
Total	-	224	48	224

Note 6: Taxation

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
(a) The components of income tax expense comprise:				
Deferred tax	462	(1,336)	(20)	(1,053)
Current year deferred tax assets not recognised	-	1,336	20	1,053
Utilisation of prior year deferred tax assets not previously recognised	(462)	-	-	-
Income tax expense / (benefit)	-	-	-	-
(b) The prima facie tax on profit/(loss) is reconciled as follows:				
Prima facie income tax payable on profit / (tax benefit) on loss at 30%	338	(3,178)	(281)	(1,060)
Add / (deduct) tax effect of:				
Non-allowable items	57	1,837	194	2
Share options expensed	67	5	67	5
Current year deferred tax assets not recognised	-	1,336	20	1,053
Utilisation of prior year deferred tax assets not previously recognised	(462)	-	-	-
Income tax attributable to entity	-	-	-	-
Deferred tax assets not taken into account				
Losses carried forward	14,209	14,726	10,884	10,855
Temporary differences carried forward	2,111	2,056	1,117	1,126
Capital losses carried forward	3,185	3,185	3,151	3,151

The potential future tax benefit arising from tax losses and temporary differences has not been recognised as an asset as at 30 June 2010 as it is not probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Financial Statements for year ended 30 June 2010

Note 7: Earnings per share and dividends

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Reconciliation of earnings to profit or loss		
Basic profit/(loss) after taxation	1,127	(10,593)
Earnings used in the calculation of basic EPS	1,127	(10,593)
Earnings used in the calculation of dilutive EPS	1,127	(10,478)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	241,890,151	124,977,855
Weighted average number of dilutive convertible notes outstanding	-	19,365,621
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	241,890,151	144,343,477
Earnings per share	$	$
Basic earnings per share	0.0047	(0.0847)
Diluted earnings per share	0.0047	(0.0726)

Dividends

No dividends have been paid or declared for payment during the current financial year.

Note 8: Segment reporting

The Consolidated Entity has the following business segments:

- Health Services - the Corum Health Services business is a provider of dispense and point of sale software applications, hardware and support services to Australian pharmacies through its controlled entities, Pharmasol Pty Limited and Amfac Pty Limited;
- eCommerce - offers individuals and businesses the opportunity to effect payment of their rent, utilities, local government fees and commercial obligations via electronic methodologies through its controlled entity Corum eCommerce Pty Limited; and
- Training - is a Registered Training Organisation providing training services to the real estate industry through its controlled entity Corum Training Pty Limited.

The Consolidated Entity operates predominantly in Australia. More than 95% of the profit and segment assets relate to operations in Australia.

Notes to the Financial Statements for year ended 30 June 2010

Basis of accounting for purposes of reporting by operating segments

a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

b) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset annually and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Consolidated Entity's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Consolidated Entity. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

f) Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of this standard.

Notes to the Financial Statements for year ended 30 June 2010

Segment performance

2010	Health Services $'000	eCommerce $'000	Training $'000	Total $'000
Revenue				
External sales	14,695	6,755	291	21,741
Inter-segment sales	-	1,431	-	1,431
Interest revenue	2	135	-	137
Total segment revenue	14,697	8,321	291	23,309
Reconciliation of segment revenue to group revenue				
Unallocated Corporate revenue				71
Inter-segment elimination				(1,431)
Total group revenue				**21,949**
Segment net profit/(loss) before tax	1,424	387	(207)	1,604
Reconciliation of segment result to group net profit before tax				
(i) Amounts not included in segment result but reviewed by Board:				
Corporate charges				(123)
(ii) Unallocated items:				
Finance costs				(815)
Provision doubtful debts - controlled entities				461
Net profit before tax				**1,127**
Depreciation and amortisation of segment assets	930	29	-	959
Other non-cash segment expenses	99	(37)	11	73

Notes to the Financial Statements for year ended 30 June 2010

Segment performance

2009	Health Services $'000	eCommerce $'000	Training $'000	Total $'000
Revenue				
External sales	13,321	5,906	518	19,745
Inter-segment sales	1	1,285	-	1,286
Interest revenue	8	159	-	167
Total segment revenue	13,330	7,350	518	21,198
Reconciliation of segment revenue to group revenue				
Unallocated Corporate revenue				84
Inter-segment elimination				(1,286)
Total group revenue				**19,996**
Segment net profit/(loss) before tax	1,157	(7,946)	(153)	(6.942)
Reconciliation of segment result to group net profit before tax				
(i) Amounts not included in segment result but reviewed by Board:				
Corporate charges				(2,185)
(ii) Unallocated items:				
Finance costs				(1,346)
Provision doubtful debts - controlled entities				(120)
Net profit before tax				**(10,593)**
Depreciation and amortisation of segment assets	776	620	-	1,396
Other non-cash segment expenses	(82)	63	4	(15)

Notes to the Financial Statements for year ended 30 June 2010

Segment assets

2010	Health Services $'000	eCommerce $'000	Training $'000	Total $'000
Segment assets	14,517	3,851	11	18,379
Reconciliation of segment assets to group assets				
Unallocated assets:				
Other assets				1,422
Total group assets				**19,801**
Acquisition of non-current assets	782	57	-	839
2009				
Segment assets	14,256	3,802	44	18,102
Reconciliation of segment assets to group assets				
Unallocated assets:				
Other assets				909
Total group assets				**19,011**
Acquisition of non-current assets	1,096	427	-	1,523

Segment liabilities

2010	Health Services $'000	eCommerce $'000	Training $'000	Total $'000
Segment liabilities	2,532	4,532	6	7,070
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities:				
Other financial liabilities				9,834
Total group liabilities				**16,904**
2009				
Segment liabilities	2,401	4,411	33	6,845
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities:				
Other financial liabilities				10,618
Total group liabilities				**17,463**

Notes to the Financial Statements for year ended 30 June 2010

Note 9: Cash

	Consolidated		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
(a) Cash and cash equivalents				
Cash at bank	239	391	1	32
Short-term bank deposit	983	310	983	310
	1,222	701	984	342
(b) Other cash				
Other cash (i)	3,542	3,264	-	-

(i) These are unregulated bank accounts controlled by the Company and are considered to be restricted in operation to the electronic receipt of tenant rental payments, which monies upon clearance in the normal course of the business banking system, are released from the bank accounts and paid to the benefit of third party's, on whose behalf the monies are received and of whom an equivalent liability is booked as disclosed in Note 17.

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

Note 10: Trade and other receivables

	Consolidated		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables	1,001	567	1	1
Provision for impairment	(182)	(67)	-	-
Other receivables (a)	440	525	428	414
Provision for impairment	(300)	(411)	(300)	(300)
	959	614	129	115
Non-current				
Amounts receivable from wholly owned subsidiaries	-	-	10,579	12,101
Provision for impairment	-	-	(2,787)	(2,326)
	-	-	7,792	9,775

(a) Other receivables include amounts due from former Directors and/or their associates.

Notes to the Financial Statements for year ended 30 June 2010

Provision for impairment of receivables

Current trade receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in Other expenses in the Consolidated Statement of Comprehensive Income.

Movement in the provision for impairment of receivables is as follows:

2009	Opening Balance 1 July 2008 $'000	Charge for the year $'000	Amounts written Off $'000	Closing Balance 30 June 2009 $'000
Consolidated Entity				
Current trade receivables	(72)	(11)	16	(67)
Other receivables	(411)	-	-	(411)
Company				
Non-current receivables - wholly owned subsidiaries	(2,446)	120	-	(2,326)

2010	Opening Balance 1 July 2009 $'000	Charge for the year $'000	Amounts written off $'000	Closing Balance 30 June 2010 $'000
Consolidated Entity				
Current trade receivables	(67)	(115)	-	(182)
Other receivables	(411)	111	-	(300)
Company				
Non-current receivables - wholly owned subsidiaries	(2,326)	(461)	-	(2,787)

Notes to the Financial Statements for year ended 30 June 2010

Credit Risk — Trade and other receivables

The Consolidated Entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and other receivables is considered to be the main source of credit risk related to the Consolidated Entity.

The following table details the Consolidated Entity's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Consolidated Entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Consolidated Entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired (days overdue)			
Consolidated Entity	**Gross amount $'000**	**Past due and impaired $'000**	**< 30 $'000**	**31–60 $'000**	**> 60 $'000**	**Within initial trade terms $'000**
2010						
Trade and term receivables	1,001	182	84	157	60	518
Other receivables	440	300	-	-	140	-
Total	1,441	482	84	157	200	518
2009						
Trade and term receivables	567	67	44	116	16	324
Other receivables	525	411	-	-	114	-
Total	1,092	478	44	116	130	324

			Past due but not impaired (days overdue)			
Company	**Gross amount $'000**	**Past due and impaired $'000**	**< 30 $'000**	**31–60 $'000**	**> 60 $'000**	**Within initial trade terms $'000**
2010						
Trade and term receivables	1	-	-	-	-	1
Other receivables	428	300	-	-	128	-
Total	429	300	-	-	128	1
2009						
Trade and term receivables	1	-	-	-	-	1
Other receivables	414	300	-	-	114	-
Total	415	300	-	-	114	1

Neither the Consolidated Entity nor the Company holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

Notes to the Financial Statements for year ended 30 June 2010

Note 11: Inventories

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Finished goods at cost	108	145	-	-

Note 12: Other current assets

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Prepayments	231	149	39	27
Other assets	-	128	-	2
	231	277	39	29

Note 13: Financial assets

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Investment in unlisted company at cost	30	30	-	-
Investment in controlled entities - unlisted at cost (Note 26)	-	-	11,264	11,264
Provision for impairment	-	(30)	(6,000)	(6,000)
	30	-	5,264	5,264

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Notes to the Financial Statements for year ended 30 June 2010

Note 14: Plant and equipment

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Leasehold improvements at cost	367	344	168	173
Accumulated amortisation	(312)	(281)	(167)	(167)
Accumulated impairment	(25)	(25)	-	-
	30	38	1	6
Plant and equipment at cost	4,909	4,745	979	932
Accumulated depreciation	(4,125)	(3,888)	(753)	(615)
Accumulated impairment	(448)	(448)	-	-
	336	409	226	317
Total plant and equipment	366	447	227	323

a) Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Leasehold improvements				
Carrying amount at beginning of year	38	92	6	18
Additions	28	17	-	2
Disposals	-	-	-	-
Amortisation	(36)	(46)	(5)	(14)
Impairment	-	(25)	-	-
Carrying amount at end of year	30	38	1	6
Plant and equipment				
Carrying amount at beginning of year	409	1,069	317	373
Additions	170	347	51	117
Disposals	(5)	(1)	(4)	-
Depreciation	(238)	(558)	(138)	(173)
Impairment	-	(448)	-	-
Carrying amount at end of year	336	409	226	317

b) Impairment losses

The total impairment loss recognised in the Consolidated Statement of Comprehensive Income for the year amounted to $Nil (2009: $473,000).

Notes to the Financial Statements for year ended 30 June 2010

Note 15: Intangible assets

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Goodwill				
At cost	15,363	15,363	-	-
Accumulated impairment	(4,542)	(4,542)	-	-
Total goodwill	10,821	10,821	-	-
Intellectual property				
At cost	14	14	14	14
Accumulated amortisation	-	-	-	-
Total intellectual property	14	14	14	14
Development costs				
At cost	5,854	5,162	-	-
Accumulated amortisation	(2,342)	(1,514)	-	-
Accumulated impairment	(1,100)	(1,100)	-	-
Total development costs	2,412	2,548	-	-
Total intangible assets	13,247	13,383	14	14
Reconciliation of movement in development costs				
Balance at beginning of year	2,548	3,349	-	-
Additions	692	1,277	-	-
Amortisation charge	(828)	(978)	-	-
Impairment losses	-	(1,100)	-	-
Balance at end of year	2,412	2,548	-	-

a) Goodwill

Goodwill relates to the acquisitions in 1991 of the Lockie Computer business by Pharmasol Pty Limited and the Amfac business by Amfac Pty Limited.

Goodwill is allocated to the following cash generating units:

	2010	2009
	$'000	$'000
Health Services	10,821	10,821

Notes to the Financial Statements for year ended 30 June 2010

b) Development costs

Development costs relate to computer software programs developed by Pharmasol Pty Limited and Amfac Pty Limited.

Development costs are allocated to the following cash generating units:

	2010 $'000	2009 $'000
Health Services	2,412	2,548

c) Review of carrying values

The recoverable value of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years being represented by a terminal value of 6.5 times EBITDA. An EBITDA growth rate of 3.0% per annum is utilised and the cash flows are discounted at a rate of 15.5% per annum which incorporates an appropriate risk premium.

Management has based the value-in-use calculations on budgets for each cash generating unit. These budgets incorporate management's best estimates of projected revenues using growth rates based on historical experience, anticipated market growth and the expected effect of the Consolidated Entity's initiatives. Costs are calculated taking into account historical gross margins as well as estimated inflation rates for the year consistent with inflation rates applicable to the locations in which the cash generating unit operates.

Impairment is allocated to the following cash generating units:

	2010 $'000	2009 $'000
eCommerce	-	5,642

d) Impairment losses

The total impairment loss recognised in the statement of comprehensive income during the year amounted to $Nil (2009: $5,642,000).

Note 16: Other non-current assets

	Consolidated		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Security deposits	96	179	-	86

Notes to the Financial Statements for year ended 30 June 2010

Note 17: Trade and other payables

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current				
Trade creditors	569	679	198	265
Sundry creditors and accruals	2,591	2,602	956	902
Rental payments awaiting clearance	3,542	3,284	-	-
	6,702	6,565	1,154	1,167

Note 18: Deferred revenue

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current				
Software maintenance revenue	18	78	-	-
Payment card subscription revenue	510	475	-	-
	528	553	-	-

Note 19: Borrowings

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current				
Bank loan – secured (1)	9	4,928	9	4,928
Related party loan (2)	800	-	800	-
Convertible notes (3)	1,953	1,953	1,953	1,953
Lease liability	24	38	24	38
Total current financial liabilities	2,786	6,919	2,786	6,919
Non-current				
Related party loan (2)	3,200	-	3,200	-
Lease liability	-	30	-	30
Total non current financial liabilities	3,200	30	3,200	30

Notes to the Financial Statements for year ended 30 June 2010

(1) Bank loan

The bank loan facility with Westpac Banking Corporation is secured by a fixed and floating charge over the assets of the Consolidated Entity. Westpac Banking Corporation has not waived any breaches which occurred in prior financial years.

The Company repaid in full on 15 April 2010 the Westpac Senior Debt facility.

On the 31 May 2010 the Company repaid all but approximately $5,000 against the Westpac Mezzanine Debt facility.

(2) Related party loan

On 31 May 2010 the Company drew down $4,000,000 from the Lujeta Pty Ltd loan facility and these funds where used to repay the Westpac Mezzanine Debt Facility.

The terms of the loan facility from Lujeta are:

- An Application Fee of $100,000 is payable and shall accompany the request to draw down the loan;
- The initial term of the loan shall be four years with Corum retaining the right to repay all or part of the loan earlier without penalty;
- Interest shall be chargeable at 15% per annum where the loan is unsecured and at the rate of 12% per annum from when the loan is secured against Corum's assets;
- Interest shall be calculated on average daily balance during the month and payable in cash within three business days of the new month. A late payment penalty of 0.2% per month or part month thereof shall apply;
- During each quarter the principal shall be partially repaid by a minimum of $200,000;
- The rate of interest charged shall increase by the increase in the rate as set by the Reserve Bank which exceeds 4.25% per annum;
- Corum shall pay all fees, charges and stamp duty;
- Lujeta shall permit Corum to repay all or part of this loan by offering other Corum shareholders the opportunity to loan monies to Corum and participate on identical terms to this agreement; and
- Both parties may at any time and in writing agree to amend the terms applicable to this facility.

On 21 June 2010 Lujeta Pty Ltd assigned its benefit under this agreement to the William Paterson Superannuation Fund.

(3) Convertible notes

As at 30 June 2010 the Company had outstanding 1,952,611 Unsecured Redeemable Convertible Notes at $1 per note. Each note attracts an interest rate of 12% per annum and the holder is entitled to convert each note and accrued interest into ordinary shares at 5 cents per share at any time up to and including 31 December 2009.

A requirement of the Westpac loan facility was that Convertible Note holders subordinate their notes and interest due thereon in favour of Westpac, and the note's may only be redeemed and interest paid once Westpac discharges the fixed and floating charge over the assets of the Consolidated Entity.

During the financial year no convertible notes where converted nor interest paid.

Notes to the Financial Statements for year ended 30 June 2010

Note 20: Provisions

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current				
Employee entitlements	902	757	125	81
Make good provisions	230	41	172	12
Amounts in dispute	2,392	2,392	2,392	2,392
	3,524	3,190	2,689	2,485
Non-current				
Employee entitlements	164	206	5	17
Total provisions	3,688	3,396	2,694	2,502

Movement in provisions

	Annual leave $'000	Long service leave $'000	Make good $'000	Amounts in dispute $'000	Total $'000
Consolidated					
Opening balance at 1 July 2009	711	252	41	2,392	3,396
Additional provisions	504	132	189	-	825
Provisions used	(525)	(8)	-	-	(533)
Closing balance at 30 June 2010	690	376	230	2,392	3,688
Company					
Opening balance at 1 July 2009	81	17	12	2,392	2,502
Additional provisions	105	3	160	-	268
Provisions used	(76)	-	-	-	(76)
Closing balance at 30 June 2010	110	20	172	2,392	2,694

Refer to Note 1(x) and Note 2 for additional information in respect of the provision for amounts in dispute.

Notes to the Financial Statements for year ended 30 June 2010

Note 21: Issued capital

	2010 $'000	2009 $'000
Issued capital		
241,890,151 fully paid ordinary shares (2009: 241,890,151)	85,219	85,219

Movement in ordinary share capital	**$'000**	**Number**
Opening balance at 1 July 2008	77,835	95,874,271
Shares issued during the year:		
1 July 2008 - shares issued for convertible note interest	335	3,350,000
22 July 2008 - rights issue	419	6,439,590
1 Oct 2008 - shares issued for convertible note interest	168	1,675,000
12 May 2009 - shares issued for redemption of 2005 Convertible Notes	6,250	125,000,000
12 May 2009 – shares issued for penalty interest on redemption of 2005 Convertible Notes	477	9,551,290
Capital raising costs	(265)	-
Balance at 30 June 2009	85,219	241,890,151
Balance at 30 June 2010	85,219	241,890,151

a) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Financial Statements for year ended 30 June 2010

b) Options on issue

At 30 June 2010 there were on issue the following options to subscribe for ordinary shares in the Company:

Number	Expiry Date	Exercise Price
200,000	30/11/2010	$ 0.12
250,000	28/02/2011	$ 0.25
1,250,000	16/12/2012	$ 0.26
10,000,000	24/11/2014	$ 0.08
5,200,000	15/12/2014	$ 0.08
350,000	16/06/2015	$ 0.08

Each option entitles the holder to acquire one ordinary share in the Company prior to the option expiry date.

For information relating to the Corum Group Limited share option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 28: Share based payments.

For information relating to share options issued to key management personnel during the financial year, refer to Note 28: Share based payments and Note 30: Key management personnel disclosures.

c) Capital Management

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

The Consolidated Entity's debt and capital includes ordinary share capital and borrowings, supported by financial assets.

Note 22: Reserves

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Option reserve	255	319	255	319

Note 23: Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bank loan facilities, loans from related parties and finance leases.

The totals for each category of financial instrument are measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements.

Notes to the Financial Statements for year ended 30 June 2010

Specific financial risk exposure and management

a) Interest rate risk

The Consolidated Entity's financial instrument exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are:

	Weighted average interest rate	Floating interest rate	1 year or less	1-5 years	More than 5 years	Non-interest bearing	Total
2010	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash	0.8	239	-	-	-	-	239
Cash on deposit	4.5	983	-	-	-	-	983
Trade and other receivables		-	-	-	-	959	959
Total Financial Assets		1,222	-	-	-	959	2,181
Financial Liabilities							
Convertible notes	12.0	-	1,953	-	-	-	1,953
Bank borrowings	8.5	-	9	-	-	-	9
Related party borrowings	15.3	-	800	3,200	-	-	4,000
Trade and other payables		-	-	-	-	6,702	6,702
Lease liability	13.6	-	24	-	-	-	24
Total Financial Liabilities		-	2,786	3,200	-	6,702	12,688

2009	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash	0.6	391	-	-	-	-	391
Cash on deposit	3.8	310	-	-	-	-	310
Trade and other receivables		-	-	-	-	500	500
Total Financial Assets		701	-	-	-	500	1,201
Financial Liabilities							
Convertible notes	12.0	-	1,953	-	-	-	1,953
Bank borrowings	7.2	-	4,928	-	-	-	4,928
Trade and other payables		-	-	-	-	6,565	6,565
Lease liability	13.6	-	38	30	-	-	68
Total Financial Liabilities		-	6,919	30	-	6,565	13,514

Notes to the Financial Statements for year ended 30 June 2010

b) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate financial resources are maintained on an ongoing basis.

	Within 1 Year		1 to 5 Years		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities due for payment						
Trade and other payables	6,702	6,565	-	-	6,702	6,565
Bank loan	9	4,928	-	-	9	4,928
Related party loan	800	-	3,200	-	4,000	-
Redeemable convertible notes	1,953	1,953	-	-	1,953	1,953
Lease liability	24	38	-	30	24	68
Provisions	2,392	2,392	-	-	2,392	2,392
Total Financial Liabilities	11,880	15,876	3,200	30	15,080	15,906

As disclosed in Note 1(x) and Note 2, the amounts in respect of provisions are in dispute, and the final settlement amount may differ significantly from the amounts provided.

c) Foreign exchange risk

The Company has no material exposure to foreign exchange risk.

d) Credit risk

The credit risk of financial assets, excluding investments, of the Consolidated Entity, which have been recognised in the Balance Sheet, is the carrying amount, net of any provision for impairment. The Consolidated Entity minimises the concentration of credit risk by undertaking transactions with a large number of customers. Trade and other receivables that are neither past due or impaired are considered to be high credit quality.

Notes to the Financial Statements for year ended 30 June 2010

Net fair values of financial assets and liabilities

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date approximate their carrying amounts.

Sensitivity analysis

Interest rate risk and price risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk, at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2010 the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Change in profit				
- Increase in interest rate by 10.0%	(80)	(57)	(80)	(58)
- Decrease in interest rate by 10.0%	80	57	80	58
Change in equity				
- Increase in interest rate by 10.0%	(80)	(57)	(80)	(58)
- Decrease in interest rate by 10.0%	80	57	80	58

This interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Notes to the Financial Statements for year ended 30 June 2010

Note 24: Commitments

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Non-cancellable operating lease expense commitments payable				
Not later than 1 year	974	1,056	686	767
Later than 1 year but not later than 5 years	385	1,359	215	901
Minimum lease payments	1,359	2,415	901	1,668

The Consolidated Entity leases property under non-cancellable operating leases expiring within five years. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Note 25: Contingent liabilities and contingent assets

There are no identifiable contingent liabilities or contingent assets at the 30 June 2010.

Note 26: Controlled entities

	Country of incorporation	2010 % owned	2009 % owned
Amfac Pty Ltd	Australia	100%	100%
Pharmasol Pty Ltd	Australia	100%	100%
Corum eCommerce Pty Ltd	Australia	100%	100%
Corum Systems Pty Ltd	Australia	100%	100%
Corum Training Pty Ltd	Australia	100%	100%

Notes to the Financial Statements for year ended 30 June 2010

Note 27: Cash flow information

	Consolidated		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
a) Reconciliation of profit/(loss) after tax to net cash used in operating activities:				
Profit/(Loss) from ordinary activities after income tax	1,127	(10,593)	(938)	(3,531)
Add/(deduct) non-cash items:				
Depreciation and amortisation of plant and equipment	1,103	1,583	144	187
Net increase/(decrease) in provisions	265	2,373	193	2,340
Net increase in provisions for impairment plant and equipment	-	473	-	-
Net increase in provisions for impairment development costs	-	1,100	-	-
Net increase in provisions for impairment goodwill on consolidation	-	4,542	-	-
Share based payments	-	645	-	645
Share options vested	5	18	5	18
Share options issued	218	-	218	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade debtors	(434)	859	1	(1)
(Increase)/decrease in inventories	37	(36)	-	-
(Increase)/decrease in other assets	103	(310)	61	(68)
Increase/(decrease) in trade creditors and accruals	(70)	700	(14)	62
Increase/(decrease) in deferred revenue	(26)	(1,852)	-	-
Increase/(decrease) in other liabilities	(67)	62	3	-
(Increase)/decrease in intercompany balances	-	-	1,983	(565)
Net cash generated by/(used in) operating activities	2,261	(436)	1,656	(913)
b) Loan facilities:				
Loan facilities	4,005	4,928	4,005	4,928
Utilised	4,005	4,928	4,005	4,928
Unused	-	-	-	-

Notes to the Financial Statements for year ended 30 June 2010

Note 28: Share based payments

a) Share based payments

No shares where issued during the year in settlement of any financial obligations.

b) Share option plan

The Directors may, at their sole discretion, issue options to selected eligible employees or associates of the Company. The maximum number of options which may be issued pursuant to the plan shall not exceed 5% of the number of shares in the Company on issue. The right to exercise options is subject to a number of conditions, including the option holder remaining an eligible participant during the exercise period. Options are forfeited 30 days after the holder ceases to be employed by the Company, unless the Board determines otherwise (this is usually only in the case of retirement, redundancy, death or disablement).

Grant date	Vested	Expiry date	Exercise price $	Opening Balance 1 July	Options issued	Options lapsed	Closing Balance 30 June
Consolidated and Company 2010							
28/11/2005	Yes	28/11/2010	$ 0.12	1,350,000	-	1,350,000	-
30/11/2005	Yes	30/11/2010	$ 0.12	200,000	-	-	200,000
17/12/2007	Yes	16/12/2012	$ 0.26	1,400,000	-	625,000	775,000
17/12/2007	Yes	16/12/2012	$ 0.26	1,000,000	-	525,000	475,000
15/12/2009	Yes	15/12/2014	$ 0.08	-	6,250,000	1,050,000	5,200,000
16/06/2010	Yes	16/06/2015	$ 0.08	-	350,000	-	350,000
				3,950,000	6,600,000	3,550,000	7,000,000
Consolidated and Company 2009							
28/11/2005	Yes	28/11/2010	$ 0.12	1,350,000	-	-	1,350,000
30/11/2005	Yes	30/11/2010	$ 0.12	200,000	-	-	200,000
17/12/2007	Yes	16/12/2012	$ 0.26	1,600,000	-	200,000	1,400,000
17/12/2007	No	16/12/2012	$ 0.26	1,000,000	-	-	1,000,000
				4,150,000	-	200,000	3,950,000

Each option is exercisable to acquire one ordinary share. There are no voting or dividend rights attached to options.

No options were exercised this financial year or in the prior year.

Grant date	Expiry date	Life of option - years	Exercise price $	Underlying share price $	Risk free interest rate	Expected share price volatility
15/12/2009	15/12/2014	5	$ 0.08	$ 0.030	5.50%	1.0
16/06/2010	16/06/2015	5	$ 0.08	$ 0.022	5.00%	1.0

Option values at grant date were determined using the Black-Scholes method.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Notes to the Financial Statements for year ended 30 June 2010

c) Other options issued

The Company has issued the following options exclusive from the Share Option Plan:

Grant date	Vested	Expiry date	Exercise price $	Opening Balance 1 July	Options issued	Options lapsed	Closing Balance 30 June
Consolidated and Company 2010							
25/01/2007	Yes	24/01/2010	$ 0.40	7,800,000	-	7,800,000	-
4/07/2007	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
20/07/2007	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
20/09/2006	Yes	3/11/2011	$ 0.15	1,500,000	-	1,500,000	-
11/03/2006	Yes	28/02/2011	$ 0.25	40,000	-	-	40,000
31/03/2006	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
5/03/2007	Yes	4/03/2012	$ 0.26	1,000,000	-	1,000,000	-
25/11/2009	Yes	24/11/2014	$ 0.08	-	7,500,000	-	7,500,000
25/11/2009	No	24/11/2014	$ 0.08	-	2,500,000	-	2,500,000
				10,550,000	10,000,000	10,300,000	10,250,000
Consolidated and Company 2009							
25/01/2007	Yes	24/01/2010	$ 0.40	7,800,000	-	-	7,800,000
4/07/2007	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
20/07/2007	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
20/09/2006	Yes	3/11/2011	$ 0.15	1,500,000	-	-	1,500,000
11/03/2006	Yes	28/02/2011	$ 0.25	40,000	-	-	40,000
31/03/2006	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
5/03/2007	Yes	4/03/2012	$ 0.26	1,000,000	-	-	1,000,000
				10,550,000	-	-	10,550,000

Each option is exercisable to acquire one ordinary share. There are no voting or dividend rights attached to options.

No options were exercised this financial year or in the prior year.

Grant Date	Expiry Date	Life of option - Years	Exercise Price $	Underlying share price $	Risk free interest rate	Expected share price volatility
25/11/2009	24/11/2014	5	$ 0.08	$ 0.020	5.50%	1.0

Option values at grant date were determined using the Black-Scholes method.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Notes to the Financial Statements for year ended 30 June 2010

Note 29: Retirement benefit obligations

Superannuation funds

The Consolidated Entity contributes to a number of superannuation funds. The funds are not sponsored by the Consolidated Entity and are accumulation funds providing benefits on retirement, disability or death. Employer contributions are based on the statutory percentage of the employee's gross salaries. The Consolidated Entity does not have any legal obligations to make up any shortfall of assets in the accumulation funds.

Note 30: Key management personnel disclosures

a) Equity holdings and transactions

Particulars of key management personnel beneficial interests, directly or indirectly, in ordinary shares of the Company are as follows:

	Held at 1 July 2009	On market acquisitions	Other changes during the Year	Held at 30 June 2010
Executive and Non-Executive Directors				
Geoffrey Broomhead	-	27,500	-	27,500
Douglas Halley	-	2,297,675	-	2,297,675
Former Executive Director				
Mark Winnett	19,434,852	-	(19,434,852)	-
Former Senior Executive				
Julian Walter	1,312,500	-	(1,312,500)	-
	20,747,352	2,325,175	(20,747,352)	2,325,175

Notes to the Financial Statements for year ended 30 June 2010

b) Option holdings

Particulars of key management personnel beneficial interests, directly or indirectly, in options over ordinary shares of the Company are as follows:

	Held at 1 July 2009	Granted as remuneration	Lapsed	Held at 30 June 2010	Vested and exercisable at 30 June 2010
Executive and Non-Executive Directors					
Michael Shehadie	200,000	2,000,000	-	2,200,000	2,200,000
Geoffrey Broomhead	-	5,000,000	-	5,000,000	2,500,000
Peter Bradfield	-	1,000,000	-	1,000,000	1,000,000
Douglas Halley	-	1,000,000	-	1,000,000	1,000,000
Former Executive Director					
Craig Glendenning	1,000,000	-	1,000,000	-	-
Senior Executives					
Glenn Brown	-	350,000	-	350,000	350,000
Geoff Arnold	350,000	350,000	-	700,000	700,000
George Nicolaou	-	1,000,000	-	1,000,000	1,000,000
Vinit Kumar	-	350,000	-	350,000	350,000
Claude Matthews	350,000	350,000	-	700,000	700,000
Former Senior Executives					
Leah Ford	350,000	350,000	700,000	-	-
Vanessa Law	350,000	-	350,000	-	-
Samantha McLean	350,000	-	350,000	-	-
Julian Walter	1,500,000	-	1,500,000	-	-
	4,450,000	11,750,000	3,900,000	12,300,000	9,800,000

No options were exercised during the financial year.

c) Convertible note holdings and transactions

Particulars of key management personnel beneficial interests, directly or indirectly, in the value of convertible notes and the entitlement to ordinary shares of the Company upon redemption of convertible notes are as follows:

Convertible note value	Held at 1 July 2009	Acquisitions	Other changes during the year	Held at 30 June 2010
	$	$	$	$
Non-Executive Director				
Michael Shehadie	100,000	-	-	100,000
Former Senior Executive				
Julian Walter	171,106	-	(171,106)	-
	271,106	-	(171,106)	100,000

Entitlement to shares upon redemption	Held at 1 July 2009	Acquisitions	Other changes during the year	Held at 30 June 2010
	Number	Number	Number	Number
Non-Executive Director				
Michael Shehadie	2,000,000	-	-	2,000,000
Former Senior Executive				
Julian Walter	3,422,120	-	(3,422,120)	-
	5,422,120	-	(3,422,120)	2,000,000

d) Summary of key management personnel remuneration

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Short term employee benefits	1,753	1,639
Post employment benefits	102	53
Share based payment	145	8
Total compensation	2,000	1,700

For details of the nature and amount of each major element of the remuneration of key management personnel, refer to the Remuneration Report.

Notes to the Financial Statements for year ended 30 June 2010

Note 31: Related party transactions

Related party transactions not disclosed elsewhere in this report include:

Loans and other transactions with controlling entities and/or their associates

a) Interest paid/payable

During the year the Company charged to profit and loss, as interest, $35,121 for Lujeta Pty Ltd and $16,710 for William Paterson Superannuation Fund. Both of these amounts are accrued at financial year end.

b) Convertible notes

Lujeta Pty Ltd holds 912,294 Unsecured Redeemable Convertible Notes at $1 per Note. During the financial year these Convertible Notes attracted $115,968 interest which was charged to profit and loss.

Loans and other transactions with Directors or their associates

In October 2007 the Company advanced to Winmark Investment Group Pty Ltd, an entity associated with Mark Winnett, an amount of $56,822. The loan is unsecured and attracts an interest rate of 12% per annum. At the beginning of the financial year the loan balance including accrued interest was $113,570. During the financial year accrued interest of $14,404 (2009: $8,622) was added to the loan. The loan balance as at 30 June 2010 was $127,974.

Directors fees attributable to Michael Shehadie of $84,500 (2009: $80,000) are paid directly to his associate Michie Shehadie & Co.

Directors fees attributable to Peter Bradfield of $51,833 (2009: $Nil) are paid directly to his associate Bradfield Corporate Services Pty Ltd.

Directors fees attributable to Douglas Halley of $47,250 (2009: $Nil) are paid directly to his associate Midhurst Associates Pty Ltd.

Wholly-owned group

Details of interests in wholly owned controlled entities are set out in Notes 13 and 26 to the financial statements. Loans from the Company or subsidiaries to other subsidiaries are at commercial interest rates.

Balances with entities within the Consolidated Entity

The aggregate amount receivable by the Company from controlled entities at balance date is $10,579,000 (2009: $12,101,000) (Note 10).

Notes to the Financial Statements for year ended 30 June 2010

Note 32: Events subsequent to reporting date

During August 2010 the Company paid $500,000 as a reduction of the loan facility provided by the William Paterson Superannuation Fund as disclosed in Note 19(2).

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Note 33: Company details

The registered office of the Company and its controlled entities is:

Level 17, 24 Campbell Street,
SYDNEY, NSW 2000

The principal places of business are:

Head office:
Level 17, 24 Campbell Street, Sydney, NSW 2000

State offices:

NSW:	Level 17, 24 Campbell Street, Sydney, NSW 2000
VIC:	7 Business Park Drive, Notting Hill, VIC 3168
QLD:	Suite 1, 30 Sylvan Rd Toowong QLD, 4066
WA:	Suite 1, 41 Walters Drive, Osborne Park, WA 6017
SA:	Suite 2, 16-18 Unley Road, Unley, SA 5061

Directors Declaration

The Directors of Corum Group Limited ("the Company") declare that:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including

  (i) giving a true and fair view of the financial position and performance of the Company and Consolidated Entity; and

  (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and

(c) The Chief Executive Officer and Chief Financial Officer have each declared that

  (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

  (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and

  (iii) the financial statements and notes for the financial year give a true and fair view.

In the opinion of the Directors, 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.

Signed in Sydney

Michael Shehadie
Chairman

Geoffrey Broomhead
Managing Director

Dated the 29th day of September 2010

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CORUM GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Corum Group Limited ("the company"), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Corum Group Limited on 28 September 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion
In our opinion:

(a) the financial report of Corum Group Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Material Uncertainty Regarding Continuation as a Going Concern
Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that as at 30 June 2010, the company's and consolidated entity's current liabilities exceeded their current assets by $5,477,000 and $7,478,000 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's abilities to continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

Report on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of Corum Group Limited for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

G N SHERWOOD
Partner

Sydney, NSW
Dated: 29 September 2010

Corporate Governance Statement

This statement outlines the Company's corporate governance practices which it is believed meets fully the Corporate Governance Principles and Recommendations as recommended by the ASX Corporate Governance Council.

1 Lay solid foundations for management and oversight

The Board is ultimately responsible for the operations, management and performance of the Company and is accountable to shareholders. The roles and responsibilities of Directors are formalised in the Board Charter which defines those matters that are reserved for the Board and its Committees and those that are the responsibility of the Chief Executive Officer ("CEO").

The Board is accountable to shareholders and its responsibilities include:

- appointment of the Chief Executive Officer/Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company;
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making; and
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them.

As at the beginning of the financial year the Executive Directors formed a majority of the Board until their contracts expired, at which time all resigned as Directors and the Board was restructured. Since 1 September 2009 the Company has had only one Executive Director who holds a minority position on the Board.

The Board restructuring was coupled with a significant ongoing assessment of the Company's operations and no appraisals or evaluations of senior executives occurred during the year. A formal assessment by the independent Non-executive Directors of all senior executives is scheduled for September 2010.

2 Structure the board to add value

Since September 2009 the Board has consisted of a majority of independent Non-executive Directors and only one Executive Director.

The Non-executive Directors are:

Michael Shehadie, the Company's Chairman, is a legal practitioner of more than 25 years standing. Mr Shehadie has been issued with 2,200,000 options to acquire ordinary shares in the Company but has no direct or indirect shareholding in the Company.

Peter Bradfield, a lawyer, is a professional company director and a consultant to industry and government. Mr Bradfield has held senior executive director positions with a number of Australian public companies and currently is Chairman and Non-executive Director of three Australian listed companies. He has been issued with 1,000,000 options to acquire ordinary shares in the Company but has no direct or indirect shareholding in the Company.

Douglas Halley is a professional company director and consultant. Mr Halley has held senior executive director positions with a number of Australian and overseas organisations and is currently a Director of 2 Australian listed companies and 3 unlisted corporations. Mr Halley either directly or indirectly holds 2,297,675 ordinary shares in the Company amounting to 1.0%. This shareholding was acquired during the year. He also is the beneficiary of 1,000,000 options to acquire ordinary shares in the Company.

The Chairman is an independent Non-executive Director.

The Chief Executive Officer is not the Chairman.

3 Promote ethical and responsible decision making

The Company has established a Corporate Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All Directors, executives and employees are expected to abide by the Corporate Code of Conduct, which covers a number of areas, including:

- professional conduct and ethical standards;
- standards of workplace behaviour and equal opportunity;
- relationships with customers, suppliers and competitors;
- confidentiality and continuous disclosure;
- anti-discrimination and harassment;
- trading in Company securities; and
- the environment.

The Company's policy with regard to Buying and Selling Securities encompasses:

- a policy which extends directly and indirectly to Directors and employees;
- a prohibition on short term trading;
- a prohibition of trading by persons in possession of price sensitive information which is not available to the public;
- permission to trade in the Company's securities which is limited to the four week period from:
  a) the date of the Company's Annual General Meeting;
  b) release of the quarterly results announced to the ASX;
  c) release of the half yearly results announced to the ASX;
  d) release of the preliminary results announced to the ASX; or
  e) release of a disclosure document offering securities in the Company.

4 Safeguard integrity in financial reporting

The Company has established an Audit Committee which is governed by the Audit and Risk Committee Charter.

As from October 2009 the Committee members consisted of the three independent Non-executive Directors with the Committee chaired by a Non-executive Director who is not the Company's Chairman. Subsequent to year end Directors resolved that the minimum number of Committee members be set at two.

The primary purpose of this Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner; and
- the identification and management of business risks.

5 Make timely and balanced disclosure

The Company has established procedures and policies designed to ensure compliance with the ASX Listing Rules disclosure requirements. The Managing Director is the nominated continuous disclosure officer for the Company.

The Board authorises all disclosures necessary to ensure that:

- all investors have equal and timely access to material information concerning the Company including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

6 Respect the rights of shareholders

The Board is committed to ensuring that, subject to privacy laws and the need to act in the best interests of the Company by protecting confidential commercial information that shareholders, the stock market and other interested parties are informed fully of all material matters affecting the Company.

The dissemination of information is mainly achieved by distributing to all shareholders each year an Annual Report and regular announcements are submitted to the ASX.

7 Recognise and manage risk

The Company is committed to identifying and managing areas of significant business risk to protect shareholders, employees, earnings and the environment. Arrangements in place include:

- regular detailed financial budgetary and management reporting;
  procedures to identify and manage operational and financial risks; and
- procedures requiring Board approval which include all expenditure in excess of $25,000 and employment and termination of any employee.

8 Remunerate fairly and responsibly

The Company has established a Remuneration and Nomination Committee which is governed by a Remuneration and Nomination Committee Charter.

The Committee members consist of the three independent Non-executive Directors and is chaired by a Non-executive Director who is not the Company's Chairman.

The responsibilities of this Committee include:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- recommending to the Board the remuneration of executive Directors;
- fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- reviewing and approving the remuneration of direct reports to the Managing Director, and as appropriate other senior executives;
- reviewing and approving any equity based plans and other incentive schemes;
- maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

Additional Shareholder Information

Distribution of equity securities

Additional information required by the ASX and not shown elsewhere in this report is as follows.
The information is current as at the date of this report.

ASX Code: COO

The numbers of shareholders, by size of holding, in each class of share are:

Listed Ordinary Share

Range of shareholding	No of holders	Shares held	% of shares
1 - 1,000	785	289,106	0.12
1,001 - 5,000	481	1,296,667	0.54
5,001 - 10,000	155	1,298,035	0.54
10,001 - 100,000	206	7,318,535	3.03
100,001 - over	83	231,687,808	95.77
Total	1,710	241,890,151	100.00

The number of shareholders holding less than a marketable parcel of shares are	1,477	3,604,138

Twenty largest shareholders

The names of the twenty largest shareholders of quoted securities as at the date of this report are:

Holders Name	Shares held	% of shares
LUJETA PTY LTD	140,053,379	57.9
WINMARK INVESTMENT GROUP PTY LTD	18,846,632	7.8
GINGA PTY LTD	16,092,608	6.7
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	14,015,822	5.8
MR MICHAEL JOHN FARRELLY	4,727,079	2.0
TESLA NOMINEES PTY LTD <TESLA INVESTMENTS A/C>	4,322,235	1.8
ATLAS VENTURES (NOMINEE) PTY LTD	3,181,014	1.3
PUBLIC TRUSTEE <IFTCBROKINGSERVICES LTD A/C>	2,747,518	1.1
MIDHURST ASSOCIATES PTY LIMITED <MIDHURST SUPER FUND A/C>	2,297,675	1.0
JARONACH PTY LTD <LYNDA ADLER FAMILY A/C>	2,000,000	0.8
MR MARK RUSSELL COHEN	1,526,921	0.6
CONNAUGHT CONSULTANTS (FINANCE) PTY LTD <SUPER FUND A/C>	1,513,500	0.6
LINK TRADERS (AUST) PTY LTD	1,107,173	0.5
MS THERESE DALY	966,000	0.4
INVIA CUSTODIAN PTY LIMITED <GREG JONES FAMILY A/C>	931,441	0.4
INDUBILLA PTY LTD <MSH SUPER FUND A/C>	912,215	0.4
BRITISH & COLONIAL INVESTMENTSPTY LTD <SUPERANNUATION FUND A/C>	824,565	0.3
MR JOE ELCHAM <FRENKAIL SUPER FUND A/C>	790,260	0.3
LOTSA NOMINEES PTY LTD	532,187	0.2
ANABELLE BITS SUPERANNUATION FUND PTY LIMITED <ANABELLE BITS S/FUND A/C>	504,500	0.2
Total	217,892,724	90.1

Additional Shareholder Information (continued)

Substantial shareholders at the date of this report

Holder Name	Shares held	% of shares
LUJETA PTY LTD	140,053,379	57.9
WINMARK INVESTMENT GROUP PTY LTD	18,846,632	7.8
GINGA PTY LTD	16,092,608	6.7
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	15,122,995	6.3

Voting Rights

All ordinary shareholders carry one vote per share without restriction.

Unquoted Securities

Class	Number of securities	Number of holders	Holders with more than 20%
Share Options Plan:			
Options over ordinary shares exercisable at $0.12 on or before 30 November 2010	200,000	1	Michael Shehadie 200,000 options
Options over ordinary shares exercisable at $0.26 on or before 16 December 2012	1,250,000	7	
Options over ordinary shares exercisable at $0.08 on or before 15 December 2014	5,200,000	22	
Options over ordinary shares exercisable at $0.08 on or before 16 June 2015	350,000	1	David Castles 350,000 options
Other Options:			
Options over ordinary shares exercisable at $0.25 on or before 28 February 2011	250,000	1	Hindal Ventures Pty Ltd 250,000 options
Options over ordinary shares exercisable at $0.08 on or before 24 November 2014	10,000,000	6	Michael Shehadie 2,000,000 options Geoffrey Broomhead 5,000,000 options

Stock exchange listing

Quotation has been granted for all ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.

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COMPANY PARTICULARS

Directors

Mr Michael Shehadie (Chairman)
Mr Geoffrey Broomhead
Mr Peter Bradfield
Mr Douglas Halley

Company Secretary

Mr George Nicolaou

Registered Office

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24 Campbell Street
Sydney NSW 2000 Australia

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Auditor

RSM Bird Cameron Partners
Level 12
60 Castlereagh Street
Sydney NSW 2000

Banker

Westpac Banking Corporation
275 Kent Street
Sydney NSW 2000

Share Registry

Computershare Registry Services
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone +61 2 8234 5222
Facsimile +61 2 8234 5050

Shareholders with questions regarding their shareholdings should contact the Share Registry on:

Within Australia **1300 850 505**

Outside Australia **+61 3 9415 4000**

Shareholders who have changed address should advise the Share Registry in writing at the address above.

Stock Exchange Listing and Share Price

The ordinary shares of Corum Group Limited are listed on the Australian Securities Exchange.

The share price is quoted daily in national newspapers as well as on a number of information services and websites including www.asx.com.au.

CORUM GROUP LIMITED

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