Corum Group Limited

ABN 25 000 091 305

Annual Report 2011

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Chairman's Letter to Shareholders

Corum Group Limited achieved an Operating Profit After Tax of $1,751,000 for the financial year ended 30 June 2011. This result was a record for the Company and confirms your Directors' belief that the Company has turned the corner and that shareholders may expect profits into the future.

This result was determined after including a settlement of $812,000 paid to Oliveprince Pty Ltd a company associated with Michael Rowley. Mr Rowley is a former Executive Director of Corum Group ceasing his executive duties in 2007 and resigning as a Director at the 2008 Annual General Meeting. The Supreme Court held there was an agreement between Oliveprince and Corum for Oliveprince to provide the services of Michael Rowley for a four year period ending 31 August 2009 and that Corum had breached this agreement. At that time all Executive Directors had been engaged pursuant to similar agreements. All such agreements expired on 31 August 2009.

Cash flow from operations was $3,675,000 after including the Oliveprince settlement. During the year borrowings were reduced by $2,603,000. If Corum is able to achieve settlement of the Westpac dispute and if Group profitability continues at current or better levels then further substantial reduction of the Company's debt, including the satisfaction of outstanding obligations regarding Convertible Notes redemption, will occur. Directors believe that, given favourable outcomes Corum may become debt free within the year. This will be a substantial improvement on prior years' results and provide an excellent foundation for the Company to consider other commercial opportunities.

The Westpac dispute remains unresolved and though the loan facilities have been repaid in full Westpac continues to hold a fixed and floating charge over the assets of the Company which imposes many restrictions on how the Company may operate. The Company continues to pursue a settlement of this dispute.

I wish to acknowledge the support and endeavours of Corum personnel who continue to serve the Company sometimes in challenging and difficult circumstances.

Michael Shehadie
Chairman

17th August 2011

Directors' Report

The Directors present their report, together with the financial statements, on the Consolidated Entity ('Consolidated Entity') consisting of Corum Group Limited ('Corum'' or the 'Company') and the entities it controlled for the year ended 30 June 2011.

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

Peter John Bradfield – Non-executive Director

Douglas Halley – Non-executive Director – resigned 22 November 2010

Company Secretary

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

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

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; and

- Financial gateway providing transactional processing for electronic bill payments, funds transfer and processing services to the real estate industry and other corporate clients.

Operating Results

The operating profit of the Consolidated Entity after providing for income tax amounted to $1,751,000 (2010:$1,127,000) after recognising a court settlement of $812,000 paid to a company controlled by a previous Executive Director.

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to payment of dividends.

Review of Operations

Group Overview

Total Group Sales Revenue of $21,039,000 was $680,000 (-3.1%) less than the previous year which reflects a reduction in hardware sales and installation in Corum Health Services; as a consequence of the removal by the Federal Government of its accelerated depreciation initiative, and increasing competition from the banking sector in the electronic transaction processing market.

Costs were managed and contained, particularly employee expenditure, and the Operating Profit of $1,751,000 was determined after recognising a one off payment being a court settlement totalling $812,000 paid to a company controlled by a previous Executive Director who ceased being a Director in November 2008.

During the year the Consolidated Entity generated Operating Cash Flows of $3,675,000, after paying the court settlement, which was an increase of $1,414,000 above the previous year. These cash flows were used to repay the $2,603,000 in net borrowings. Cash at the end of the financial year was $2,110,000 being $888,000 improvement on the prior year.

> **Corum Health Services** is a major provider of pharmaceutical software applications and achieved sales revenues of $14,211,000 during the financial year; a decrease of $462,000 on the previous year. Segment profit was $7,000 being a significant reduction on the previous year's $1,424,000. Directors are satisfied with this year's result particularly since it includes the court settlement paid to Oliveprince totalling $812,000; additional amortisation of $396,000 and no capitalisation of development costs which in the prior year were $692,000.

> **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. Continuing competition from the banking sector saw this division achieve sales of $6,828,000; a 3.1% reduction on the previous year. This division was restructured in late 2009 and for the financial year produced a segment profit of $1,633,000 (2010: profit $180,000).

Directors' Report continued

Financial Position

The net assets of the Consolidated Entity are now $4,648,000. The increase is due solely to the profit generated for the year.

The Consolidated Entity’s working capital, being current assets less current liabilities, has improved from $(7,478,000) in 2010 to $(6,993,000) in 2011.

Corporate Capital and Financing

During the year the Company repaid $2,603,000 net in borrowings.

At year end the Company had $1,850,000 convertible notes awaiting either redemption or conversion into ordinary shares in the Company and $1,500,000 in borrowings from Lujeta Pty Ltd (“Lujeta”), the Company’s major shareholder.

On 31 May 2010 Lujeta advanced the Company $4,000,000 which was used to repay in full the $5,000,000 of loan facilities provided by Westpac Banking Corporation (“Westpac”).

The loan facility provided by Lujeta remains unsecured and attracts an interest rate of 15.5% pa. Under the agreement, where the Company is able to arrange a second mortgage for this facility, the interest rate payable shall be reduced by 3% pa. Even though their loan facility has been repaid in full Westpac continues to retain a fixed and floating charge over the Company’s assets and has not given their approval for the Company to offer a second mortgage to Lujeta.

Legal

Westpac Banking Corporation

On 24 January 2007 the Company entered into a loan facility agreement (“Facility”) and a transactional banking agreement with Westpac Banking Corporation Limited (“Westpac”) and drew down $5,000,000 under the Facility and in accordance with the terms of the Facility Westpac was granted a fixed and floating charge over the assets of the Company. The transactional banking agreement terms provide that the Company must pay a Minimum Return of up to $2,900,000 to Westpac in the event that certain milestones are not achieved.

The Company and Westpac are in dispute as to the Company’s liability for the Minimum Return. On 24 November 2010 the Company commenced proceedings in the Supreme Court to have this issue determined. Westpac has lodged a cross-claim in these proceedings seeking an amount of $2,161,000 plus interest and costs from the Company. The proceedings in the Supreme Court are continuing.

The Company maintains an accrued liability of $2,392,000 in its financial accounts to cover any liability resulting from the outcome of these proceedings.

Oliveprince Pty Ltd / Michael Rowley

In 2005 Oliveprince Pty Ltd (“Oliveprince”) a company controlled by Michael Rowley entered into a contract with the Company to provide the services of Michael Rowley for a period of 4 years. Michael Rowley was also appointed an Executive Director of the Company. The Company’s records show that Michael Rowley had completed his executive duties in October 2007 and did not seek re-election as a Director at the 2008 Annual General Meeting. In November 2009, after the contracts of all previous Executive Directors had expired, the Company was served with a summons issued by Oliveprince alleging breach of contract and seeking payment for the outstanding balance of the agreement up until 31 August 2009.

The statutory accounts of the Company for the year ended 30 June 2008 to which Michael Rowley gave his consent reported no outstanding liability, either existing or contingent, due or payable to Oliveprince, nor, when the 2009 Annual Report was signed, did any of the Directors first appointed on 1 September 2009 have any knowledge that a liability or potential liability may be owing to Oliveprince.

The Company was found to be liable for the outstanding balance and has paid the amount of $812,000 in satisfaction of the judgement found against it.

Midhurst Associates Pty Ltd / Douglas Halley

Douglas Halley was appointed a Non-executive Director of the Company on 6 October 2009 filling a casual vacancy. On 25 November 2009 shareholders at the Annual General Meeting elected Douglas Halley to be a Director of the Company. On 1 October 2010 the Company received a requisition from its major shareholder requesting a Shareholders’ General Meeting be convened to consider the removal of Douglas Halley as a Director of the Company. Directors convened a meeting to be held on 25 November 2010. On 22 November 2010 Douglas Halley tendered his resignation as a Director of the Company. Directors accepted his resignation on 23 November 2010 and issued a statement to the ASX.

On 1 April 2011 the Company received correspondence dated 30 March 2011 from lawyers acting on behalf of Midhurst Associates Pty Ltd (“Midhurst”) claiming damages for breach of contract.

Having made due enquiries Directors are confident that the claim made by Midhurst is not sustainable. As a result no provision has been made as at 30 June 2011.

Directors' Report continued

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

Directors have prepared these financial statements on the basis that the Company is a going concern and will be able to operate unimpeded.

Even though all loan facilities with Westpac Banking Corporation have been repaid in full Westpac continues to hold a fixed and floating charge over the company's assets whilst awaiting conclusion of the dispute relating to the Minimum Return. Breaches by Corum of the loan facility agreement which occurred prior to 30 June 2009 have not been waived by Westpac. Whilst the fixed and floating charge remains and the breaches are not waived Westpac retains the right to take whatever action they deem necessary to recover amounts owing under the agreement. Action can include the appointment of a liquidator. As this matter is now before the court Directors believe that such action by Westpac at this point in time would be imprudent and remote.

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

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, 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 2,000,000 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 Pty Limited which provides strategic marketing and business development advice to a range of Australian and international companies. He is a longstanding director of public and private companies and is currently Chairman of National Entitlement Security Trust (NEST) and Coverforce Pty Ltd, and a director of ASX listed Charter Pacific Corporation Ltd and Counselors for Management Inc (Washington D.C.).

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

Directors' Report continued

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 and Risk Committee**		**Remuneration Committee**	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Shehadie	17	17	4	4	1	1
Geoffrey Broomhead	17	17				
Peter Bradfield	17	17	4	4	1	1
Douglas Halley	6	5	1	1		

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 $26,233 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
1,150,000	16/12/2012	$ 0.26
10,000,000	24/12/2014	$ 0.08
4,600,000	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 PKF, 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 consist of two independent Non-executive Directors, one of which is Chairman, and one Executive Director. The membership of the Remuneration and Nomination Committee are the two Non-executive Directors.

The Remuneration Committee determine the nature and amount of remuneration for key management personnel and the Committee Chairman approves all other personnel salaries.

The Committee has approved the issue of options to all senior personnel with the clear intention to align management personnel objectives with shareholder expectations.

In addition to options, key management receive statutory superannuation guarantee contributions which currently is 9% of base salary.

General management and sales personnel of Corum Health Services receive bonuses/commissions relating to profit contributions/sales. No other bonuses or incentives were paid during the financial year.

Non-executive Director Remuneration

Shareholders have approved that aggregate fees payable to Non-executive Directors shall not exceed $400,000 per annum.

During the financial year the Chairman was paid Directors fees of $120,000 and other Non-executive Directors received $75,000 per annum.

In addition, Non-executive Directors were paid Committee membership fees. The Chairman of each Committee receives $5,000 per annum and each member $3,000 per annum.

All remuneration is inclusive of statutory superannuation.

Executive Director Remuneration

The Managing Director, Geoffrey Broomhead, is the only Executive Director. As from 1 September 2010 Mr Broomhead's base salary was increased to $390,000 per annum plus statutory superannuation. Mr Broomhead received no other benefits during the financial year other than the vesting of 2,500,000 options which vested on 1 September 2010.

Mr Broomhead continues to be employed 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.

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 2011 financial year were:

Non-executive Directors:

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

Executive Director:

Geoffrey Broomhead	Managing Director

Former Non-executive Director:

Douglas Halley	Non-executive Director

Senior Executives:

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

Directors' Report continued

Remuneration details for the year ended 30 June 2011:

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

2011	**Short term benefits**		**Post employment benefits**	**Share based payments**		**Performance related**
	Salaries and fees $	Bonuses $	Super-annuation $	Options $	Total $	%
Non-executive Directors						
Michael Shehadie	126,000	-	-	-	126,000	-
Peter Bradfield	84,500	-	-	-	84,500	-
Executive Director						
Geoffrey Broomhead	375,000	-	33,750	6,412	415,162	2
Former Non-executive Director						
Douglas Halley	31,777	-	-	-	31,777	-
Senior Executives						
Glenn Brown	183,486	-	16,514	-	200,000	-
Geoffrey Arnold	166,112	20,930	14,237	-	201,279	10
David Castles	183,333	-	15,199	-	198,532	-
George Nicolaou	91,667	-	-	-	91,667	-
Vinit Kumar	166,131	-	14,952	-	181,083	-
Claude Matthews	174,821	-	15,734	-	190,555	-
	1,582,827	20,930	110,386	6,412	1,720,555	

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

Options and Rights Granted:

	Grant detail		For the financial year ended 30 June 2011				Overall		
	Date	No.	Value $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Non-executive Directors									
Michael Shehadie	30/11/2005	200,000	5,696	200,000	5,696	-	-	-	-
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	-	-
Executive Directors									
Geoffrey Broomhead	25/11/2009	5,000,000	57,005	-	-	5,000,000	100	-	-
Former Non-executive Director									
Douglas Halley	25/11/2009	1,000,000	11,401	-	-	1,000,000	100	-	-
Senior Executives									
Glenn Brown	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
Geoffrey Arnold	17/12/2007	350,000	8,393	-	-	350,000	100	-	-
Geoffrey Arnold	15/12/2009	350,000	6,658	-	-	350,000	100	-	-
David Castles	16/10/2010	350,000	4,478	-	-	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	17/12/2007	100,000	2,398	-	-	100,000	100	-	-
Claude Matthews	15/12/2009	350,000	6,658	-	-	350,000	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:

No options were granted as remuneration in the financial year to those key management personnel and executives listed in the previous table.

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

There are no service or performance criteria that must be meet before options vest.

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	Geoffrey Broomhead
Chairman	Managing Director

Dated: 17th day of August 2011

Chartered Accountants
& Business Advisers

Auditors' Independence Declaration

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the Directors of Corum Group Limited and the entities it controlled during the year.

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

PKF

Bruce Gordon
Partner

17 August 2011
Sydney

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Consolidated Statement of Comprehensive Income
for year ended 30 June 2011

	Note	Consolidated		Company	
		2011	**2010**	**2011**	**2010**
		$'000	**$'000**	**$'000**	**$'000**
Sales revenue	3	21,039	21,719	2,192	2,689
Other revenue	3	673	230	1,504	1,418
Total revenues		**21,712**	**21,949**	**3,696**	**4,107**
Materials and consumables used		(3,512)	(3,647)	-	-
Employee expenses		(9,997)	(11,472)	(2,054)	(2,260)
Occupancy costs		(1,315)	(1,379)	(249)	(260)
Legal expenses		(149)	(198)	(145)	(176)
Marketing expenses		(612)	(934)	(2)	-
Depreciation and amortisation expense	4	(1,379)	(1,102)	(119)	(143)
Finance costs	4	(700)	(815)	(700)	(815)
Other expenses	4	(1,405)	(1,193)	(454)	(707)
Oliveprince Settlement	4	(812)	-	-	-
Bidwell Settlement	4	(80)	-	-	-
Share based payments	4	-	(223)	-	(223)
Provision against loan to associated company		-	141	-	-
Provision doubtful debts – controlled entities		-	-	193	(461)
Profit/(Loss) before income tax		**1,751**	**1,127**	**166**	**(938)**
Income tax expense	6	-	-	-	-
Profit/(Loss) for the year		**1,751**	**1,127**	**166**	**(938)**
Other comprehensive income					
No items		-	-	-	-
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**1,751**	**1,127**	**166**	**(938)**
Profit/(Loss) attributable to members of the parent entity		1,751	1,127	166	(938)
Comprehensive income attributable to members of the parent entity		1,751	1,127	166	(938)
Earnings per share		cents	Cents		
Basic earnings per share	7	0.72	0.47		
Diluted earnings per share	7	0.72	0.47		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2011

	Note	Consolidated			Company	
		2011	**2010**	**1/7/2009**	**2011**	**2010**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
				(Note 2)		
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	9	2,110	1,222	701	1,931	984
Trade and other receivables	10	527	959	614	145	129
Inventories	11	106	108	145	-	-
Other assets	12	4,627	3,773	3,541	40	39
Total Current Assets		**7,370**	**6,062**	**5,001**	**2,116**	**1,152**
NON-CURRENT ASSETS						
Trade and other receivables	10	-	-	-	4,616	7,792
Financial assets	13	30	30	-	5,264	5,264
Plant and equipment	14	323	366	447	188	227
Intangible assets	15	12,066	13,247	13,383	-	14
Other assets	16	99	96	179	-	-
Total Non-Current Assets		**12,518**	**13,739**	**14,009**	**10,068**	**13,297**
Total Assets		**19,888**	**19,801**	**19,010**	**12,184**	**14,449**
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	17	7,567	6,702	6,565	1,262	1,154
Deferred revenue	18	546	528	553	-	-
Borrowings	19	2,650	2,786	6,919	2,650	2,786
Provisions	20	3,600	3,524	3,190	2,777	2,689
Total Current Liabilities		**14,363**	**13,540**	**17,227**	**6,689**	**6,629**
NON-CURRENT LIABILITIES						
Borrowings	19	700	3,200	30	700	3,200
Provisions	20	177	164	206	14	5
Total Non-Current Liabilities		**877**	**3,364**	**236**	**714**	**3,205**
Total Liabilities		**15,240**	**16,904**	**17,463**	**7,403**	**9,834**
Net Assets		**4,648**	**2,897**	**1,547**	**4,781**	**4,615**
EQUITY						
Issued capital	21	85,219	85,219	85,219	85,219	85,219
Reserves	22	234	255	319	234	255
Accumulated losses		(80,805)	(82,577)	(83,991)	(80,672)	(80,859)
Total Equity		**4,648**	**2,897**	**1,547**	**4,781**	**4,615**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 30 June 2011

	Ordinary Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total $'000
Consolidated Entity				
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
Total Comprehensive Income for the year	-	-	1,127	1,127
Balance at 30 June 2010	**85,219**	**255**	**(82,577)**	**2,897**
Reclassification of lapsed share options	-	(21)	21	-
Total Comprehensive Income for the year	-	-	1,751	1,751
Balance at 30 June 2011	**85,219**	**234**	**(80,805)**	**4,648**
Company				
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
Total Comprehensive Income for the year	-	-	(938)	(938)
Balance at 30 June 2010	**85,219**	**255**	**(80,859)**	**4,615**
Reclassification of lapsed share options	-	(21)	21	-
Share based payments – options issued	-	-	-	-
Total Comprehensive Income for the year	-	-	166	166
Balance at 30 June 2011	**85,219**	**234**	**(80,672)**	**4,781**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for year ended 30 June 2011

	Note	Consolidated		Company	
		2011	**2010**	**2011**	**2010**
		$'000	**$'000**	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		23,597	23,430	7	9
Payments to suppliers and employees		(19,193)	(21,072)	4,012	1,911
Oliveprince settlement		(812)	-	-	-
Bidwell settlement		(80)	-	-	-
Interest received		326	200	136	63
Other revenue		347	30	-	-
Interest and other finance costs paid		(510)	(327)	(510)	(327)
Net cash generated by / (used in) operating activities	27(a)	**3,675**	**2,261**	**3,645**	**1,656**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of plant and equipment		-	6	-	4
Loan proceeds associated company		-	111	-	-
Payment for intangible assets		-	(692)	-	-
Payment for plant and equipment		(155)	(198)	(66)	(51)
Net cash (used in) investing activities		**(155)**	**(773)**	**(66)**	**(47)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of unsecured loan		(103)	-	(103)	-
Repayment of borrowings		(29)	(4,967)	(29)	(4,967)
Repayment of loans from related party		(4,000)	-	(4,000)	-
Loans from related party		1,500	4,000	1,500	4,000
Net cash provided by financing activities		**(2,632)**	**(967)**	**(2,632)**	**(967)**
Net increase / (decrease) in cash held		888	521	947	642
Cash at beginning of the financial year		1,222	701	984	342
Cash at end of the financial year	9	**2,110**	**1,222**	**1,931**	**984**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for year ended 30 June 2011

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;
AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and
AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

Notes to the Financial Statements for year ended 30 June 2011

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting.
The main changes were:
AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, un-replaced and voluntarily replaced, by splitting between consideration and post combination expenses.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements 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:

- Even though all loan facilities with Westpac Banking Corporation have been repaid in full Westpac continues to hold a fixed and floating charge over the company’s assets whilst awaiting conclusion of the dispute relating to the Minimum Return. Breaches by Corum of the loan facility agreement which occurred prior to 30 June 2009 have not been waived by Westpac. Whilst the fixed and floating charge remains and the breaches are not waived Westpac retains the right to take whatever action they deem necessary to recover amounts owing under the agreement. Action can include the appointment of a liquidator. As this matter is now before the court Directors believe that such action by Westpac at this point in time would be imprudent and remote.

Notes to the Financial Statements for year ended 30 June 2011

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 2011

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 2011

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.

Notes to the Financial Statements for year ended 30 June 2011

Corum Group Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime with effect from July 2004. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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.

Notes to the Financial Statements for year ended 30 June 2011

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.

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 for assets acquired up to June 2010 and the straight line method thereafter 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.

Notes to the Financial Statements for year ended 30 June 2011

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.

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.

Notes to the Financial Statements for year ended 30 June 2011

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.

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.

Notes to the Financial Statements for year ended 30 June 2011

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 statements 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 may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

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.

Notes to the Financial Statements for year ended 30 June 2011

aa) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Reference and Title	Summary	Application date (financial years beginning)
AASB 2009-12 *Amendments to Australian Accounting Standards*	These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	1 January 2011 The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.
AASB 9 Financial Instruments *2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*	This standard and its consequential amendments completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	1 January 2013 The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

Notes to the Financial Statements for year ended 30 June 2011

Reference and Title	Summary	Application date (financial years beginning)
AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.	1 January 2011 The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.
AASB 2010-5 *Amendments to Australian Accounting Standards*	These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.	1 January 2011 The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.
AASB 124 *Related Party Disclosures (December 2009)*	This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities.	1 January 2011 The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

Notes to the Financial Statements for year ended 30 June 2011

Reference and Title	Summary	Application date (financial years beginning)
AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*	These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.	1 July 2011
AASB 2010-8 *Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets*	These amendments are a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.	1 January 2012 The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

The Consolidated Entity does not anticipate early adoption of any of the above reporting requirements.

Notes to the Financial Statements for year ended 30 June 2011

Note 2: Prior period reclassifications

(a) Reclassifications

Other current assets

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

The corrections to the respective financial statements are:

	Consolidated	
	2010 $'000	1/7/2009 Opening Balance $'000
Balance Sheet		
Movement:		
Other cash	(3,542)	(3,264)
Other current assets	3,542	3,264
Restated Amount:		
Other cash	-	-
Other current assets	3,773	3,541

Note 3: Revenue and other income

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Sales revenue				
Rendering of services	19,344	20,132	2,192	2,689
Sales of goods	1,695	1,587	-	-
	21,039	21,719	2,192	2,689
Other revenue				
Interest received from other parties	326	200	136	63
Interest received from wholly-owned controlled entities	-	-	1,362	1,347
Revenue from unlisted company	318	-	-	-
Other revenue	29	30	6	8
	673	230	1,504	1,418
Total revenue	21,712	21,949	3,696	4,107

Notes to the Financial Statements for year ended 30 June 2011

Note 4: Expenses

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation				
Plant and equipment	175	238	104	138
Amortisation				
Leasehold improvements	23	36	1	5
Intellectual property	14	-	14	-
Development costs	1,167	828	-	-
Total depreciation and amortisation	1,379	1,102	119	143
Finance costs				
Interest – convertible notes	249	248	249	248
Interest – external	8	515	8	515
Interest – related parties	443	52	443	52
Total finance costs	700	815	700	815
Share based payment expenses – Non cash (Note 28)				
Share option premium	-	223	-	223
Total share based payments	-	223	-	223
Other items				
Net (profit) on disposal of non-current assets	(1)	(5)	-	(5)
Bad and doubtful debts	41	114	-	-
Employee entitlement provisions	16	103	44	32
Operating leases	1,166	1,160	225	275
Significant expenses				
Oliveprince settlement	812	-	-	-
Bidwell settlement	80	-	-	-

Notes to the Financial Statements for year ended 30 June 2011

Note 5: Auditor's remuneration

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
PKF				
Audit and review of financial reports	85	-	85	-
Total	85	-	85	-
RSM Bird Cameron Partners				
Audit and review of financial reports	-	77	-	77
Hall Chadwick			-	
Audit and review of financial reports	-	48	-	48
Total	85	125	85	125

Note 6: Taxation

	Consolidated	
	2011	**2010**
	$'000	**$'000**
(a) The components of income tax expense comprise:		
Deferred tax	525	462
Utilisation of prior year deferred tax assets not previously recognised	(525)	(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%	525	338
Add / (deduct) tax effect of:		
Non-allowable items	-	57
Share options expensed	-	67
Utilisation of prior year deferred tax assets not previously recognised	(525)	(462)
Income tax attributable to entity	-	-
Deferred tax assets not taken into account		
Losses carried forward	8,318	9,127
Temporary differences carried forward	2,487	2,203
Capital losses carried forward	201	201

The potential future tax benefit arising from tax losses and temporary differences has not been recognised as an asset as at 30 June 2011 as it is not probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

No Company numbers are reported due to the establishment of a Consolidated tax group effective from July 2004 refer Note 1(g).

Notes to the Financial Statements for year ended 30 June 2011

Note 7: Earnings per share and dividends

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Reconciliation of earnings to profit or loss		
Basic profit/(loss) after taxation	1,751	1,127
Earnings used in the calculation of basic EPS	1,751	1,127
Earnings used in the calculation of dilutive EPS	1,751	1,127
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	241,890,151	241,890,151
Weighted average number of dilutive convertible notes outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	241,890,151	241,890,151
Earnings per share	cents	Cents
Basic earnings per share	0.72	0.47
Diluted earnings per share	0.72	0.47

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

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 2011

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

Notes to the Financial Statements for year ended 30 June 2011

Segment performance

2011	Health Services $'000	eCommerce $'000	Total $'000
Revenue			
External sales	14,211	6,828	21,039
Inter-segment sales	-	1,575	1,575
Other revenue	340	-	340
Interest revenue	3	188	191
Total segment revenue	14,554	8,591	23,145
Reconciliation of segment revenue to group revenue			
Unallocated Corporate revenue			142
Inter-segment elimination			(1,575)
Total group revenue			**21,712**
Segment net profit/(loss) before tax	7	1,633	1,640
Reconciliation of segment result to group net profit before tax			
(i) Amounts not included in segment result but reviewed by Board:			
Corporate charges			866
(ii) Unallocated items:			
Finance costs			(700)
Provision doubtful debts – controlled entities			(55)
Net profit before tax			**1,751**
Depreciation and amortisation of segment assets	1,243	16	1,259
Other non-cash segment expenses	44	(10)	34

Notes to the Financial Statements for year ended 30 June 2011

Segment performance

2010	Health Services $'000	eCommerce $'000	Total $'000
Revenue			
External sales	14,673	7,046	21,719
Inter-segment sales	-	1,431	1,431
Other revenue	22	-	22
Interest revenue	2	135	137
Total segment revenue	14,697	8,612	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	180	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	(26)	73

Notes to the Financial Statements for year ended 30 June 2011

Segment assets

2011	Health Services $'000	eCommerce $'000	Total $'000
Segment assets	12,762	4,821	17,583
Reconciliation of segment assets to group assets			
Unallocated assets:			
Other assets			2,305
Total group assets			**19,888**
Acquisition of non-current assets	77	12	89
2010			
Segment assets	14,547	3,862	18,409
Reconciliation of segment assets to group assets			
Unallocated assets:			
Other assets			1,392
Total group assets			**19,801**
Acquisition of non-current assets	782	57	839

Segment liabilities

2011	Health Services $'000	eCommerce $'000	Total $'000
Segment liabilities	2,356	5,479	7,835
Reconciliation of segment liabilities to group liabilities			
Unallocated liabilities:			
Other financial liabilities			7,405
Total group liabilities			**15,240**
2010			
Segment liabilities	2,532	4,538	7,070
Reconciliation of segment liabilities to group liabilities			
Unallocated liabilities:			
Other financial liabilities			9,834
Total group liabilities			**16,904**

Notes to the Financial Statements for year ended 30 June 2011

Note 9: Cash

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents				
Cash at bank	181	239	2	1
Short-term bank deposit	1,929	983	1,929	983
	2,110	1,222	1,931	984

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	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables	594	1,001	1	1
Provision for impairment	(223)	(182)	-	-
Other receivables (a)	456	440	444	428
Provision for impairment	(300)	(300)	(300)	(300)
	527	959	145	129
Non-current				
Amounts receivable from wholly owned subsidiaries	-	-	7,210	10,579
Provision for impairment	-	-	(2,594)	(2,787)
	-	-	4,616	7,792

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

Notes to the Financial Statements for year ended 30 June 2011

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:

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)

2011	Opening Balance 1 July 2010 $'000	Charge for the year $'000	Amounts written off $'000	Closing Balance 30 June 2011 $'000
Consolidated Entity				
Current trade receivables	(182)	(41)	-	(223)
Other receivables	(300)	-	-	(300)
Company				
Non-current receivables				
- wholly owned subsidiaries	(2,787)	193	-	(2,594)

Notes to the Financial Statements for year ended 30 June 2011

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**
2011						
Trade and term receivables	594	223	63	130	23	155
Other receivables	456	300	-	-	144	12
Total	1,050	523	63	130	167	167
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

			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**
2011						
Trade and term receivables	1	-	-	-	-	1
Other receivables	444	300	-	-	144	-
Total	445	300	-	-	144	1
2010						
Trade and term receivables	1	-	-	-	-	1
Other receivables	428	300	-	-	128	-
Total	429	300	-	-	128	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 2011

Note 11: Inventories

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Finished goods at cost	106	108	-	-

Note 12: Other current assets

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Prepayments	87	231	40	39
Rental payments awaiting clearance (i)	4,540	3,542	-	-
	4,627	3,773	40	39

(i) These amounts are 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.

Note 13: Financial assets

	Consolidated		Company	
	2011	2010	2011	2010
	$'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	-	-	(6,000)	(6,000)
	30	30	5,264	5,264

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Notes to the Financial Statements for year ended 30 June 2011

Note 14: Plant and equipment

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Leasehold improvements at cost	292	367	168	168
Accumulated amortisation	(260)	(312)	(168)	(167)
Accumulated impairment	(25)	(25)	-	-
	7	30	-	1
Plant and equipment at cost	4,959	4,909	1,045	979
Accumulated depreciation	(4,196)	(4,125)	(857)	(753)
Accumulated impairment	(448)	(448)	-	-
	315	336	188	226
Total plant and equipment	322	366	188	227

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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Leasehold improvements				
Carrying amount at beginning of year	30	38	1	6
Additions	-	28	-	-
Amortisation	(23)	(36)	(1)	(5)
Carrying amount at end of year	7	30	-	1
Plant and equipment				
Carrying amount at beginning of year	336	409	226	317
Additions	155	170	66	51
Disposals	-	(5)	-	(4)
Depreciation	(176)	(238)	(104)	(138)
Carrying amount at end of year	315	336	188	226

Notes to the Financial Statements for year ended 30 June 2011

Note 15: Intangible assets

	Consolidated		Company	
	2011	2010	2011	2010
	$'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	(14)	-	(14)	-
Total intellectual property	-	14	-	14
Development costs				
At cost	5,854	5,854	-	-
Accumulated amortisation	(3,509)	(2,342)	-	-
Accumulated impairment	(1,100)	(1,100)	-	-
Total development costs	1,245	2,412	-	-
Total intangible assets	12,066	13,247	-	14
Reconciliation of movement in development costs				
Balance at beginning of year	2,412	2,548	-	-
Additions	-	692	-	-
Amortisation charge	(1,167)	(828)	-	-
Balance at end of year	1,245	2,412	-	-

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:

	2011	2010
	$'000	$'000
Health Services	10,821	10,821

Notes to the Financial Statements for year ended 30 June 2011

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:

	2011 $'000	2010 $'000
Health Services	1,245	2,412

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.

Note 16: Other non-current assets

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Security deposits	99	96	-	-

Notes to the Financial Statements for year ended 30 June 2011

Note 17: Trade and other payables

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current				
Trade creditors	473	569	265	198
Sundry creditors and accruals	2,549	2,591	997	956
Deferred rent expense	5	-	-	-
Rental payments awaiting clearance	4,540	3,542	-	-
	7,567	6,702	1,262	1,154

Note 18: Deferred revenue

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current				
Software maintenance revenue	54	18	-	-
Payment card subscription revenue	492	510	-	-
	546	528	-	-

Note 19: Borrowings

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current				
Bank loan – secured (1)	-	9	-	9
Related party loan (2)	800	800	800	800
Convertible notes (3)	1,850	1,850	1,850	1,850
Unsecured loan	-	103	-	103
Lease liability	-	24	-	24
Total current financial liabilities	2,650	2,786	2,650	2,786
Non-current				
Related party loan (2)	700	3,200	700	3,200
Total non current financial liabilities	700	3,200	700	3,200

Notes to the Financial Statements for year ended 30 June 2011

(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 16 March 2011 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.

On 25 February 2011 the William Paterson Superannuation Fund was repaid in full $3,500,000 and $1,500,000 was drawn down from Lujeta Pty Ltd.

(3) Convertible notes

As at 30 June 2011 the Company had outstanding 1,849,541 Unsecured Redeemable Convertible Notes at $1 per note. Each note attracts an interest rate of 12% per annum and the holder was 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 notes 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 2011

Note 20: Provisions

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current				
Employee entitlements	905	902	160	125
Make good provisions	303	230	225	172
Amounts in dispute	2,392	2,392	2,392	2,392
	3,600	3,524	2,777	2,689
Non-current				
Employee entitlements	177	164	14	5
Total provisions	3,777	3,688	2,791	2,694

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 2010	690	376	230	2,392	3,688
Additional provisions	518	105	73	-	696
Provisions used	(547)	(60)	-	-	(607)
Closing balance at 30 June 2011	661	421	303	2,392	3,777
Company					
Opening balance at 1 July 2010	110	20	172	2,392	2,694
Additional provisions	101	11	53	-	165
Provisions used	(68)	-	-	-	(68)
Closing balance at 30 June 2011	143	31	225	2,392	2,791

Notes to the Financial Statements for year ended 30 June 2011

Note 21: Issued capital

	2011 $'000	2010 $'000
Issued capital		
241,890,151 fully paid ordinary shares (2010: 241,890,151)	85,219	85,219

Movement in ordinary share capital	**$'000**	**Number**
Opening balance at 1 July 2009	85,219	241,890,151
Balance at 30 June 2010	85,219	241,890,151
Balance at 30 June 2011	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.

b) Options on issue

At 30 June 2011 there were on issue the following options to subscribe for ordinary shares in the Company:

Number	Expiry Date	Exercise Price
1,150,000	16/12/2012	$ 0.26
10,000,000	24/11/2014	$ 0.08
4,600,000	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.

Notes to the Financial Statements for year ended 30 June 2011

Note 22: Reserves

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Option reserve	234	255	234	255

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 2011

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
2011	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash	0.8	181	-	-	-	-	181
Cash on deposit	4.8	1,929	-	-	-	-	1,929
Trade and other receivables		-	-	-	-	527	527
Total Financial Assets		2,110	-	-	-	527	2,637
Financial Liabilities							
Convertible notes	12.0	-	1,850	-	-	-	1,850
Related party borrowings	15.5	-	800	700	-	-	1,500
Trade and other payables		-	-	-	-	7,567	7,567
Total Financial Liabilities		-	2,650	700	-	7,567	10,917

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	-	1,850	-	-	-	1,850
Bank borrowings	8.5	-	9	-	-	-	9
Related party borrowings	15.3	-	800	3,200	-	-	4,000
Unsecured Loan	12.0	-	103	-	-	-	103
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

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	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities due for payment						
Trade and other payables	7,567	6,702	-	-	7,567	6,702
Bank loan	-	9	-	-	-	9
Related party loan	800	800	700	3,200	1,500	4,000
Redeemable convertible notes	1,850	1,850	-	-	1,850	1,850
Unsecured Loan	-	103	-	-	-	103
Lease liability	-	24	-	-	-	24
Total Financial Liabilities	10,217	9,488	700	3,200	10,917	12,688

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 2011

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 2011 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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Change in profit				
- Increase in interest rate by 10.0%	(36)	(80)	(37)	(80)
- Decrease in interest rate by 10.0%	36	80	37	80
Change in equity				
- Increase in interest rate by 10.0%	(36)	(80)	(37)	(80)
- Decrease in interest rate by 10.0%	36	80	37	80

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 2011

Note 24: Commitments

	Consolidated		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Non-cancellable operating lease expense commitments payable				
Not later than 1 year	501	974	328	686
Later than 1 year but not later than 5 years	1,532	385	1,281	215
Minimum lease payments	2,033	1,359	1,609	901

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

The Company has received correspondence from lawyers acting on behalf of Midhurst Associates Pty Ltd (“Midhurst”) claiming damages for breach of contract.

Having made due enquiries Directors are confident that the claim made by Midhurst is not sustainable. As a result no provision has been made as at 30 June 2011.

Note 26: Controlled entities

	Country of incorporation	2011 % owned	2010 % 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 2011

Note 27: Cash flow information

	Consolidated		Company	
	2011	2010	2011	2010
	$'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	1,751	1,127	166	(938)
Add/(deduct) non-cash items:				
Depreciation and amortisation of non-current assets	1,379	1,103	119	144
Net increase/(decrease) in provisions	130	265	97	193
Share options vested	-	5	-	5
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	406	(434)	-	1
(Increase)/decrease in inventories	2	37		-
(Increase)/decrease in other assets	125	103	(17)	61
Increase/(decrease) in trade creditors and accruals	(133)	(70)	109	(14)
Increase/(decrease) in deferred revenue	18	(26)	-	-
Increase/(decrease) in other liabilities	(3)	(67)	(4)	3
(Increase)/decrease in intercompany balances	-	-	3175	1,983
Net cash generated by/(used in) operating activities	3,675	2,261	3,645	1,656
b) Loan facilities:				
Loan facilities	4,000	4,005	4,000	4,005
Utilised	1,500	4,005	1,500	4,005
Unused	2,500	-	2,500	-

Notes to the Financial Statements for year ended 30 June 2011

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 2011							
30/11/2005	Yes	30/11/2010	$ 0.12	200,000	-	200,000	-
17/12/2007	Yes	16/12/2012	$ 0.26	775,000	-	100,000	675,000
17/12/2007	Yes	16/12/2012	$ 0.26	475,000	-	-	475,000
15/12/2009	Yes	15/12/2014	$ 0.08	5,200,000	-	600,000	4,600,000
16/06/2010	Yes	16/06/2015	$ 0.08	350,000	-	-	350,000
27/09/2010	Yes	27/09/2015	$ 0.08	-	500,000	500,000	-
				7,000,000	500,000	1,400,000	6,100,000
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

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
27/09/2010	27/09/2015	5	$ 0.08	$ 0.030	4.90%	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.

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 2011							
4/07/2006	Yes	28/02/2011	$ 0.25	70,000	-	70,000	-
20/07/2006	Yes	28/02/2011	$ 0.25	70,000	-	70,000	-
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	-
25/11/2009	Yes	24/11/2014	$ 0.08	10,000,000	-	-	10,000,000
				10,250,000	-	250,000	10,000,000
Consolidated and Company 2010							
25/01/2007	Yes	24/01/2010	$ 0.40	7,800,000	-	7,800,000	-
4/07/2006	Yes	28/02/2011	$ 0.25	70,000	-	-	70,000
20/07/2006	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

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
Nil granted						

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 2011

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 2010	On market acquisitions	Other changes during the Year (a)	Held at 30 June 2011
Executive and Non-Executive Directors				
Geoffrey Broomhead	27,500	-	-	27,500
Former Non-Executive Director				
Douglas Halley	2,297,675	-	(2,297,675)	-
Senior Executive				
Glenn Brown	-	17,950	-	17,950
	2,325,175	17,950	(2,297,675)	45,450

(a) The former non-executive director still holds the ordinary shares either directly or indirectly.

Notes to the Financial Statements for year ended 30 June 2011

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 2010	Lapsed	Other changes during the Year (a)	Held at 30 June 2011	Vested and exercisable at 30 June 2011
Executive and Non-Executive Directors					
Michael Shehadie	2,200,000	200,000	-	2,000,000	2,000,000
Geoffrey Broomhead	5,000,000		-	5,000,000	5,000,000
Peter Bradfield	1,000,000		-	1,000,000	1,000,000
Former Non-Executive Director					
Douglas Halley	1,000,000		(1,000,000)	-	-
Senior Executives					
Glenn Brown	350,000		-	350,000	350,000
Geoff Arnold	700,000		-	700,000	700,000
David Castles	350,000			350,000	350,000
George Nicolaou	1,000,000		-	1,000,000	1,000,000
Vinit Kumar	350,000		-	350,000	350,000
Claude Matthews	450,000		-	450,000	450,000
	12,400,000	200,000	(1,000,000)	11,200,000	11,200,000

No options were exercised during the financial year.

(a) The former non-executive director still holds the options either directly or indirectly.

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 2010	Acquisitions	Other changes during the year	Held at 30 June 2011
	$	$	$	$
Non-Executive Director				
Michael Shehadie	100,000	-	-	100,000
	100,000	-	-	100,000

Entitlement to shares upon redemption	Held at 1 July 2010	Acquisitions	Other changes during the year	Held at 30 June 2011
	Number	Number	Number	Number
Non-Executive Director				
Michael Shehadie	2,000,000	-	-	2,000,000
	2,000,000	-	-	2,000,000

d) Summary of key management personnel remuneration

	Consolidated	
	2011	2010
	$'000	$'000
Short term employee benefits	1,605	1,753
Post employment benefits	110	102
Share based payment	6	145
Total compensation	1,721	2,000

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 2011

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, $80,302 for Lujeta Pty Ltd and $362,628 for William Paterson Superannuation Fund. Interest is paid monthly in arrears and as at financial year end an amount of $19,118 was accrued and payable to Lujeta Pty Ltd.

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 $122,572 interest which was accrued and charged to profit and loss.

Loans and other transactions with Directors or their associates

Current Directors:

Directors fees attributable to Michael Shehadie of $126,000 (2010: $84,500) are paid directly to his associate Michie Shehadie & Co and as at financial year end $31,500 remains unpaid.

Directors fees attributable to Peter Bradfield of $84,500 (2010: $51,833) are paid directly to his associate Bradfield Corporate Services Pty Ltd and as at financial year end $21,250 remains unpaid.

Directors fees attributable to Douglas Halley of $31,777 (2010: $47,250) are paid directly to his associate Midhurst Associates Pty Ltd.

Former Director:

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 $127,974. During the financial year accrued interest of $16,230 (2010: $14,404) was added to the loan. The loan balance as at 30 June 2011 was $144,204.

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 $7,210,000 (2010: $10,579,000) (Note 10).

Transactions with Unlisted Company

The Consolidated Entity holds an investment in an Unlisted Company and during the year has received revenue from that company.

Notes to the Financial Statements for year ended 30 June 2011

Note 32: Events subsequent to reporting date

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: Suite 307, Gateway Business Park, 63-79 Parramatta Road, Silverwater, NSW 2128
ACT Suite 2, 25 Bentham Street, Yarralumla, ACT 2600
VIC: 7 Business Park Drive, Notting Hill, VIC 3168
QLD: Suite 1, 30 Sylvan Road, 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 Company and Consolidated Entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

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

(c) The Chief Executive Officer and Chief Financial Officer have each declared under section 295A of the Corporations Act 2001 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.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board

Michael Shehadie
Chairman

Geoffrey Broomhead
Managing Director

Dated the 17th day of August 2011

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CORUM GROUP LTD

Report on the Financial Report

We have audited the accompanying financial report of Corum Group Ltd, which comprises the Statements of Financial Position as at 30 June 2011, the Statements of Comprehensive Income, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the Directors' declaration of Corum Group Ltd (The Company) and the Consolidated Entity. The Consolidated Entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditors' Responsibility

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

Independence

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

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

Opinion

In our opinion:

(a) the financial report of Corum Group Ltd and the Consolidated Entity 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 2011 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Corum Group Ltd for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

PKF

Bruce Gordon
Partner

17 August 2011
Sydney

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.

2 Structure the board to add value

The Board consists of two independent Non-executive Directors and one Executive Director.

The Chairman is an independent Non-executive Director.

The Chief Executive Officer is not the Chairman.

The Non-executive Directors at the date of this report are:

Michael Shehadie, is the Company's Chairman having been appointed in 2005 and is a legal practitioner of more than 25 years standing. Mr Shehadie has been issued with 2,000,000 options to acquire ordinary shares in the Company but has no direct or indirect shareholding in the Company.

Peter Bradfield, appointed in 2009 is a lawyer, 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.

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.

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

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 two 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	765	278,368	0.12
1,001 - 5,000	463	1,247,195	0.52
5,001 - 10,000	144	1,196,761	0.49
10,001 - 100,000	204	6,951,698	2.87
100,001 - over	86	232,216,129	96.00
Total	1,662	241,890,151	100.00

The number of shareholders holding less than a marketable parcel of shares are	1,470	4,273,422

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>	3,843,194	1.6
ATLAS VENTURES (NOMINEE) PTY LTD	3,181,014	1.3
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 NIGEL JOHN REMFREY + MRS SARA ANTONIETTA REMFREY	1,854,915	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
LAYUTI PTY LTD <THE MOUATT SUPER FUND A/C>	1,029,303	0.4
MS THERESE DALY	966,000	0.4
LAWRENCE CROWE CONSULTING PTY LTD <L C C SUPER FUND A/C>	950,000	0.4
INVIA CUSTODIAN PTY LIMITED <GREG JONES FAMILY A/C>	931,441	0.4
MR JOE ELCHAM <FRENKAIL SUPER FUND A/C>	790,260	0.3
LOTSA NOMINEES PTY LTD	532,187	0.2
SANBERG PTY LTD <CLARENCE SUPER FUND A/C>	531,466	0.2
Total	216,790,568	89.6

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	14,015,822	5.8

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 $0.26 on or before 16 December 2012	1,150,000	6	Geoff Arnold 350,000 options
Options over ordinary shares exercisable at $0.08 on or before 15 December 2014	4,600,000	19	
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 $0.08 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.

COMPANY PARTICULARS

Directors

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

Company Secretary

Mr George Nicolaou

Registered Office

Level 17
24 Campbell Street
Sydney NSW 2000 Australia

Telephone +61 2 9289 4699
Facsimile +61 2 9212 5931

www.corumgroup.com.au

Auditor

PKF
Level 10
1 Margaret 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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