Corum Group Limited

ABN 25 000 091 305

Annual Report 2012

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Chairman’s Letter to Shareholders

Corum Group Limited achieved an Operating Profit after Tax of $6,029,000 for the financial year ended 30 June 2012. This is a record result for the Company and confirms your Directors’ belief that the measures implemented following the appointment of Geoff Broomhead to the role of Managing Director have been successful.

Cash flow generated from operations during the financial year was $4,667,000 which took account of a one off dispute settlement payment of $1,200,000. These cash flows enabled the Company to repay all debt ($3,350,000) and the resolution of the dispute also resulted in the release of all charges over the Company’s assets, which remain unencumbered.

During the year the Directors established a Long Term Incentive (“LTI”) Plan which, if approved by shareholders and implemented, will clearly align the performance incentives allocated to nominated Key Management Personnel with the benefits being derived by shareholders.

The Non-executive Directors recognise the substantial contribution by the Managing Director since his appointment in 2009. In these three years the Company’s fortunes have improved significantly and the Long Term Incentive Plan once implemented will acknowledge the results achieved to date and then be aligned to results achieved in the future.

Even though at year end the Company has a cash balance of $3,217,000, Directors have yet to determine any dividend policy for the Company but continue to evaluate how these funds may be best utilised.

Once again I wish to acknowledge the support and endeavours of the Company’s personnel whose continued loyal support has contributed to this excellent result.

Michael Shehadie
Chairman

30th August 2012

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 2012.

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

Hon. Michael A Cleary A.O. - Non-executive Director – appointed 9 January 2012

Peter John Bradfield – Non-executive Director – resigned 9 January 2012

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 $6,029,000 (2011:$1,751,000).

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 $20,857,000 was $182,000 (-0.9%) less than the previous year. During the year and as the opportunity arose the Group pruned its less profitable operations within eCommerce whilst consolidating its other operations. The settlement of the Westpac dispute and the repayment of all debt contributed positively to this year's result.

As at year end the Group is debt free and its assets unencumbered fully. This is a situation the Group has not experienced for more than a decade and will assist in providing a solid commercial foundation for the Group's future development.

During the financial year the Consolidated Entity generated Operating Cash Flows of $4,667,000, after paying the Westpac settlement of $1,200,000. These cash flows were used to repay the $3,350,000 in net debt. Cash at the end of the financial year was $3,217,000; an increase of $1,107,000 on the prior year.

Corum Health Services is a major provider of pharmaceutical software applications and achieved sales revenues of $14,832,000 during the financial year; an increase of $621,000 on the previous year. Segment profit was $1,994,000, after including an impairment charge of $968,000. This compares to last year's profit of $7,000; a result determined after recognising the Oliveprince settlement costing $812,000.

During the year the Department of Health and Ageing legislated a number of new initiatives which required the Group to upgrade its software offerings to pharmacies; ensuring the software conformed to legislation and remained relevant to the pharmacy industry.

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. Segment sales of $6,025,000 were down $803,000 (11.8% reduction) on the previous year, but the segment profit of $2,319,000 (2011: profit $1,633,000) was an improvement of $686,000 on last year. This profit improvement reflects the continuing consolidation of this entity's cost base.

Directors' Report continued

Financial Position

The net assets of the Consolidated Entity are now $10,677,000. 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 $(6,993,000) in 2011 to $(271,000) in 2012.

Corporate Capital and Financing

The Group, as at year end, has cash on hand of $3,217,000; is debt free and its assets are unencumbered fully.

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 determined to impair the balance of unamortised capitalised development costs amounting to $968,000.

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.

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 35 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.

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.

The Hon Michael Arthur Cleary A.O.
Non-executive Director and Chairman of the Remuneration and Nomination Committee and Chairman of the Audit and Risk Committee

Mr Cleary is a well known former Australian triple international sports representative and a former Minister of the NSW Government and possesses exceptional marketing, merchandising and advertising expertise gained over a number of years within the retail and hospitality industries.

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	13	13	2	2	1	1
Geoffrey Broomhead	13	12				
Michael Cleary	7	7	1	1	1	1
Peter Bradfield	5	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 $35,985 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
4,400,000	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 BDO East Coast Partnership, 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 4 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 15.

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.

Directors' Report continued

Remuneration Report

The Board of Corum Group Limited consists of three Directors, two of which are independent Non-executive Directors and the other being the sole Executive Director.

The Remuneration Committee consists of the two independent Non-executive Directors who are responsible for determining the nature and amount of remuneration for key management personnel. The Committee Chairman also has additional responsibilities including the approval of all personnel salaries of employees not deemed to be key management personnel.

In recent years the Committee identified that key management personnel did not receive any entitlement to incentive payments based upon performance or contribution to Group profitability.

In order to redress this situation, at the beginning of the financial year the Remuneration Committee introduced a short term incentive ("STI") plan for Corum Health Services national and state managers. Under this STI each manager is able to receive a bonus up to a maximum of 100% of base salary upon the achievement of increased profitability from within their own operations. Revenue and expense criteria incorporated in the bonus calculation include only those items for which the manager has responsibility.

The potential bonus is calculated with reference to:

- The increase in gross profit contribution received from new customers, and
- The amount of segment profit, above a threshold, achieved within each state or nationally.

During the financial year the Directors approved the establishment of the Corum Group Performance Rights Plan as a long term incentive plan ("LTI") for nominated key management personnel and nominated senior executives. Key management personnel include Directors and the Company Secretary.

The implementation of the LTI is subject to approval at the next shareholders' Annual General Meeting.

The Remuneration Committee acknowledges the substantial contribution of the Managing Director since his appointment in September 2009. The Committee also recognises that during this period the Managing Director has not received any bonus or incentive payment which recognises his efforts and in particular the achievement of a significant increase in shareholders' wealth. It is in this context that the LTI will be put forward for shareholder consideration at the next annual general meeting. An additional resolution to allocate rights to Mr Broomhead under the LTI, in recognition of the results achieved in the financial year ended 30June 2012 will also be placed before shareholders for consideration.

Benefits payable under the LTI shall be limited to a maximum of 100% of base salary disclosed in the Remuneration Report.

Directors believe that the criteria being proposed for approval by the shareholders to determine the incentives shall clearly align the incentives payable with the value added to shareholders' investment in the Company.

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 $120,000 in Directors' fees; the same as previous year. With the appointment of Hon. Michael A. Cleary A.O. other Non-executive Director fees were set at $80,000 per annum.

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

All remuneration is inclusive of statutory superannuation.

Directors' Report continued

Executive Director Remuneration

The Managing Director, Geoffrey Broomhead, is the only Executive Director. As from 1 April 2012 Mr Broomhead's base salary was increased to $460,000 per annum plus statutory superannuation. Mr Broomhead received no other benefits during the financial year.

As at 30 June 2012 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 base salary and other remuneration is payable up to the date of termination only.

At the next annual general meeting Directors, excluding Mr Broomhead, will propose for the consideration of shareholders that Mr Broomhead be offered a three year fixed term employment agreement to ensure that the Company retains his services for the next three years with the expectation that he will be able to lead the Company to further prosperity.

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 2012 financial year were:

Non-executive Directors:

Michael Shehadie	Non-executive Chairman
Michael Cleary	Non-executive Director

Executive Director:

Geoffrey Broomhead	Managing Director

Former Non-executive Director:

Peter Bradfield	Non-executive Director

Key Management Personnel (continued)

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

Remuneration details for the year ended 30 June 2012:

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

2012	**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	-
Michael Cleary	45,000	-	-	-	45,000	-
Executive Director						
Geoffrey Broomhead	407,500	-	36,675	-	444,175	-
Former Non-executive Director			-			
Peter Bradfield	42,500	-		-	42,500	-
Senior Executives						
Glenn Brown	183,486	-	16,514	-	200,000	-
Geoffrey Arnold	174,385	800	14,345	-	189,530	0.4
David Castles	180,000	-	15,775	-	195,775	-
George Nicolaou	50,000	-	-	-	50,000	-
Vinit Kumar	170,833	-	15,375	-	186,208	-
Claude Matthews	156,182	-	14,056	-	170,238	-
	1,535,886	800	112,740	-	1,649,426	

Directors' Report continued

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	-	14,237	-	180,349	-
David Castles	180,000	-	15,199	-	195,199	-
George Nicolaou	50,000	-	-	-	50,000	-
Vinit Kumar	166,131	-	14,952	-	181,083	-
Claude Matthews	154,821	-	15,734	-	170,555	-
	1,517,827	-	110,386	6,412	1,634,625	

Options and Rights Granted:

	Grant detail		For the financial year ended 30 June 2012				Overall		
	Date	No.	Value $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Non-executive Directors									
Michael Shehadie	25/11/2009	2,000,000	22,802	-	-	2,000,000	100	-	-
Executive Directors									
Geoffrey Broomhead	25/11/2009	5,000,000	57,005	-	-	5,000,000	100	-	-
Former Non-executive Director									
Peter Bradfield	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 met before options vest.

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

Directors' Report continued

Additional Information:

The earnings of the consolidated entity for the five years to 30 June 2012 are summarised below:

	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000
Sales revenue	18,433	19,779	21,719	21,039	20,857
EBT	(3,122)	(10,488)	1,127	1,751	6,029

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2008	2009	2010	2011	2012
Share price at financial year end (cents)	4.7	4.7	2.2	2.3	7.5
Basic earnings/(loss) per share (cents per share)	(3.3)	(8.4)	0.5	0.7	2.5

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

Michael Shehadie
Chairman

Geoffrey Broomhead
Managing Director

Dated: 30th day of August 2012

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Australia

DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF CORUM GROUP LIMITED

As lead auditor of Corum Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Corum Group Limited and the entities it controlled during the period.

BDO East Coast Partnership

Grant Saxon

Partner

Sydney, NSW

Dated this 30th day of August 2012

Consolidated Statement of Comprehensive Income
for year ended 30 June 2012

	Note	Consolidated		Company	
		2012	**2011**	**2012**	**2011**
		$'000	**$'000**	**$'000**	**$'000**
Sales revenue	2	20,857	21,039	1,885	2,192
Other revenue	2	1,001	673	1,435	1,504
Total revenues		**21,858**	**21,712**	**3,320**	**3,696**
Materials and consumables used		(3,212)	(3,512)	-	-
Employee expenses		(9,200)	(9,997)	(1,921)	(2,054)
Occupancy costs		(1,026)	(1,315)	(118)	(249)
Legal expenses		(83)	(149)	(80)	(145)
Marketing expenses		(639)	(612)	(2)	(2)
Depreciation and amortisation expense	3	(428)	(1,379)	(74)	(119)
Finance costs	3	(202)	(700)	(202)	(700)
Other expenses	3	(1,263)	(1,405)	(399)	(454)
Impairment of development costs	3	(968)	-	-	-
Oliveprince Settlement	3	-	(812)	-	-
Bidwell Settlement	3	-	(80)	-	-
Provision for amounts in dispute	3	1,192	-	1,192	-
Provision doubtful debts – controlled entities		-	-	633	193
Profit before income tax		**6,029**	**1,751**	**2,349**	**166**
Income tax expense	5	-	-	-	-
Profit for the year		**6,029**	**1,751**	**2,349**	**166**
Other comprehensive income					
No items		-	-	-	-
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**6,029**	**1,751**	**2,349**	**166**
Profit attributable to members of the parent entity		6,029	1,751	2,349	166
Comprehensive income attributable to members of the parent entity		6,029	1,751	2,349	166
Earnings per share		cents	cents		
Basic earnings per share	6	2.5	0.7		
Diluted earnings per share	6	2.5	0.7		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2012

	Note	Consolidated		Company	
		2012	**2011**	**2012**	**2011**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	3,217	2,110	3,051	1,931
Trade and other receivables	9	543	527	146	145
Inventories	10	162	106	-	-
Other assets	11	5,022	4,627	28	40
Total Current Assets		**8,944**	**7,370**	**3,225**	**2,116**
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	7,094	8,458
Financial assets	12	30	30	5,264	5,264
Plant and equipment	13	383	323	148	188
Intangible assets	14	10,821	12,066	-	-
Other assets	15	102	99	-	-
Total Non-Current Assets		**11,336**	**12,518**	**12,506**	**13,910**
Total Assets		**20,280**	**19,888**	**15,731**	**16,026**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	7,524	7,567	630	1,262
Deferred revenue	17	479	546	-	-
Borrowings	18	-	2,650	-	2,650
Provisions	19	1,212	3,600	394	2,777
Total Current Liabilities		**9,215**	**14,363**	**1,024**	**6,689**
NON-CURRENT LIABILITIES					
Trade and other payables	16	-	-	7,526	3,842
Borrowings	18	-	700	-	700
Provisions	19	388	177	51	14
Total Non-Current Liabilities		**388**	**877**	**7,577**	**4,556**
Total Liabilities		**9,603**	**15,240**	**8,601**	**11,245**
Net Assets		**10,677**	**4,648**	**7,130**	**4,781**
EQUITY					
Issued capital	20	85,219	85,219	85,219	85,219
Reserves	21	230	234	230	234
Accumulated losses		(74,772)	(80,805)	(78,319)	(80,672)
Total Equity		**10,677**	**4,648**	**7,130**	**4,781**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 30 June 2012

	Ordinary Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total $'000
Consolidated Entity				
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**
Reclassification of lapsed share options	-	(4)	4	-
Total Comprehensive Income for the year	-	-	6,029	6,029
Balance at 30 June 2012	**85,219**	**230**	**(74,772)**	**10,677**
Company				
Balance at 30 June 2010	85,219	255	(80,859)	4,615
Reclassification of lapsed share options	-	(21)	21	-
Total Comprehensive Income for the year	-	-	166	166
Balance at 30 June 2011	**85,219**	**234**	**(80,672)**	**4,781**
Reclassification of lapsed share options	-	(4)	4	-
Total Comprehensive Income for the year	-	-	2,349	2,349
Balance at 30 June 2012	**85,219**	**230**	**(78,319)**	**7,130**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for year ended 30 June 2012

	Note	Consolidated		Company	
		2012	**2011**	**2012**	**2011**
		$'000	**$'000**	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		22,772	23,597	9	7
Payments to suppliers and employees		(17,090)	(19,193)	(566)	(1,356)
Intercompany receipts		-	-	6,933	5,368
Westpac settlement		(1,200)	-	(1,200)	-
Oliveprince settlement		-	(812)	-	-
Bidwell settlement		-	(80)	-	-
Interest received		311	326	144	136
Other revenue		690	347	-	-
Interest incurred in prior years paid		(556)	-	(556)	-
Interest and other finance costs paid		(260)	(510)	(260)	(510)
Net cash generated by operating activities	26(a)	**4,667**	**3,675**	**4,504**	**3,645**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for plant and equipment		(210)	(155)	(34)	(66)
Net cash used in investing activities		**(210)**	**(155)**	**(34)**	**(66)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of unsecured loan		-	(103)	-	(103)
Repayment of borrowings		-	(29)	-	(29)
Repayment of convertible notes		(1,850)	-	(1,850)	-
Repayment of loans from related party		(1,500)	(4,000)	(1,500)	(4,000)
Loans from related party		-	1,500	-	1,500
Net cash used in financing activities		**(3,350)**	**(2,632)**	**(3,350)**	**(2,632)**
Net increase in cash held		1,107	888	1,120	947
Cash at beginning of the financial year		2,110	1,222	1,931	984
Cash at end of the financial year	8	**3,217**	**2,110**	**3,051**	**1,931**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for year ended 30 June 2012

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 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided 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 instruments; clarified 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 provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made 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.

AASB 124 Related Party Disclosures (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are 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.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

AASB 1054 Australian Additional Disclosures

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

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, as appropriate for-profit oriented entities. 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.

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 14 (c).

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.

Notes to the Financial Statements for year ended 30 June 2012

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 25 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 2012

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 2012

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 the Statement of Comprehensive 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 2012

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.

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 2012

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 2012

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) 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.

r) 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.

s) 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.

Notes to the Financial Statements for year ended 30 June 2012

t) Employee benefits

Wages and salaries and annual leave

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

Long service leave

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

Equity-settled compensation

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

Superannuation schemes

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

u) 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.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Notes to the Financial Statements for year ended 30 June 2012

v) 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.

w) 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.

x) 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.

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 2012

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 2012. 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 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.
AASB 2010-8 *Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets*	These amendments present 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.

Notes to the Financial Statements for year ended 30 June 2012

Reference and Title	Summary	Application date (financial years beginning)
AASB 10 *Consolidation Financial Statements*	The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.	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.
AASB 12 *Disclosure of Interests in Other Entities*	This standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in: AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.	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 2012

Reference and Title	Summary	Application date (financial years beginning)
AASB 13 *Fair Value Measurement* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*	The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.	1 January 2013 As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.
AASB 127 *Separate Financial Statements (Revised)* AASB 128 *Investments in Associates and Joint Ventures (Reissued)*	These standards have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12.	1 January 2013 The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*	These amendments amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation,	1 January 2013 It is expected that the amendments will not have a material impact on the consolidated entity.
AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*	The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128.	1 January 2013 The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

Notes to the Financial Statements for year ended 30 June 2012

Reference and Title	Summary	Application date (financial years beginning)
AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*	The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.	1 July 2012 The adoption of the revised standard from 1 July 2012 will not impact the consolidated entity's presentation of its statement of comprehensive income.
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	The amendment requires disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	1 January 2013 The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

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 2012

Note 2: Revenue and other income

	Consolidated		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Sales revenue				
Rendering of services	19,055	19,344	1,885	2,192
Sales of goods	1,802	1,695	-	-
	20,857	21,039	1,885	2,192
Other revenue				
Interest received from other parties	311	326	144	136
Interest received from wholly-owned controlled entities	-	-	1,281	1,362
Revenue from unlisted company	645	318	-	-
Other revenue	45	29	10	6
	1,001	673	1,435	1,504
Total revenue	21,858	21,712	3,320	3,696

Notes to the Financial Statements for year ended 30 June 2012

Note 3: Expenses

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Depreciation				
Plant and equipment	141	175	74	104
Amortisation				
Leasehold improvements	9	23	-	1
Intellectual property	-	14	-	14
Development costs	278	1,167	-	-
Total depreciation and amortisation	428	1,379	74	119
Finance costs				
Interest – convertible notes	78	249	78	249
Interest – external	1	8	1	8
Interest – related parties	123	443	123	443
Total finance costs	202	700	202	700
Other items				
Net (profit) on disposal of non-current assets	-	(1)	-	-
Bad and doubtful debts	126	41	-	-
Employee entitlement provisions	199	16	42	44
Operating leases	868	1,166	89	225
Significant expenses				
Impairment of development costs	968	-	-	-
Amounts in dispute provision	(1,192)	-	(1,192)	-
Oliveprince settlement	-	812	-	-
Bidwell settlement	-	80	-	-

Notes to the Financial Statements for year ended 30 June 2012

Note 4: Auditor's remuneration

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
BDO East Coast Partnership (formerly PKF East Coast Practice)				
Audit and review of financial reports	85	85	85	85
Total	85	85	85	85

Note 5: Taxation

	Consolidated	
	2012	2011
	$'000	$'000
(a) The components of income tax expense comprise:		
Current tax	1,809	525
Utilisation of prior year deferred tax assets not previously recognised	(1,809)	(525)
Income tax expense / (benefit)	-	-
(b) The prima facie tax on profit is reconciled as follows:		
Prima facie income tax payable on profit at 30%	1,809	525
Add / (deduct) tax effect of:		
Non-allowable items	-	-
Utilisation of prior year deferred tax assets not previously recognised	(1,809)	(525)
Income tax attributable to entity	-	-
Deferred tax assets not taken into account		
Losses carried forward	6,847	8,318
Temporary differences carried forward	815	1,153
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 2012 as the ATO has not confirmed these losses will be available.

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

The Temporary differences carried forward 2011 comparative number has changed from 2,486 to 1,153 to correct the misclassification of Impairment of Goodwill in 2009 as a temporary difference.

Notes to the Financial Statements for year ended 30 June 2012

Note 6: Earnings per share and dividends

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Reconciliation of earnings to profit		
Basic profit after taxation	6,029	1,751
Earnings used in the calculation of basic EPS	6,029	1,751
Earnings used in the calculation of dilutive EPS	6,029	1,751
	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 options 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	2.5	0.7
Diluted earnings per share	2.5	0.7

Dividends

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

Note 7: 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, Amfac Pty Limited and Corum Systems 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.

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 2012

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 2012

Segment performance

2012	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Revenue				
External sales	14,832	6,025	-	20,857
Inter-segment sales	-	1,733	(1,733)	-
Total sales revenue	14,832	7,758	(1,733)	20,857
Other revenue	679	2	10	691
Interest revenue	3	163	144	310
Total revenue	15,514	7,923	(1,579)	21,858
Segment net profit before tax	1,994	2,319	2,551	6,864
Reconciliation of segment result to group net profit before tax				
Unallocated items:				
Finance costs				(202)
Provision doubtful debts – controlled entities				(633)
Net profit before tax				**6,029**
Depreciation and amortisation of segment assets	339	15	74	428
Impairment of development costs	968	-	-	968
Other non-cash segment expenses	218	42	46	306

Notes to the Financial Statements for year ended 30 June 2012

Segment performance

2011	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Revenue				
External sales	14,211	6,828	-	21,039
Inter-segment sales	-	1,575	(1,575)	-
Total sales revenue	14,211	8,403	(1,575)	21,039
Other revenue	340	-	6	346
Interest revenue	3	188	136	327
Total segment revenue	14,554	8,591	(1,433)	21,712
Segment net profit before tax	7	1,633	866	2,506
Reconciliation of segment result to group net profit before tax				
Unallocated items:				
Finance costs				(700)
Provision doubtful debts – controlled entities				(55)
Net profit before tax				**1,751**
Depreciation and amortisation of segment assets	1,244	16	119	1,379
Other non-cash segment expenses	44	(10)	98	132

Notes to the Financial Statements for year ended 30 June 2012

Segment assets

2012	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Segment assets	19,712	17,173	(19,978)	16,907
Unallocated assets:				
Cash and cash equivalents				3,051
Trade and other receivables				146
Plant and equipment				148
Other assets				28
Total group assets				**20,280**
Acquisition of non-current assets	133	43	34	210
2011				
Segment assets	18,920	15,874	(17,210)	17,584
Unallocated assets:				
Cash and cash equivalents				1,931
Trade and other receivables				145
Plant and equipment				188
Other assets				40
Total group assets				**19,888**
Acquisition of non-current assets	77	12	66	155

Segment liabilities

2012	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Segment liabilities	17,135	13,710	(22,317)	8,528
Unallocated liabilities:				
Trade and other payables				630
Provisions				445
Total group liabilities				**9,603**
2011				
Segment liabilities	16,537	14,729	(23,429)	7,837
Unallocated liabilities:				
Trade and other payables				1,262
Borrowings				3,350
Provisions				2,791
Total group liabilities				**15,240**

Notes to the Financial Statements for year ended 30 June 2012

Note 8: Cash

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
Cash at bank	168	181	2	2
Short-term bank deposit	3,049	1,929	3,049	1,929
	3,217	2,110	3,051	1,931

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 22.

Note 9: Trade and other receivables

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Trade receivables	714	594	2	1
Provision for impairment	(315)	(223)	-	-
Other receivables (a)	444	456	444	444
Provision for impairment	(300)	(300)	(300)	(300)
	543	527	146	145
Non-current				
Amounts receivable from wholly owned subsidiaries	-	-	9,055	11,052
Provision for impairment	-	-	(1,961)	(2,594)
	-	-	7,094	8,458

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

The ageing of the impaired receivables provided for above are as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
0 to 3 months overdue	55	4	-	-
3 to 6 months overdue	260	219	-	-
Over 6 months overdue	300	300	300	300
	615	523	300	300
Non-current				
Over 6 months overdue	-	-	1,961	2,594
	-	-	1,961	2,594

Notes to the Financial Statements for year ended 30 June 2012

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:

2012	Opening Balance 1 July 2011 $'000	Charge for the year $'000	Amounts written off $'000	Closing Balance 30 June 2012 $'000
Consolidated Entity				
Current trade receivables	(223)	(127)	35	(315)
Other receivables	(300)	-	-	(300)
Company				
Non-current receivables				
- wholly owned subsidiaries	(2,594)	633	-	(1,961)

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 2012

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 9. 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**
2012						
Trade and term receivables	714	315	24	234	11	130
Other receivables	444	300	-	-	144	-
Total	1,158	615	24	234	155	130
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

			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**
2012						
Trade and term receivables	2	-	-	-	-	2
Other receivables	444	300	-	-	144	-
Total	446	300	-	-	144	2
2011						
Trade and term receivables	1	-	-	-	-	1
Other receivables	444	300	-	-	144	-
Total	445	300	-	-	144	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 2012

Note 10: Inventories

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Finished goods at cost	162	106	-	-

Note 11: Other current assets

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Prepayments	44	87	28	40
Rental payments awaiting clearance (i)	4,978	4,540	-	-
	5,022	4,627	28	40

(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 parties, on whose behalf the monies are received and of whom an equivalent liability is booked as disclosed in Note 16.

Note 12: Financial assets

	Consolidated		Company	
	2012	2011	2012	2011
	$’000	$’000	$’000	$’000
Investment in unlisted company at cost	30	30	-	-
Investment in controlled entities - unlisted at cost (Note 25)	-	-	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 2012

Note 13: Plant and equipment

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Leasehold improvements at cost	332	292	168	168
Accumulated amortisation	(269)	(260)	(168)	(168)
Accumulated impairment	(25)	(25)	-	-
	38	7	-	-
Plant and equipment at cost	5,131	4,959	1,079	1,045
Accumulated depreciation	(4,338)	(4,195)	(931)	(857)
Accumulated impairment	(448)	(448)	-	-
	345	316	148	188
Total plant and equipment	383	323	148	188

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Leasehold improvements				
Carrying amount at beginning of year	7	30	-	1
Additions	40	-	-	-
Amortisation	(9)	(23)	-	(1)
Carrying amount at end of year	38	7	-	-
Plant and equipment				
Carrying amount at beginning of year	316	336	188	226
Additions	170	155	34	66
Disposals	-	-	-	-
Depreciation	(141)	(175)	(74)	(104)
Carrying amount at end of year	345	316	148	188

Notes to the Financial Statements for year ended 30 June 2012

Note 14: Intangible assets

	Consolidated		Company	
	2012	2011	2012	2011
	$'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)	(14)	(14)
Total intellectual property	-	-	-	-
Development costs				
At cost	5,854	5,854	-	-
Accumulated amortisation	(3,786)	(3,509)	-	-
Accumulated impairment	(2,068)	(1,100)	-	-
Total development costs	-	1,245	-	-
Total intangible assets	10,821	12,066	-	-
Reconciliation of movement in development costs				
Balance at beginning of year	1,245	2,412	-	-
Additions	-	-	-	-
Amortisation charge	(277)	(1,167)	-	-
Impairment losses	(968)	-	-	-
Balance at end of year	-	1,245	-	-

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:

	2012	2011
	$'000	$'000
Health Services	10,821	10,821

Notes to the Financial Statements for year ended 30 June 2012

b) Development costs

Development costs relate to computer software programs developed by Pharmasol Pty Limited and Amfac Pty Limited. During the year the balance remaining as Development Costs were impaired fully.

c) Review of carrying values

The recoverable value of each cash-generating unit is determined on a value-in-use calculation. 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.

d) Impairment losses

The total impairment loss recognised in the statement of comprehensive income during the year amounted to $968,000 (2011 $Nil).

Note 15: Other non-current assets

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Security deposits	102	99	-	-

Notes to the Financial Statements for year ended 30 June 2012

Note 16: Trade and other payables

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Trade creditors	439	473	155	265
Sundry creditors and accruals	2,078	2,549	475	997
Deferred rent expense	29	5	-	-
Rental payments awaiting clearance	4,978	4,540	-	-
	7,524	7,567	630	1,262
Non current				
Amounts payable to wholly owned subsidiaries	-	-	7,526	3,842
	-	-	7,526	3,842

Note 17: Deferred revenue

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Software maintenance revenue	34	54	-	-
Corum card subscription revenue	445	492	-	-
	479	546	-	-

Note 18: Borrowings

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Related party loan (1)	-	800	-	800
Convertible notes (2)	-	1,850	-	1,850
Total current financial liabilities	-	2,650	-	2,650
Non-current				
Related party loan (1)	-	700	-	700
Total non current financial liabilities	-	700	-	700

Notes to the Financial Statements for year ended 30 June 2012

(1) 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.

On 11 January 2012 the outstanding balance of $1,500,000 was repaid to Lujeta Pty Ltd.

(2) Convertible notes

At 31 December 2008 the Company issued 1,849,541 Unsecured Redeemable Convertible Notes at $1 per note. Each note attracted interest at the rate of 12% per annum.

No interest payments were made during the term of the Convertible Notes.

On 11 January 2012 the Company redeemed for cash all Convertible Notes to the value of $1,849,541, together with paying interest owing as at 30 June 2011 of $556,000 and interest incurred during the financial year of $118,000.

All borrowings were repaid with funds generated from operations. The Group is now debt free.

Notes to the Financial Statements for year ended 30 June 2012

Note 19: Provisions

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current				
Employee entitlements	893	905	165	160
Make good provisions	319	303	229	225
Amounts in dispute	-	2,392	-	2,392
	1,212	3,600	394	2,777
Non-current				
Employee entitlements	388	177	51	14
Total provisions	1,600	3,777	445	2,791

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 2011	661	421	303	2,392	3,777
Additional provisions	518	262	16	-	796
Unused amounts reversed	-	-	-	(1,192)	(1,192)
Provisions used	(578)	(3)	-	(1,200)	(1,781)
Closing balance at 30 June 2012	601	680	319	-	1,600
Company					
Opening balance at 1 July 2011	143	31	225	2,392	2,791
Additional provisions	109	45	4	-	158
Unused amounts reversed	-	-	-	(1,192)	(1,192)
Provisions used	(112)	-	-	(1,200)	(1,312)
Closing balance at 30 June 2012	140	76	229	-	445

Notes to the Financial Statements for year ended 30 June 2012

Note 20: Issued capital

	2012 $'000	2011 $'000
Issued capital		
241,890,151 fully paid ordinary shares (2011: 241,890,151)	85,219	85,219

Movement in ordinary share capital	**$'000**	**Number**
Opening balance at 1 July 2010	85,219	241,890,151
Balance at 30 June 2011	85,219	241,890,151
Balance at 30 June 2012	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 2012 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
4,400,000	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 27: Share based payments.

For information relating to share options issued to key management personnel during the financial year, refer to Note 27: Share based payments and Note 29: Key management personnel disclosures.

c) Capital Risk 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 2012

Note 21: Reserves

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Option reserve	230	234	230	234

The Option reserve reflects the issue value of vested options yet to be exercised.

Note 22: Financial risk management

The Company's financial instruments consist of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, loans to ex-related parties.

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 2012

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
2012	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash	0.6	168	-	-	-	-	168
Cash on deposit	3.8	3,049	-	-	-	-	3,049
Trade and other receivables		-	-	-	-	543	543
Total Financial Assets		3,217	-	-	-	543	3,760
Financial Liabilities							
Trade and other payables		-	-	-	-	2,546	2,546
Total Financial Liabilities		-	-	-	-	2,546	2,546

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		-	-	-	-	3,027	3,027
Total Financial Liabilities		-	2,650	700	-	3,027	6,377

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	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities due for payment						
Trade and other payables	2,546	3,027	-	-	2,546	3,027
Related party loan	-	800	-	700	-	1,500
Redeemable convertible notes	-	1,850	-	-	-	1,850
Total Financial Liabilities	2,546	8,069	-	700	2,546	8,769

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 2012

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 2012 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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Change in profit				
- Increase in interest rate by 10.0%	11	(36)	11	(37)
- Decrease in interest rate by 10.0%	(11)	36	(11)	37
Change in equity				
- Increase in interest rate by 10.0%	11	(36)	11	(37)
- Decrease in interest rate by 10.0%	(11)	36	(11)	37

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 2012

Note 23: Commitments

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-cancellable operating lease expense commitments payable				
Not later than 1 year	667	501	371	328
Later than 1 year but not later than 5 years	1,693	1,532	1,042	1,281
Minimum lease payments	2,360	2,033	1,413	1,609

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 24: Contingent liabilities and contingent assets

Directors believe that as at year end no contingent liabilities or contingent assets exist.

Note 25: Controlled entities

	Country of incorporation	2012 % owned	2011 % 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 2012

Note 26: Cash flow information

	Consolidated		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
a) Reconciliation of profit after tax to net cash generated by operating activities:				
Profit from ordinary activities after income tax	6,029	1,751	2,349	166
Add/(deduct) non-cash items:				
Depreciation and amortisation of non-current assets	428	1,379	74	119
Net increase in provisions	306	130	46	97
Increase in provision for Impairment	968	-	-	-
Decrease in provision amounts in dispute	(1,192)	-	(1,192)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade debtors	(120)	406	(1)	-
(Increase)/decrease in inventories	(56)	2	-	-
(Increase)/decrease in other assets	52	125	12	(17)
Increase/(decrease) in trade creditors and accruals	(436)	(133)	(632)	109
Increase/(decrease) in deferred revenue	(67)	18	-	-
(Decrease) in other liabilities	(45)	(3)	-	(4)
Decrease in provision amounts in dispute	(1,200)		(1,200)	
Decrease in intercompany balances	-	-	5,048	3,175
Net cash generated by operating activities	4,667	3,675	4,504	3,645
b) Loan facilities:				
Loan facilities	-	4,000	-	4,000
Utilised	-	1,500	-	1,500
Unused	-	2,500	-	2,500

Notes to the Financial Statements for year ended 30 June 2012

Note 27: 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 2012							
17/12/2007	Yes	16/12/2012	$ 0.26	675,000	-	-	675,000
17/12/2007	Yes	16/12/2012	$ 0.26	475,000	-	-	475,000
15/12/2009	Yes	15/12/2014	$ 0.08	4,600,000	-	200,000	4,400,000
16/06/2010	Yes	16/06/2015	$ 0.08	350,000	-	-	350,000
				6,100,000	-	200,000	5,900,000
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

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

No options were issued or exercised during the financial year.

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

Historical volatility is used as 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 2012							
25/11/2009	Yes	24/11/2014	$ 0.08	10,000,000	-	-	10,000,000
				10,000,000	-	-	10,000,000
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

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

No options were issued or exercised during the financial year.

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

Historical volatility is used as 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 2012

Note 28: 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 salary. The Consolidated Entity does not have any legal obligations to make up any shortfall of assets in the accumulation funds.

Note 29: 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 2011	On market acquisitions	Other changes during the Year	Held at 30 June 2012
Executive and Non-Executive Directors				
Geoffrey Broomhead	27,500	-	-	27,500
Senior Executive				
Glenn Brown	17,950	-	-	17,950
	45,450	-	-	45,450

Notes to the Financial Statements for year ended 30 June 2012

b) Option holdings

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

	Held at 1 July 2011	Lapsed	Other changes during the Year (a)	Held at 30 June 2012	Vested and exercisable at 30 June 2012
Executive and Non-Executive Directors					
Michael Shehadie	2,000,000		-	2,000,000	2,000,000
Geoffrey Broomhead	5,000,000		-	5,000,000	5,000,000
Former Non-Executive Director					
Peter Bradfield	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
	11,200,000	-	(1,000,000)	10,200,000	10,200,000

No options were issued or exercised during the financial year.

(a) A former Non-executive Director continues to hold options, either directly or indirectly, which do not lapse until 25 November 2014.

Notes to the Financial Statements for year ended 30 June 2012

c) Convertible note holdings and transactions

Particulars of key management personnel's beneficial interest, held directly or indirectly, in the value of convertible notes are as follows:

Convertible note value	Held at 1 July 2011	Acquired	Redeemed	Held at 30 June 2012
	$	$	$	$
Non-Executive Director				
Michael Shehadie	100,000	-	(100,000)	-
	100,000	-	(100,000)	-

All convertible notes were redeemed in full on 11 January 2012.

d) Summary of key management personnel remuneration

	Consolidated	
	2012	**2011**
	$	**$**
Short term employee benefits	1,536,686	1,517,827
Post employment benefits	112,740	110,386
Share based payments	-	6,412
Total compensation	1,649,426	1,634,625

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 2012

Note 30: 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

During the year the Company paid interest of $142,275 to Lujeta Pty Ltd on funds provided to the Company. In January 2012 this loan was repaid fully.

b) Convertible notes

On 11 January 2012 the Company redeemed for cash 912,294 Unsecured Redeemable Convertible Notes at $1 per Note held by Lujeta Pty Ltd. On the same date interest of $331,391 was paid to Lujeta Pty Ltd being interest owing on the Convertible Notes for the period from 31 December 2008 to 11 January 2012.

Loans and other transactions with Directors or their associates

Current Directors:

Directors fees attributable to Michael Shehadie of $126,000 (2011: $126,000) were paid to his associate Michie Shehadie & Co.

On 11 January 2012 the Company redeemed for cash 100,000 Unsecured Redeemable Convertible Notes at $1 per Note held by Michael Shehadie. On the same date interest of $36,789 was paid to Michael Shehadie being interest owing on the Convertible Notes for the period from 31 December 2008 to 11 January 2012.

Directors fees attributable to the Hon. Michael Cleary A.O. of $45,000 (2011: $nil) were paid to his associate Clear Marketing.

Former Director:

Directors fees attributable to Peter Bradfield of $42,500 (2011: $84,500) were paid to his associate Bradfield Corporate Services Pty Ltd.

Wholly-owned group

Details of interests in wholly owned controlled entities are set out in Notes 12 and 25 to the financial statements.

Balances with entities within the Consolidated Entity

The aggregate amount receivable by the Company from controlled entities at balance date is $1,529,000 (2011: $7,210,000) (Note 9 and 16).

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 2012

Note 31: 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 32: 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 2012 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 30th day of August 2012

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 10, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Corum Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Corum Group Limited, which comprises the Consolidated Balance Sheet as at 30 June 2012, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Corum Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

  (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2012 and of their performance for the year ended on that date; and

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

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

BDO East Coast Partnership

BDO

Grant Saxon

Partner

Sydney, NSW

Dated this 30th day of August 2012

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 35 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.

The Hon Michael Cleary A.O., appointed in 2012, is a well known former Australian triple international sports representative and a former Minister of the NSW Government and possesses exceptional marketing, merchandising and advertising expertise gained over a number of years within the retail and hospitality industries. Mr Cleary 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	754	274,534	0.11
1,001 - 5,000	450	1,208,985	0.50
5,001 - 10,000	143	1,188,684	0.49
10,001 - 100,000	201	6,998,692	2.89
100,001 - over	96	232,219,256	96.01
Total	1,644	241,890,151	100.00

The number of shareholders holding less than a marketable parcel of shares are	1,209	1,509,341	

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 <THE MARGARET ACCOUNT>	140,053,379	57.9
GINGA PTY LTD	16,592,608	6.9
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	15,251,619	6.3
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	7,100,200	2.9
MR MICHAEL JOHN FARRELLY	5,338,287	2.2
ATLAS HOLDINGS PTY LTD <THE ATLAS A/C>	3,793,214	1.6
LINK TRADERS (AUST) PTY LTD	3,607,173	1.5
MR NIGEL JOHN REMFREY & MRS SARA ANTONIETTA REMFREY	2,727,274	1.1
MR DAVID KLINGER	2,200,000	0.9
MIDHURST ASSOCIATES PTY LIMITED <MIDHURST SUPER FUND A/C>	2,000,000	0.8
CONNAUGHT CONSULTANTS (FINANCE) PTY LTD <SUPER FUND A/C>	1,794,643	0.7
MR DAVID DIPPIE & MRS JOANNE DIPPIE & BRAMWELL GROSSMAN TRUSTEES LTD <DIPPIE FAMILLY A/C>	1,525,534	0.6
ERASMUSS NOMINEES PTY LTD <SINGH SUPER FUND A/C>	1,321,707	0.5
MR MICHAEL JOHN FARRELLY & MS MADELINE ZAPPIA <FARRELLY RETIREMENT FUND A/C>	1,241,585	0.5
KINGSTON PROPERTIES PTY LIMITED <BYRON ACCOUNT>	1,074,300	0.4
DENE NOMINEES PTY LTD <BURROWS RETIREMENT FUND A/C>	1,049,222	0.4
LAYUTI PTY LTD <THE MOUATT SUPER FUND A/C>	1,029,303	0.4
LAMPADA INVESTMENTS PTY LTD <LAMPADA INVESTMENTS A/C>	1,000,000	0.4
MS THERESE DALY	966,000	0.4
DENMAN INCOME LIMITED	959,336	0.4
Total	210,625,384	86.8

Additional Shareholder Information (continued)

Substantial shareholders at the date of this report

Holder Name	Shares held	% of shares
LUJETA PTY LTD	140,054,379	57.9
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	19,390,979	8.0
GINGA PTY LTD	16,977,812	7.0

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	4,400,000	18	
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
The Hon Michael Cleary A.O.

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

BDO East Coast Partnership
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

ABN 25 000 091 305

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Corum
Group