Corum Group Limited

ABN 25 000 091 305

Annual Report 2014

Contents

Chairman's Letter to Shareholders

The Consolidated Operating Profit After Tax for the financial ended 30 June 2014 was $4,274,000. This result is ($2,081,000) less than the previous year in line with Directors' expectations that the operations would be affected by declines in revenue from all segments and increased IT development expenditure which would not result in immediate revenue generation.

During the financial year Corum generated net cash from operations of $5,677,000 resulting in cash held by the Group at financial year end of $11,913,000.

Directors will continue to spend these funds wisely and unless the funding is to be used for other purposes Directors will continue to declare dividends equal to a minimum of fifty percent of net cash generated from operations.

In the coming year your Directors expect:

- to identify new initiatives which will complement the Group's existing operations and give access to markets in which the Group may grow its revenue; and
- to declare total dividends of one cent per share part of which shareholders may expect will be franked.

I take this opportunity to welcome those employees who commenced with the Group during the financial year and I also acknowledge the continuing contribution of existing staff members throughout the year.

Michael Shehadie
Chairman

28th August 2014

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 2014.

Directors

The names of Directors in office at any time during or since the end of the financial year up to the date of this report are:

Michael John Shehadie – Non-executive Director and Chairman

Hon. Michael A Cleary A.O. – Non-executive Director

Geoffrey John Broomhead – Managing Director

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; 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 $4,274,000 (2013: $6,355,000).

Dividends

Details of dividends paid in respect of the current financial year and previous financial year are as follows:

	Cents	$'000
Interim ordinary dividend for 2014 paid on 5 March 2014 – unfranked	0.5	1,270
Final ordinary dividend for 2013 paid on 20 August 2013 – unfranked	0.7	1,752

Since the end of the financial year Directors resolved to pay an unfranked dividend of 0.6 cents per fully paid ordinary share, paid on 25 August 2014. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets the aggregate amount of the dividend paid subsequent to year-end of $1,529,000 is not recognised as a liability as at 30 June 2014.

Review of Operations

Group Overview
Total Group Sales Revenue for the financial year was $18,890,000 being ($1,336,000) (6.6%) reduction on the previous year.

Operating Profit After Tax of $4,274,000 was $2,081,000 (-33%) lower than the previous year. This result was achieved on reduced revenues, increased employee costs and continuing expense control.

Net cash generated from operations during the financial year was $5,677,000; an decrease of $935,000 on the previous year. Cash held by the Group at the end of the financial year was $11,913,000 being a net increase of $3,029,000.

> ***Corum Health Services*** is a major provider of pharmacy industry software applications and achieved sales revenues of $14,055,000 during the financial year; a reduction of $667,000 (4.5%) on the previous year. Segment profit was $2,895,000 being a decrease of $332,000 on the previous year. In recent years the Federal Government has reduced the price it pays for PBS sponsored medicines leading to an obvious reduction in pharmacy gross profitability. Pharmacies have countered these profit reductions by choosing to extend the life of their computer hardware and applications used in store. Such has contributed to a decline in Corum's sales of both hardware and software.
>
> ***Corum eCommerce*** provides financial transaction processing facilities for the payment of bills and funds transfers. Corum eCommerce achieved a segment profit of $2,305,000 (2013: $2,526,000) on sales revenues of $4,835,000 (2013: $5,504,000). This operation continues to explore other initiatives which will expand profitably existing offerings.

Financial Position

The Consolidated Entity net assets are $18,874,000 (2013: $16,358,000) and working capital, current assets less current liabilities, is now a surplus of $8,240,000 (2013: $5,676,000).

Corporate Capital and Financing

As at year end the Group has cash surpluses of $11,913,000 (2013: $8,884,000) and remains debt free with its assets fully unencumbered.

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.

Going Concern

Directors have prepared these financial statements on the basis that the Company is a going concern.

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 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

On 16 July 2014 the Company issued 1,266,450 Performance Rights to the Managing Director in accordance with a resolution of shareholders approved at the Annual General Meeting held 23 October 2013.

On 17 July 2014 the Company declared an unfranked dividend of 0.6 cents per ordinary share payable on 25 August 2014.

On 25 July 2014 the Company issued 350,000 ordinary shares at 8 cents per share upon receipt of a notification to exercise share options.

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

Information on Directors

Michael John Shehadie, 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 ordinary shares of the Company and holds 2,760,132 performance rights as at reporting date.

Mr Shehadie does not hold any current directorships in of other listed companies, nor has he done so in the last 3 years.

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 5,027,500 shares in the Company and 9,501,643 performance rights as at reporting date.

Mr Broomhead does not hold any current directorships in other listed companies, nor has he done so in the last 3 years.

Information on Directors continued

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.

Mr Cleary holds 1,478,642 performance rights as at reporting date.

Mr Cleary does not hold any current directorships in other listed companies, nor has he done so in the last 3 years.

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 and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Shehadie	17	17	2	2	1	1
Michael Cleary	17	17	2	2	1	1
Geoffrey Broomhead	17	17	-	-	-	-

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 $27,801 in respect of an insurance policy for Directors' and officers' liability.

Options and performance rights on issue

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

Number	Expiry Date	Exercise Price
1,450,000	15 December 2014	$0.08

Each option, upon exercise, entitles the holder to acquire one ordinary share in the Company at the Exercise Price.

At the date of this report there were on issue the following performance rights granted that are yet to vest into ordinary shares in the Company:

Number	Vesting Date	Exercise Price
6,628,823	15 July to 15 December 2015	NIL
7,404,162	15 July to 15 December 2016	NIL
750,000	26 November 2016	NIL
1,266,450	15 July to 15 December 2017	NIL
16,049,435		

Each performance right entitles the holder to receive one ordinary share in the Company on the vesting date.

For details of options and performance rights issued to Directors and executives as remuneration, refer to the Remuneration Report, which forms a part of this Directors' Report.

Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Non-audit Services

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 17.

Rounding of Amounts

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

Remuneration Report (audited)

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 the Managing Director and Senior Executives. The Committee Chairman also has additional responsibilities including the approval of all personnel salaries of employees not deemed to be Senior Executives.

Corum Health Services national and state managers are entitled to participate in a short term incentive ("STI") plan based upon performance and contribution to Group profitability. 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.

At the Annual General Meeting held on 21 November 2012 Shareholders approved the establishment of the Corum Group Performance Rights Plan which is the Company's long term incentive plan ("LTI") for nominated key management, officers and senior executives.

During the year Directors granted 750,000 performance rights to employees under the terms of the Corum Group Performance Rights Plan.

Non-executive Directors' Remuneration

Shareholders have approved that aggregate fees payable to Non-executive Directors shall not exceed $800,000 per annum, including minimum superannuation contributions and equity based remuneration.

All remuneration is inclusive of statutory superannuation.

During the year the Non-executive Directors were granted 2,365,827 Performance Rights as approved by Shareholders at the Annual General Meeting held on 21 November 2012. Performance Rights vest into ordinary shares in the Company three years after grant date. During the unvested period the estimated value of the Performance Rights granted is amortised over the life of the Performance Rights and reported both as an expense in the Statement of Profit or Loss and Other Comprehensive Income, and also as remuneration received by each holder.

Shareholders have not approved further grants of Performance Rights to Non-executive Directors.

Executive Director Remuneration

The Managing Director, Geoffrey Broomhead, is the only Executive Director. On 23 November 2012 with the approval of Shareholders, Mr Broomhead entered into a three year fixed term employment contract with the Company.

The contract includes the following termination arrangements:

- The employee may terminate by giving six months written notice to the Company;
- During the fixed term employment period the Company may terminate the employee, without cause or reason, by paying the employee the greater of the balance of the gross entitlements remaining on the contract period or six months gross salary. Gross salary shall include base salary, accrued statutory entitlements and an estimate and appropriate payment for incentives or bonuses which may be expected to accrue or be paid to Mr Broomhead during the period the remuneration is payable.
- After the expiration of the 3 years the Company may terminate the employee, without cause or reason, by the payment of six months Gross Salary.
- The Company may terminate the employee summarily in the event of misconduct or other sufficient cause in which case only base salary and accrued statutory entitlements is payable up to the date of dismissal.

During the year Mr Broomhead was granted 5,038,335 Performance Rights for the 2013 financial year results, as approved by Shareholders at the Annual General Meeting held on 21 November 2012, having achieved the associated performance hurdles.

Shareholders at the Annual General Meeting held on 23 October 2013 approved a further grant to Mr Broomhead of up to 2,532,900 Performance Rights in the 2015 financial year for the result of the 2014 financial year, where the granting is subject to the achievement of specific performance hurdles.

Remuneration Report (audited) continued

Key Management Personnel

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

In September 2009 upon the appointment of a new Managing Director and additional independent Non-executive Directors, Directors introduced a Corporate Governance Plan and a new Constitution which imposed restrictions on the authority of the Managing Director and all employees and ensured that a majority of the Board consist of Non-executive Directors.

The restrictions imposed cause the Board to be the approval authority for all contracts and expenditure exceeding $25,000 and the Board is the only authority to approve the employment or termination of all personnel.

The restrictions imposed, even upon the Managing Director, have been significant to the extent that the authority and responsibility normally extended under the definition of key management personnel is believed not to apply.

Directors therefore nominate as the non-director key management personnel being those persons including the Company Secretary, the Chief Financial Officer, and the six highest paid personnel during the year.

Key management personnel for the 2014 financial year were:

Non-executive Directors:

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

Executive Director:

Geoffrey Broomhead	Managing Director

Senior Executives:

David Clarke	Chief Financial Officer
George Nicolaou	Company Secretary
Paul Coe	Chief Applications Architect
Geoffrey Arnold	National Sales Manager – Health
David Castles	General Manager IT - Health
Vinit Kumar Jha	Manager Application Services (resigned March 2014)
Claude Matthews	Manager IT Infrastructure

Senior executives are employed under contracts with no specific duration, with minimum termination periods of between one and three months, and are eligible for their statutory employee entitlements upon termination.

Remuneration of key management personnel of the Company

		Short term benefits		Post-employment benefits	Share-based payments	Total	Performance related
		Salaries and fees $	Cash incentive $	Super-annuation $	Performance rights $	$	%
Non-executive Directors							
Michael Shehadie	2014	159,121	-	3,064	159,448	321,633	49.6
	2013	134,280	-	745	50,683	185,708	27.3
Michael Cleary	2014	107,743	-	1,641	86,783	196,167	44.2
	2013	92,957	-	-	18,101	111,058	16.3
Executive Director							
Geoffrey Broomhead	2014	574,019	-	53,097	550,486	1,177,602	46.7
	2013	486,780	-	43,810	163,918	694,508	23.6
Senior Executives							
David Clarke (i)	2014	241,250	-	22,316	7,483	271,049	2.8
	2013	79,231	-	7,131	-	86,362	-
George Nicolaou	2014	53,511	-	325	16,667	70,503	23.6
	2013	51,755	-	158	10,738	62,651	17.1
Paul Coe	2014	211,129	-	19,530	14,965	245,624	6.1
Geoffrey Arnold	2014	175,000	14,333	15,566	-	204,899	7.0
	2013	175,000	15,832	15,591	-	206,423	7.7
David Castles	2014	179,515	-	16,650	-	196,165	-
	2013	178,757	-	16,088	-	194,845	-
Vinit Kumar Jha (ii)	2014	132,932	-	11,922	-	144,854	
	2013	180,000	-	16,200	-	196,200	-
Claude Matthews	2014	160,000	-	14,800	-	174,800	-
	2013	159,385	-	14,345	-	173,730	-

(i) Mr D Clarke commenced with the Company in March 2013.
(ii) Mr Kumar Jha resigned his service with the Company in March 2014. Salaries and fees for the year include $4,047 relating to accrued leave entitlements.

Remuneration Report (audited) continued

Share Options

Under the terms of the employee share option plan the Directors may, at their sole discretion, issue options to selected eligible employees or associates of the Company. Together, the maximum number of share options and performance rights which may be issued by the Directors pursuant to the respective plans shall not exceed 5% of the number of shares on issue. The right to exercise options may be subject to a number of conditions, including the option holder remaining an eligible participant during the exercise period.

All options granted previously vested prior to the start of the financial year and during the financial year no further options were issued.

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

The number and value of options granted, vested, exercised and lapsed during the year in relation to key management personnel are as follows:

	Grant detail			For the financial year ended 30 June 2014				
	Grant Date	Granted	Fair Value at grant date	Balance 1 July 2013		Exercised		Balance 30 June 2014
		No.	$	No.	$	No.	$	No.
Executive Directors								
Geoffrey Broomhead	25/11/2009	5,000,000	57,005	3,500,000	39,903	3,500,000	39,903	-
Senior Executives								
David Castles	16/10/2010	350,000	4,478	200,000	2,559	200,000	2,559	-
Vinit Kumar Jha	15/12/2009	350,000	6,658	250,000	4,756	250,000	4,756	-

- The value of options granted as remuneration was determined in accordance with applicable accounting standards.

Option values at grant date were determined using the Black-Scholes method. There were no service or performance criteria that were to be met before the above options vested. There have not been any alterations to the terms or conditions of any options granted since the grant dates.

Key management personnel beneficial interests, held directly or indirectly, in options of the Company are as follows:

2014	Held at 1 July 2013	Lapsed	Exercised	Held at 30 June 2014	Vested and exercisable at 30 June 2014
Directors:					
Geoffrey Broomhead	3,500,000	-	(3,500,000)	-	-
Senior Executives:					
David Castles	200,000	-	(200,000)	-	-
Vinit Kumar Jha	250,000	-	(250,000)	-	-
Claude Matthews	350,000	-	-	350,000	350,000
	4,300,000	-	(3,950,000)	350,000	350,000

Performance Rights

The Corum Group Performance Rights Plan allows the Company to grant performance rights to Participants. A performance right is a right to acquire a Share (being a “Plan Share”), subject to the satisfaction of certain conditions which will be set out in each invitation to acquire performance rights. Together, the maximum number of performance rights and share options which may be issued by the Directors pursuant to the respective plans shall not exceed 5% of the number of shares on issue.

To facilitate and manage the issue of performance rights under the Plan, and the subsequent issue of Plan Shares on exercise of performance rights, the Company has established the Corum Group Employee Share Scheme Trust (“Trust”). A grant of Plan Shares under the Plan is subject to both the Plan Rules and the terms of the trust deed.

It is expected that grants of performance rights under the Plan will be considered annually, following announcement of the Company’s full-year financial results. The Board will have discretion to make grants at other times including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. The terms of any future offers may vary.

During the year 750,000 performance rights were granted to employees under the Corum Group Performance Rights Plan.

During the year 7,404,162 performance rights were granted to Directors as approved by shareholders at the Company’s 2012 Annual General Meeting.

There are no voting or dividend rights attached to the performance rights.

Remuneration Report (audited) continued

Performance Rights continued

The number and value of performance rights granted during the year in relation to key management personnel are as follows:

	Grant detail			
	Grant Date	Granted No.	Fair Value at grant date $	Vesting Date
Non-executive Directors				
Michael Shehadie	17 Jul 2013	1,380,066	227,711	15 Jul 2016 -15 Dec 2016
Michael Cleary	17 Jul 2013	985,761	81,325	15 Jul 2016 -15 Dec 2016
Executive Directors				
Geoffrey Broomhead	17 Jul 2013	5,038,335	736,446	15 Jul 2016 -15 Dec 2016
Senior Executives				
David Clarke	27 Nov 2013	250,000	37,500	26 Nov 2015
Paul Coe	27 Nov 2013	500,000	75,000	26 Nov 2015

No performance rights have vested or lapsed during the year.

The performance rights are subject to a service condition of continuous employment from grant date to the relevant vesting date, otherwise the performance rights will lapse. Where there is more than one vesting date for a particular grant, the rights vest proportionally on a monthly basis over the vesting period. There is no exercise price associated with these performance rights.

Key management personnel beneficial interests, held directly or indirectly, in performance rights of the Company are as follows:

	Held at 1 July 2013	Granted	Lapsed	Held at 30 June 2014	Vested and exercisable at 30 June 2014
Directors:					
Michael Shehadie	1,380,066	1,380,066	-	2,760,132	-
Michael Cleary	492,881	985,761	-	1,478,642	-
Geoffrey Broomhead	4,463,308	5,038,335	-	9,501,643	-
Senior Executives:					
George Nicolaou	292,568	-	-	292,568	-
David Clarke	-	250,000	-	250,000	-
Paul Coe	-	500,000	-	500,000	-
	6,628,823	8,154,162	-	14,782,985	-

Shareholdings of Key Management Personnel

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

2014	Held at 1 July 2013	On market acqui-sition	Acquisition through exercise of options (ii)	On market disposal	Other changes (i)	Held at 30 June 2014
Directors:						
Michael Shehadie	2,000,000	-	-	-	-	2,000,000
Geoffrey Broomhead	1,527,500	-	3,500,000	-	-	5,027,500
Senior Executives:						
Geoff Arnold	200,000	-	-	-	-	200,000
David Castles	150,000	-	200,000	-	-	350,000
George Nicolaou	1,000,000	-	-	-	-	1,000,000
Vinit Kumar Jha	50,000	-	250,000	-	(300,000)	-
	4,927,500	-	3,950,000	-	(300,000)	8,577,500

(i) Mr Kumar Jha resigned his service with the Company in March 2014.
(ii) The amount paid on the exercise of options was in all instances 8 cents per fully paid share.

None of the shares included in the table above are held nominally.

Remuneration Report (audited) continued

Additional Information

The results of the Consolidated Entity for the past five financial years are summarised below:

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
Sales revenue	21,719	21,039	20,857	20,226	18,890
Operating profit before tax	1,127	1,751	6,029	6,355	4,450
Total equity	2,897	4,648	10,677	16,358	18,874
Cash on hand	1,222	2,110	3,217	8,884	11,913
Borrowings	(5,986)	(3,350)	-	-	-

The Consolidated Entity's earnings per share growth over the past five financial years are as follows:

	2010	2011	2012	2013	2014
Share price at financial year end (cents)	2.2	2.3	7.5	18.5	14.0
Basic earnings per share (cents per share)	0.5	0.7	2.5	2.6	1.7

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: 28th day of August 2014

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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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, NSW

28 August 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000	Company 2014 $'000	Company 2013 $'000
Sales revenue	2	18,890	20,226	1,913	2,363
Other revenue	2	1,272	1,142	2,357	1,477
Total revenues		**20,162**	**21,368**	**4,270**	**3,840**
Materials and consumables used		(2,642)	(2,986)	-	-
Employee benefits expenses	3	(9,569)	(9,085)	(3,006)	(2,321)
Occupancy costs	3	(1,023)	(1,046)	(130)	(116)
Marketing expenses		(548)	(557)	(3)	(2)
Depreciation and amortisation expense	3	(130)	(149)	(35)	(56)
Performance rights amortised	26	(836)	(243)	(836)	(243)
Other expenses		(964)	(947)	(474)	(499)
Provision doubtful debts – controlled entities		-	-	744	679
Profit before income tax expense		**4,450**	**6,355**	**530**	**1,282**
Income tax expense	5	(176)	-	(176)	-
Profit for the year		**4,274**	**6,355**	**354**	**1,282**
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		**4,274**	**6,355**	**354**	**1,282**
Profit attributable to members of the Company		4,274	6,355	354	1,282
Comprehensive income attributable to members of the Company		4,274	6,355	354	1,282
Earnings per share attributable to members of the Company	6	cents	cents		
Basic earnings per share		1.7	2.6		
Diluted earnings per share		1.6	2.5		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2014

	Note	Consolidated		Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	11,913	8,884	11,704	8,727
Trade and other receivables	10	158	355	63	190
Inventories	11	122	98	-	-
Other assets	12	3,882	4,774	24	67
Total Current Assets		**16,075**	**14,111**	**11,791**	**8,984**
NON-CURRENT ASSETS					
Trade and other receivables	10	-	-	2,399	4,608
Financial assets	13	30	30	5,264	5,264
Plant and equipment	14	187	262	53	108
Intangible assets	15	10,821	10,821	-	-
Other non-current assets	12	131	92	38	-
Total Non-Current Assets		**11,169**	**11,205**	**7,754**	**9,980**
Total Assets		**27,244**	**25,316**	**19,545**	**18,964**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	6,188	6,807	517	584
Deferred revenue	17	443	561	-	-
Provisions	18	1,028	1,067	300	291
Income tax payable	5	176	-	176	-
Total Current Liabilities		**7,835**	**8,435**	**993**	**875**
NON-CURRENT LIABILITIES					
Trade and other payables	16	-	-	12,010	10,188
Provisions	18	535	523	208	163
Total Non-Current Liabilities		**535**	**523**	**12,218**	**10,351**
Total Liabilities		**8,370**	**8,958**	**13,211**	**11,226**
Net Assets		**18,874**	**16,358**	**6,334**	**7,738**
EQUITY					
Issued capital	19	86,223	85,795	86,223	85,795
Reserves	20	1,113	347	1,113	347
Accumulated losses		(68,462)	(69,784)	(81,002)	(78,404)
Total Equity		**18,874**	**16,358**	**6,334**	**7,738**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 30 June 2014

	Note	Ordinary Share Capital $'000	Share-based Payments Reserves $'000	Accum-ulated Losses $'000	Total $'000
Consolidated Entity					
Balance at 30 June 2012		**85,219**	**230**	**(74,772)**	**10,677**
Profit for the year		-	-	6,355	6,355
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	6,355	6,355
Performance rights amortised	20	-	243	-	243
Options exercised	19/20	576	(122)	122	576
Options lapsed	20	-	(4)	4	-
Dividend paid	7	-	-	(1,493)	(1,493)
Balance at 30 June 2013		**85,795**	**347**	**(69,784)**	**16,358**
Profit for the year		-	-	4,274	4,274
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	4,274	4,274
Performance rights amortised	20	-	836	-	836
Options exercised	19/20	428	(66)	66	428
Options lapsed	20	-	(4)	4	-
Dividend paid	7	-	-	(3,022)	(3,022)
Balance at 30 June 2014		**86,223**	**1,113**	**(68,462)**	**18,874**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 30 June 2014
continued

	Note	Ordinary Share Capital $'000	Share-based Payments Reserves $'000	Accum-ulated Losses $'000	Total $'000
Company					
Balance at 30 June 2012		**85,219**	**230**	**(78,319)**	**7,130**
Profit for the year		-	-	1,282	1,282
Other comprehensive income for the year, net of tax		-	-	-	-
Total Comprehensive Income for the year		-	-	1,282	1,282
Performance rights amortised	20	-	243	-	243
Options exercised	19/20	576	(122)	122	576
Options lapsed	20	-	(4)	4	-
Dividend paid	7	-	-	(1,493)	(1,493)
Balance at 30 June 2013		**85,795**	**347**	**(78,404)**	**7,738**
Profit for the year		-	-	354	354
Other comprehensive income for the year, net of tax		-	-	-	-
Total Comprehensive Income for the year		-	-	354	354
Performance rights amortised	20	-	836	-	836
Options exercised	19/20	428	(66)	66	428
Options lapsed	20	-	(4)	4	-
Dividend paid	7	-	-	(3,022)	(3,022)
Balance at 30 June 2014		**86,223**	**1,113**	**(81,002)**	**6,334**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for year ended 30 June 2014

	Note	Consolidated		Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		20,740	22,990	13	15
Payments to suppliers and employees		(16,335)	(17,520)	(732)	(1,182)
Intercompany receipts		-	-	5,944	7,510
Interest received		433	409	346	265
Other revenue		839	733	-	-
Net cash generated by operating activities	21	**5,677**	**6,612**	**5,571**	**6,608**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for plant and equipment		(54)	(28)	-	(15)
Net cash used in investing activities		**(54)**	**(28)**	**-**	**(15)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from exercise of share options	19	428	576	428	576
Dividend paid to equity holders	7	(3,022)	(1,493)	(3,022)	(1,493)
Net cash used in financing activities		**(2,594)**	**(917)**	**(2,594)**	**(917)**
Net increase in cash and cash equivalents		3,029	5,667	2,977	5,676
Cash and cash equivalents at beginning of the financial year		8,884	3,217	8,727	3,051
Cash and cash equivalents at end of the financial year	9	**11,913**	**8,884**	**11,704**	**8,727**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

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.

The presentational currency is Australian dollars.

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, including the following:

- *AASB 10 Consolidated Financial Statements* - establishes a revised control model that applies to all entities and replaces the consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation – Special Purpose Entities*.
- *AASB 12 Disclosure of Interests in Other Entities* - contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been enhanced when compared to those previously located in AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates*, AASB 131 *Interests in Joint Ventures* and AASB Interpretation 112 *Consolidation - Special Purpose Entities*.
- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* - provides a single measurement framework for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The standard does not introduce any new requirements for the use of fair value.
- *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* - includes changes to the way some short-term employment benefits are defined and calculated.
- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement* - amends AASB 124 *Related Party Disclosures* to remove the disclosure requirements for individual key management personnel ('KMP') and with it, the duplication of KMP information in the notes to the financial statements and the directors’ report. All KMP disclosures are therefore contained in the directors’ report.

Any new, revised or amending Accounting Standards or Interpretations that are not yet effective have not been adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Consolidated Entity for the current reporting period.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 1: Statement of significant accounting policies continued

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 have 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.

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.

b) Principles of consolidation

A controlled entity is any entity over which Corum Group Limited is in a position to exercise control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an entity if and only if the Group has:

1. Power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity)
2. Exposure, or rights, to variable returns from its involvement with the entity, and
3. The ability to use its power over the entity to affect its returns

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Profit or Loss and Other Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 Company.

b) Principles of consolidation continued

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 acquisition method. The acquisition 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 1: Statement of significant accounting policies continued

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 Profit or Loss and Other Comprehensive Income in the financial period in which the exchange rate changes.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the asset. All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

g) Taxation

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

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 as 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.

g) Taxation continued

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.

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, and where the availability of those losses is reasonably certain.

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.

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 Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives, or more frequently if events or changes in circumstances indicate that they may be impaired.

The value-in-use is the present value of the estimated future cash flows relating to the asset. 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, or which are otherwise readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 1: Statement of significant accounting policies continued

j) Receivables

Trade receivables that are to be settled within normal trading terms are carried at amounts due, which is considered to be reflective of fair value given their short term nature.

The recoverability of receivables is assessed at balance date and specific provision for impairment is made for any doubtful accounts where there is objective evidence that the Company will not be able to collect all of the amount due in accordance with the original terms of the receivable.

k) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis. 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 or recoverable amount.

m) Leased assets

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

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

Operating leases
Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight line basis over the period of the lease.

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.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

o) Depreciation and amortisation

Plant and equipment, leasehold improvements and equipment under finance lease are stated at historical 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 for assets acquired thereafter, over their estimated useful lives, with the exception of leased assets which are amortised over the term of the relevant lease where it is not expected that the Consolidated Entity will obtain ownership of the asset.

Estimated useful lives, residual values and depreciation rates and methods are reviewed annually. When changes are made, adjustments are reflected prospectively in current and future periods only.

The following estimated useful lives are used in the calculation of depreciation:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

p) Intangibles

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

Goodwill
Goodwill and goodwill on consolidation represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired, and carried at cost less accumulated impairment losses. Any impairment loss is written off immediately to profit or loss.

Research and Development Costs
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

q) Payables

Liabilities for payables are recognised at cost, which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally short term and are settled within established terms.

r) Borrowings

Bank and other loans are shown in the Balance Sheet at their principal amounts. Interest payable is accrued at the contracted rate and expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 1: Statement of significant accounting policies continued

s) Employee benefits

Wages and salaries and annual leave
Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' service provided to reporting date. These are calculated as undiscounted amounts based on remuneration 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' service 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.

The fair value of performance rights granted is calculated using a Black–Scholes pricing model. The Company amortises over the performance rights vesting period the estimated value of the shares to be issued.

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

t) Provisions

A provision is recognised when there are present 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.

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 Balance Sheet by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

t) Provisions continued

Dividends
Provision is made for the amount of any dividends declared, determined or publically recommended by the directors before or at the end of the financial year, but not distributed at balance date.

u) Capital and financial instruments issued

Issued Capital
Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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

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

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

v) 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.

w) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are determined based on estimates and assumptions of future events or other sources of estimation. The key estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are:

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 1: Statement of significant accounting policies continued

w) Significant accounting estimates and judgements continued

Goodwill and other indefinite life intangible assets
The consolidated entity tests whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions including estimated discount rates, growth rates, and terminal values.

Long service leave provision
In determining the present value of the long service leave liability, estimates of attrition rates, pay increases through promotion and inflation, and discount rates have been taken into account.

Make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The calculation of this provision requires assumptions such as lease cessation dates and cost estimates.

x) Comparative figures

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

y) 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.

z) 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 2014. 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. The Consolidated Entity does not anticipate early adoption of any of these reporting requirements.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018. 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. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, except where a change in fair value relates to an entity's own credit risk. The Company has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and that the IASB is yet to finalise the remaining phases of its project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 in Australia).

Annual Improvements to IFRSs 2010-2012 Cycle (IFRS 2)
The amendment seeks to clarify the definition of vesting conditions by separately defining both performance and service conditions, which were previously incorporated within the definition of a vesting condition. These amendments apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014, and when they are first adopted they are not expected to impact on the financial statements.

Note 2: Revenue and other income

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Sales revenue				
Rendering of services	17,159	18,110	1,913	2,363
Sales of goods	1,731	2,116	-	-
	18,890	20,226	1,913	2,363
Other revenue				
Interest received from other parties	433	409	346	265
Interest received from wholly-owned controlled entities	-	-	1,169	1,200
Revenue from unlisted company	793	680	-	-
Revenue from wholly-owned controlled entities	-	-	830	-
Other revenue	46	53	12	12
	1,272	1,142	2,357	1,477
Total revenue	20,162	21,368	4,270	3,840

Note 3: Expenses

Profit before income tax includes the following expenses:	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation				
Plant and equipment	122	138	35	56
Amortisation				
Leasehold improvements	8	11	-	-
Total depreciation and amortisation	130	149	35	56
Other items				
Employee entitlement provisions	(36)	(22)	54	6
Operating leases - minimum lease payments	832	845	91	86

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 4: Auditor's remuneration

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
BDO East Coast Partnership				
Audit and review of financial reports	100,000	86,000	100,000	86,000
Non-audit services	-	-	-	-
Total	100,000	86,000	100,000	86,000

Note 5: Taxation

	Consolidated	
	2014 $'000	2013 $'000
(a) The components of income tax expense comprise:		
Current tax	1,517	1,979
Adjustment for current tax of prior periods	(28)	-
Utilisation of prior year deferred tax assets not previously recognised	(1,313)	(1,979)
Income tax expense	176	-
(b) The prima facie tax on profit is reconciled as follows:		
Prima facie income tax payable on profit at 30%	1,335	1,906
Add / (deduct) tax effect of:		
Amortisation of performance rights	251	73
Research and development concession	(69)	-
Adjustment for current tax of prior periods	(28)	-
Utilisation of prior year deferred tax assets not previously recognised	(1,313)	(1,979)
Income tax attributable to the entity	176	-
Deferred tax assets not taken into account		
Losses carried forward	3,542	4,939
Temporary differences carried forward	828	744
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 2014 as the ATO has not confirmed these losses will be available. The Directors' understanding of this matter is further detailed in Note 24: Contingent liabilities and contingent assets.

Company numbers are not reported due to the establishment of a Consolidated Tax Group effective from July 2004.

Note 6: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Consolidated	
	2014	**2013**
Reconciliation of earnings to profit:	**$'000**	**$'000**
Profit for the year attributable to members of the Company	4,274	6,355
Earnings used in the calculation of basic and diluted EPS	4,274	6,355

	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	252,385,618	244,954,986
Weighted average number of dilutive options and performance rights outstanding during the year	15,890,253	9,961,934
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	268,275,871	254,916,920

Subsequent to reporting date there has been 1,266,450 potential ordinary shares issued in the form of performance rights that could potentially dilute basic earnings per share in the future.

Note 7: Dividends

	Consolidated	
Dividends on ordinary shares	**2014**	**2013**
	$'000	**$'000**
(a) Dividend declared and paid during the year		
Final unfranked dividend for 2013: 0.7 cents per share paid on 20 August 2013 (2012: nil)	1,752	-
Interim unfranked dividend for 2014: 0.5 cents per share paid on 5 March 2014 (2013: 0.6 cents per share unfranked)	1,270	1,493
	3,022	1,493
(b) Dividend proposed and not recognised as a liability		
Final unfranked dividend for 2014: 0.6 cents per share declared on 17 July 2014 and paid on 25 August 2014 (2013: 0.7 cents per share unfranked)	1,529	1,752

Franking credit balance
As at balance date the Consolidated Entity has no franking credit balance.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 8: Segment reporting

The Group has identified its operating segments based on the internal reports and information regularly reviewed and used by the Directors ("chief operating decision makers") in assessing the performance and determining the allocation of resources within the Group. Consideration is given to the nature and distinctiveness of the products or services sold, the manner in which they are provided, and the organisational structure.

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.

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 may 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

Segment performance

2014	**Health Services**	**eCommerce**	**Intersegment eliminations /unallocated**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
External sales	14,055	4,835	-	18,890
Inter-segment sales	-	2,103	(2,103)	-
Total sales revenue	14,055	6,938	(2,103)	18,890
Other revenue	827	-	12	839
Interest revenue	2	85	346	433
Total revenue	14,884	7,023	(1,745)	20,162
Segment net profit before tax	2,895	2,305	(6)	5,194
Reconciliation of segment result to group net profit before tax				
Unallocated items:				
Provision for doubtful debts – controlled entities				(744)
Net profit before tax				**4,450**
Depreciation and amortisation of segment assets	68	27	35	130
Other non-cash segment expenses - (decrease)/increase in provisions	(64)	(23)	230	143

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 8: Segment reporting continued

Segment performance continued

2013	**Health Services $'000**	**eCommerce $'000**	**Intersegment eliminations/ unallocated $'000**	**Consolidated $'000**
Revenue				
External sales	14,722	5,504	-	20,226
Inter-segment sales	-	1,914	(1,914)	-
Total sales revenue	14,722	7,418	(1,914)	20,226
Other revenue	718	3	12	733
Interest revenue	3	141	265	409
Total revenue	15,443	7,562	(1,637)	21,368
Segment net profit before tax	3,227	2,526	1,281	7,034
Reconciliation of segment result to group net profit before tax				
Unallocated items:				
Provision for doubtful debts – controlled entities				(679)
Net profit before tax				**6,355**
Depreciation and amortisation of segment assets	72	21	56	149
Other non-cash segment expenses – increase in provisions	(227)	(79)	9	(297)

	Health Services $'000	eCommerce $'000	Intersegment eliminations/ unallocated $'000	Consolidated $'000
Segment assets				
2014				
Segment assets	23,787	16,037	(24,462)	15,362
Unallocated assets:				
Cash and cash equivalents				11,704
Trade and other receivables				63
Plant and equipment				53
Other assets				62
Total group assets				**27,244**
Acquisition of non-current assets	27	47	(20)	54
2013				
Segment assets	22,156	16,708	(22,640)	16,224
Unallocated assets:				
Cash and cash equivalents				8,727
Trade and other receivables				190
Plant and equipment				108
Other assets				67
Total group assets				**25,316**
Acquisition of non-current assets	12	-	16	28

Segment liabilities				
2014				
Segment liabilities	15,625	7,744	(16,200)	7,169
Unallocated liabilities:				
Trade and other payables				517
Provisions and other liabilities				684
Total group liabilities				**8,370**
2013				
Segment liabilities	16,353	10,720	(19,153)	7,920
Unallocated liabilities:				
Trade and other payables				584
Provisions				454
Total group liabilities				**8,958**

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 9: Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
Cash at bank	210	159	1	1
Short-term bank deposit	11,703	8,725	11,703	8,726
	11,913	8,884	11,704	8,727

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

Note 10: Trade and other receivables

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade receivables	119	193	1	-
Provision for impairment	(23)	(28)	-	-
	96	165	1	-
Other receivables (i)	362	490	362	490
Provision for impairment	(300)	(300)	(300)	(300)
	62	190	62	190
	158	355	63	190
(i) Other receivables include amounts due from former Directors and/or their associates.				
Non-current				
Amounts receivable from wholly owned subsidiaries	-	-	2,937	5,890
Provision for impairment	-	-	(538)	(1,282)
	-	-	2,399	4,608

Note 10: Trade and other receivables continued

The ageing of provisions for impairment:	Consolidated 2014 $'000	Consolidated 2013 $'000	Company 2014 $'000	Company 2013 $'000
Current				
0 to 3 months overdue	6	5	-	-
3 to 6 months overdue	2	8	-	-
Over 6 months overdue	315	315	300	300
	323	328	300	300
Non-current				
Over 6 months overdue	-	-	538	1,282
	-	-	538	1,282

Provision for impairment of receivables

Current trade receivables are non-interest bearing loans and are 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 Profit or Loss and Other Comprehensive Income.

The movements in the provision for impairment of receivables are as follows:

2014	Opening Balance 1 July 2013 $'000	Utilised $'000	Provision increase/ (decrease) $'000	Closing Balance 30 June 2014 $'000
Consolidated Entity				
Provision for current trade receivables	28	(2)	(3)	23
Provision for other receivables	300	-	-	300
	328	(2)	(3)	323
Company				
Provision for non-current receivables - wholly owned subsidiaries	1,282	-	(744)	538

2013	1 July 2012 $'000	$'000	$'000	30 June 2013 $'000
Consolidated Entity				
Provision for current trade receivables	315	(147)	(140)	28
Provision for other receivables	300	-	-	300
	615	(147)	(140)	328
Company				
Provision for non-current receivables - wholly owned subsidiaries	1,961	-	(679)	1,282

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 10: Trade and other receivables continued

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 this note. The class of assets described as Trade and other receivables is considered to be the main source of credit risk relating 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 within 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.

Receivables that remain within initial trade terms are considered to be of high credit quality.

Consolidated Entity	Gross amount $'000	Past due and impaired $'000	Past due but not impaired (days overdue) < 30 $'000	31–60 $'000	> 60 $'000	Within initial trade terms $'000
2014						
Trade and term receivables	119	23	9	17	2	68
Other receivables	362	300	-	-	-	62
Total	481	323	9	17	2	130
2013						
Trade and term receivables	193	28	17	41	-	107
Other receivables	490	300	-	-	144	46
Total	683	328	17	41	144	153
Company						
2014						
Trade and other receivables	362	300	-	-	-	62
Total	362	300	-	-	-	62
2013						
Trade and other receivables	490	300	-	-	144	46
Total	490	300	-	-	144	46

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.

Note 11: Inventories

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Finished goods	122	98	-	-

Note 12: Other assets

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Prepayments	40	205	24	67
eCommerce payments awaiting clearance (i)	3,842	4,569	-	-
	3,882	4,774	24	67
Non-current				
Security deposits	131	92	38	-

(i) These amounts are controlled by the Consolidated Entity and are considered to be restricted in operation to the electronic receipt of payments on behalf of customers, whose 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 for which an equivalent liability is recorded as shown in Note 16: Trade and other payables.

Note 13: Financial assets

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Investment in unlisted company at cost	30	30	-	-
Investment in controlled entities - unlisted at cost (Note 28)	-	-	11,264	11,264
Provision for impairment	-	-	(6,000)	(6,000)
	30	30	5,264	5,264

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Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 14: Plant and equipment

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Leasehold improvements at cost	332	332	168	168
Accumulated amortisation	(313)	(280)	(168)	(168)
Accumulated impairment	-	(25)	-	-
	19	27	-	-
Plant and equipment at cost	3,394	5,159	738	1,094
Accumulated depreciation	(3,226)	(4,476)	(685)	(986)
Accumulated impairment	-	(448)	-	-
	168	235	53	108
Total plant and equipment	187	262	53	108

Movements in carrying amounts

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

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Leasehold improvements				
Carrying amount at beginning of year	27	38	-	-
Amortisation	(8)	(11)	-	-
Carrying amount at end of year	19	27	-	-
Plant and equipment				
Carrying amount at beginning of year	235	345	108	148
Additions	55	28	-	16
Disposals	-	-	(20)	-
Depreciation	(122)	(138)	(35)	(56)
Carrying amount at end of year	168	235	53	108
Total plant and equipment	187	262	53	108

Note 15: Intangible assets

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Goodwill				
At cost	15,363	15,363	-	-
Accumulated impairment	(4,542)	(4,542)	-	-
Total goodwill	10,821	10,821	-	-

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 Health Services cash generating unit.

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 (2013: 6.5 times) EBITDA. An EBITDA growth rate of 1.5% (2013: 1.5%) per annum is utilised and the cash flows are discounted at a rate of 15.5% (2013: 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.

The value-in-use calculation is most sensitive to assumptions relating to growth, discount rates and terminal values. However, it would require a significant adverse change in these assumptions to impact the existing non-impairment assessment.

Note 16: Trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade creditors	496	368	206	76
Sundry creditors and accruals	1,836	1,849	311	508
Deferred rent expense	14	21	-	-
eCommerce payments awaiting clearance	3,842	4,569	-	-
	6,188	6,807	517	584
Non current				
Amounts payable to wholly owned subsidiaries	-	-	12,010	10,188
	-	-	12,010	10,188

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 16: Trade and other payables continued

Trade creditors are unsecured and usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Note 17: Deferred revenue

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Software maintenance revenue	101	142	-	-
Corum card subscription revenue	342	419	-	-
	443	561	-	-

Note 18: Provisions

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Employee benefits	890	916	181	158
Make good provision for leased premises	138	151	119	133
	1,028	1,067	300	291
Non-current				
Employee benefits	333	343	95	64
Make good provision for leased premises	202	180	113	99
	535	523	208	163
Total provisions	1,563	1,590	508	454

Employee benefits relate to the Consolidated Entity's liability for long service leave and annual leave. The entire amount of the provision for annual leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement of any of this obligation.

Based on past experience the Consolidated Entity expects that in aggregate employees will take the full amount of accrued leave or require payment within the next 12 months.

Note 18: Provisions continued

Movement in provisions	Annual leave $'000	Long service leave $'000	Make good $'000	Total $'000
Consolidated				
Balance at 1 July 2013	546	713	331	1,590
Arising during the year	576	63	9	648
Utilised	(610)	(65)	-	(675)
Balance at 30 June 2014	512	711	340	1,563
Company				
Balance at 1 July 2013	132	90	232	454
Arising during the year	195	41	-	236
Utilised	(172)	(10)	-	(182)
Balance at 30 June 2014	155	121	232	508

Note 19: Issued capital

	2014 $'000	2013 $'000
Issued capital		
254,440,151 fully paid ordinary shares (2013: 249,090,151)	86,223	85,795

Movement in ordinary share capital	$'000	Number
Balance at 1 July 2012	85,219	241,890,151
Share options exercised	576	7,200,000
Balance at 30 June 2013	85,795	249,090,151
Share options exercised - 19 July 2013	80	1,000,000
Share options exercised - 8 August 2013	16	200,000
Share options exercised - 30 September 2013	16	200,000
Share options exercised - 19 December 2013	280	3,500,000
Share options exercised - 25 February 2014	36	450,000
Balance at 30 June 2014	86,223	254,440,151

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 19: Issued capital continued

a) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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) Share options

Movement in share options	2014 Number	2013 Number
Balance at the beginning of the financial year	7,350,000	15,900,000
Options exercised	(5,350,000)	(7,200,000)
Options lapsed or expired	(200,000)	(1,350,000)
Balance at the end of the financial year	1,800,000	7,350,000

All options have vested and each option entitles the holder to acquire one ordinary share in the Company prior to the option expiry.

For information regarding the Corum Group Share Option Plan refer to Note 26: Share-based payments.

c) Performance rights

Movement in performance rights	2014 Number	2013 Number
Balance at the beginning of the financial year	6,628,823	-
Performance rights granted	8,154,162	6,628,823
Balance at the end of the financial year	14,782,985	6,628,823

Each right entitles the holder to acquire one ordinary share in the Company upon vesting.

For information regarding the Corum Group Performance Rights Plan refer to Note 26: Share-based payments.

d) Capital Management

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

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

Note 20: Reserves

	Consolidated		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Share options reserve	34	104	34	104
Performance rights reserve	1,079	243	1,079	243
Total	1,113	347	1,113	347

Share options reserve				
Balance at the beginning of the financial year	104	230	104	230
Reversal of options expense associated with options which lapsed or expired	(4)	(4)	(4)	(4)
Transfer to accumulated losses on issuance of shares to satisfy options exercised	(66)	(122)	(66)	(122)
Balance at the end of the financial year	34	104	34	104
Performance rights reserve				
Balance at the beginning of the financial year	243	-	243	-
Performance rights amortised	836	243	836	243
Balance at the end of the financial year	1,079	243	1,079	243

The share options and performance rights reserves are used to recognise the fair value of share options and performance rights issued.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 21: Cash flow information

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Reconciliation of profit after tax to net cash generated by operating activities:				
Profit from ordinary activities after tax	4,274	6,355	354	1,282
Adjustments for non-cash items:				
Depreciation and amortisation of non-current assets	130	149	35	56
Amortisation of performance rights	836	243	836	243
Changes in operating assets and liabilities:				
Decrease / (increase) in trade debtors	74	521	(1)	2
(Increase) / decrease in inventories	(24)	64	-	-
Decrease / (increase) in other assets	254	(197)	153	(86)
Increase / (decrease) in trade creditors and accruals	108	(308)	(67)	(46)
Increase / (decrease) in provisions	143	(297)	230	9
(Decrease) / increase in deferred revenue	(118)	82	-	-
Decrease in intercompany balances	-	-	4,031	5,148
Net cash generated by operating activities	5,677	6,612	5,571	6,608

Note 22: Financial risk management

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, and 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.

The consolidated entity's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Different methods are used to measure different types of risk to which it is exposed, such as sensitivity analysis in the case of interest rates and ageing analysis for credit and liquidity risks.

Specific financial risk exposure and management

a) Credit risk

The credit risk of financial assets, excluding investments, of the Consolidated Entity, which has 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 nor impaired are considered to be high credit quality.

Note 22: Financial risk management continued

b) Foreign exchange risk

The Consolidated Entity has no material exposure to foreign exchange risk.

c) 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
	%	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Financial Assets							
Cash	1.1	210	-	-	-	-	210
Cash on deposit	3.5	3,703	8,000	-	-	-	11,703
Trade and other receivables		-	-	-	-	158	158
Total Financial Assets		3,913	8,000	-	-	158	12,071
Financial Liabilities							
Trade and other payables		-	-	-	-	2,346	2,346
Total Financial Liabilities		-	-	-	-	2,346	2,346
2013							
Financial Assets							
Cash	0.5	159	-	-	-	-	159
Cash on deposit	3.7	3,610	5,115	-	-	-	8,725
Trade and other receivables		-	-	-	-	355	355
Total Financial Assets		3,769	5,115	-	-	355	9,239
Financial Liabilities							
Trade and other payables		-	-	-	-	2,238	2,238
Total Financial Liabilities		-	-	-	-	2,238	2,238

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 22: Financial risk management continued

d) Liquidity risk

The Consolidated Entity 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	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities due for payment						
Trade and other payables	2,346	2,238	-	-	2,346	2,238
Total Financial Liabilities	2,346	2,238	-	-	2,346	2,238

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

The Consolidated Entity 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 2014 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Change in profit				
- Increase in interest rate by 10.0%	41	32	41	32
- Decrease in interest rate by 10.0%	(41)	(32)	(41)	(32)
Change in equity				
- Increase in interest rate by 10.0%	41	32	41	32
- Decrease in interest rate by 10.0%	(41)	(32)	(41)	(32)

Note 23: Commitments

	Consolidated		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-cancellable operating lease expense commitments payable				
Not later than 1 year	682	684	388	393
Later than 1 year but not later than 5 years	864	1,083	421	687
Minimum lease payments	1,546	1,767	809	1,080

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 or fixed rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Note 24: Contingent liabilities and contingent assets

Tax Losses

Corum generated operating losses during the period from 1 July 1997 to 30 June 2009 which resulted in the creation of substantial carried forward tax losses.

Directors have relied upon the accuracy and integrity of the Company's audited statutory accounts for the years 1997 to 2009 as the basis for determining the carried forward tax losses. Whilst Directors have no reason to doubt the accuracy or integrity of those audited statutory accounts, the fact remains that the Australian Taxation Office has never issued an assessment to Corum in relation to those years.

In these uncertain circumstances Directors believe that it is not prudent to recognise those carried forward tax losses as a Deferred Tax Asset in these financial statements.

Since 1 July 2009 Corum has generated, each year, taxable profits. Taxation returns have been lodged for every year up to and including 30 June 2013. The taxation returns for the four years to 30 June 2013 have included, as an offset against taxable income, a claim for carried forward tax losses valued at $4,518,000 (2013: $2,638,000).

Directors are of the opinion that in these circumstances the balance of the carried forward tax losses should be considered as a contingent asset and, conversely, the tax losses which have so far been utilised to be offset fully against taxable profits should be considered a contingent liability.

The existence or otherwise of these remaining tax losses as asset or utilised tax losses as liability shall only ultimately be confirmed by the occurrence of one or more future events that are not wholly within the control of the entity.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 25: Events subsequent to reporting date

On 16 July 2014 the Company issued 1,266,450 Performance Rights to the Managing Director in accordance with a resolution of shareholders approved at the Annual General Meeting held 23 October 2013.

On 17 July 2014 the Company declared an unfranked dividend of 0.6 cents per ordinary share payable on 25 August 2014.

On 25 July 2014 the Company issued 350,000 ordinary shares at 8 cents per share upon receipt of a notification to exercise share options.

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

Note 26: Share-based payments

a) Share-based payments

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

b) Share option plan

The Directors may, at their sole discretion, issue options to selected eligible employees or associates of the Consolidated Entity under the terms and conditions of the Corum Group Option Plan. Together, the maximum number of share options and performance rights which may be issued by the Directors pursuant to the respective plans shall not exceed 5% of the number of shares 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 Consolidated Entity, unless the Board determines otherwise (this is usually only in the case of retirement, redundancy, death or disablement).

The movement and balance of share options issued under the Plan are as follows:

Grant date	Vested	Expiry date	Exercise price	Opening Balance 1 July	Options issued	Options exercised	Options lapsed	Closing Balance 30 June
Consolidated and Company 2014								
15/12/2009	Yes	15/12/2014	$ 0.08	2,650,000	-	650,000	200,000	1,800,000
16/06/2010	Yes	16/06/2015	$ 0.08	200,000	-	200,000	-	-
Number of options				2,850,000	-	850,000	200,000	1,800,000
Weighted average exercise price				$ 0.08	-	$ 0.08	$ 0.08	$ 0.08
Consolidated and Company 2013								
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	4,400,000	-	1,550,000	200,000	2,650,000
16/06/2010	Yes	16/06/2015	$ 0.08	350,000	-	150,000	-	200,000
Number of options				5,900,000	-	1,700,000	1,350,000	2,850,000
Weighted average exercise price				$ 0.12	-	$ 0.08	$ 0.23	$ 0.08

Note 26: Share-based payments continued

b) Share option plan continued

	2014	2013
For options outstanding at the end of the year:		
Range of exercise prices	$ 0.08	$ 0.08
Weighted average remaining contractual life	0.5 years	1.5 years
Weighted average market price of ordinary shares during the year:	15 cents	16 cents

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

No options were issued 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

Shareholders in General Meeting have granted share options to Directors and Officers of the Consolidated Entity exclusive of the Share Option Plan. The movement and balance of these Other options are as follows:

Grant date	Vested	Expiry date	Exercise price	Opening Balance 1 July	Options issued	Options exercised	Options lapsed	Closing Balance 30 June
Consolidated and Company 2014								
25/11/2009	Yes	24/11/2014	$ 0.08	4,500,000	-	4,500,000	-	-
				4,500,000	-	4,500,000	-	-
Consolidated and Company 2013								
25/11/2009	Yes	24/11/2014	$ 0.08	10,000,000	-	5,500,000	-	4,500,000
				10,000,000	-	5,500,000	-	4,500,000

No options were issued during the financial year.

All Other options have been exercised and none remain on issue.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 26: Share-based payments continued

(d) Performance rights plan

The Corum Group Performance Rights Plan allows the Company to grant performance rights to participants. A performance right is a right to acquire a Share (being a "Plan Share"), subject to the satisfaction of certain conditions which will be set out in each invitation to acquire performance rights. Together, the maximum number of performance rights and share options which may be issued by the Directors pursuant to the respective plans shall not exceed 5% of the number of shares on issue.

To facilitate and manage the issue of performance rights under the Plan, and the subsequent issue of Plan Shares on exercise of performance rights, the Company has established the Corum Group Employee Share Scheme Trust ("Trust"). A grant of Plan Shares under the Plan is subject to both the Plan Rules and the terms of the trust deed.

It is expected that grants of performance rights under the Plan will be considered annually, following announcement of the Company's full-year financial results. The Board will have discretion to make grants at other times including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. The terms of any future offers may vary.

The movement and balance of performance rights approved and granted to officers and employees of the Company by the Board are as follows:

Grant date	Vesting date	Exercise price	Opening Balance 1 July	Rights issued	Rights vested	Rights lapsed	Closing Balance 30 June
Consolidated and Company 2014							
21 Nov 2012	20 Nov 2015	$0	292,568	-	-	-	292,568
27 Nov 2013	26 Nov 2016	$0	-	750,000	-	-	750,000
			292,568	750,000	-	-	1,042,568
Consolidated and Company 2013							
21 Nov 2012	20 Nov 2015	$0	-	292,568	-	-	292,568
			-	292,568	-	-	292,568

Performance rights granted are subject to a service condition of continuous employment by participants from grant date to the relevant vesting date or the performance rights will lapse.

The deemed future value of performance rights are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period.

There are no voting or dividend rights attached to the performance rights.

The weighted average remaining contractual life of the performance rights is 2.1 years (2013: 2.4 years)

(e) Other performance rights

Shareholders in General Meeting have granted performance rights to Directors of the Company. The movement and balance of these performance rights are as follows:

Grant date	Vesting date	Exercise price	Opening Balance 1 July	Rights issued	Rights vested	Rights lapsed	Closing Balance 30 June
Consolidated and Company 2014							
21 Nov 2012	Jul to Dec 2015	$0	6,336,255	-	-	-	6,336,255
17 Jul 2013	Jul to Dec 2016	$0	-	7,404,162	-	-	7,404,162
			6,336,255	7,404,162	-	-	13,740,417
Consolidated and Company 2013							
21 Nov 2012	Jul to Dec 2015	$0	-	6,336,255	-	-	6,336,255
			-	6,336,255	-	-	6,336,255

Performance rights granted are subject to a service condition of continuous employment by participants from grant date to the relevant vesting date or the performance rights will lapse.

The future value of performance rights are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period.

There are no voting or dividend rights attached to the performance rights.

The weighted average remaining contractual life of the performance rights is 2.0 years (2013: 2.4 years)

Note 27: Related party transactions

Transactions with Directors or their associates

Directors' fees attributable to Michael Shehadie of $126,000 (2013: $126,000) were paid to his associate Michie Shehadie & Co.

Directors' fees attributable to the Hon. Michael Cleary A.O. of $90,000 (2013: $90,000) were paid to his associate Clear Marketing.

Balances with entities within the Consolidated Entity

The aggregate amount payable by the Company to controlled entities at balance date is $9,073,000 (2013: $4,298,000), being $2,937,000 due to the Company (Note 10), and $12,010,000 due from the Company (Note 16). A provision of $538,000 is held against amounts due to the Company.

Transactions between Group entities include payments for services rendered to other group entities, interest on balances between entities, and the recharge of costs incurred by one entity on behalf of another.

Notes to the Consolidated Financial Statements for year ended 30 June 2014

Note 27: Related party transactions continued

Transactions with other related parties

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

Summary of key management personnel remuneration

	Consolidated	
	2014	2013
	$	$
Short term employee benefits	2,008,553	1,765,524
Post-employment benefits	158,911	126,347
Share-based payments	835,832	243,440
Total compensation	3,003,296	2,135,311

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

Note 28: Controlled entities

	Country of incorporation	2014 % owned	2013 % 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%

Note 29: Company details

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

Level 17, 24 Campbell Street,
SYDNEY, NSW 2000, Australia

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:

1. In the opinion of Directors:

   (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 2014 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, and in this regard Directors refer to Note 5;

   (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) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after the Chief Executive Officer and Chief Financial Officer have each declared under section 295A of the Corporations Act 2001 that

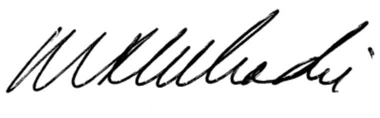
      (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

      (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.

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 28th day of August 2014

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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 2014, the consolidated statement of profit or loss and other 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 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 qualified 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.

Basis for Qualified Opinion

The consolidated entity has unused tax losses of $3,542,000 as disclosed in Note 5. During the year, the company utilised $1,313,000 of brought forward tax losses and the directors have forecast future taxable profits, which are likely to be offset against some of these available tax losses.

In accordance with AASB 112 *Income Taxes* an entity shall recognise a deferred tax asset for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

No deferred tax asset has been brought to account in relation to the unused tax losses expected to be utilised, which constitutes a departure from Australian Accounting Standards.

The effect of this departure from Australian Accounting Standards is to understate deferred tax assets and overstate income tax expense. The directors have not performed an assessment of the extent to which the losses will be recouped and therefore the effects on the financial report have not been quantified.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

(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 consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 16 of the directors’ report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for Qualified Opinion on the Remuneration Report

Section 300A of the *Corporations Act 2001* requires the entity to disclose the value of options that are granted to key management personnel during the year, calculated as at the time they are granted and in accordance with the applicable accounting standard.

In accordance with AASB 2 *Share-based Payment* an entity shall measure equity-settled shared-based payment transactions with employees at the fair value of the services received by reference to the fair value of the equity instruments granted, measured at grant date, which is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

In calculating the fair value of performance rights granted to key management personnel, the directors have not determined the grant dates in accordance with the above provisions. As a result, the remuneration of key management personnel in the Remuneration Report is overstated by $129,291 and the disclosures relating to grant dates are incorrect.

This constitutes a departure from Australian Accounting Standards and hence the requirements of section 300A of the Corporations Act.

Qualified Opinion on the Remuneration Report

In our opinion, except for the effects on the Remuneration Report of the matter described in the Basis for Qualified Opinion on the Remuneration Report paragraphs, the Remuneration Report of Corum Group Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Saxon

Grant Saxon
Partner

Sydney NSW

28 August 2014

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 a direct interest in 2,000,000 ordinary shares of the Company and as at the date of this report has been issued with 2,760,132 performance rights.

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 as at the date of this report has been issued with 1,478,642 performance rights.

Corporate Governance Statement continued

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 has not established a specific diversity policy nor measurable objectives to achieve greater diversity. The Directors believe that a specific diversity policy for a company the size of Corum shall not ensure that management and employees possess an appropriate and suitable balance of skills, experience, and expertise. The Corporate Code of Conduct precludes any discrimination on the basis of race, religion or gender, including in matters of recruitment and employment. The Directors believe that under its existing policies and practice the Company is achieving a multi-cultural and gender diverse workforce.

Women in the whole organisation:	37%
Women in senior positions:	36%
Women on the Board:	nil

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.

Corporate Governance Statement continued

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 Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current as at 12 August 2014.

ASX Code: COO

The distribution of shareholders by size of holding:

Range of shareholding	No. of ordinary share holders	No. of ordinary shares held	% of ordinary shares
1 - 1,000	713	255,106	0.10
1,001 - 5,000	437	1,190,048	0.47
5,001 - 10,000	150	1,245,493	0.49
10,001 - 100,000	336	12,495,246	4.90
100,001 – over	103	239,604,258	94.04
Total	1,739	254,790,151	100.00
The number of shareholders holding less than a marketable parcel of shares are:	1,031	921,100	0.36

Twenty largest shareholders of quoted equity securities:

Holders Name	No. of ordinary shares held	% of ordinary shares
Lujeta Pty Ltd <The Margaret Account>	140,053,379	55.0
Link Enterprises (International) Pty Ltd	14,801,619	5.8
National Nominees Limited	11,773,804	4.6
Ginga Pty Ltd	10,810,866	4.2
UBS Wealth Management Australia Nominees Pty Ltd	5,945,000	2.3
Claude Broomhead <Casa Claude Super Fund A/C>	5,000,000	2.0
Mr Michael John Farrelly	4,541,983	1.8
Ginga Pty Ltd	4,284,540	1.7
Atlas Holdings Pty Ltd <The Atlas A/C>	2,891,214	1.1
Mr Michael John Farrelly + Ms Madeline Zappia <Farrelly Retirement Fund A/C>	2,271,984	0.9
Chavoo Pty Ltd <Midhurst Super Fund Account>	2,000,000	0.8
Michael Shehadie	2,000,000	0.8
Mr David Klinger	1,930,000	0.8
Citicorp Nominees Pty Limited	1,887,999	0.7
Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>	1,713,500	0.7
Mr William Ian Michie + Mrs Elizabeth Shehadie <William I Michie Family A/C>	1,134,816	0.4
Equitas Nominees Pty Limited <2874398 A/C>	1,100,000	0.4
Layuti Pty Ltd <The Mouatt Super Fund A/C>	1,029,303	0.4
Mr John Richard Snell	1,000,200	0.4
George Nicolaou + Androulla Nicolaou <The Nicolaou Super Fund>	1,000,000	0.4
Total	217,170,207	85.2

Additional Shareholder Information continued

Substantial shareholders in the Company
as disclosed in substantial shareholder notices given to the Company:

Holder Name	No. of ordinary shares held	% of ordinary shares
LUJETA PTY LTD	140,054,379	55.0
GINGA PTY LTD	17,277,812	6.8
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	15,333,806	6.0

Voting Rights

All ordinary shareholders carry one vote per share without restriction.

Unquoted Securities

	No. of securities	No. of holders
Employee incentive schemes:		
Options over ordinary shares	1,450,000	7
Performance rights to acquire ordinary shares	750,000	2

	No. of securities	No. of holders	Holders with more than 20%
Other plan:			
Performance rights to acquire ordinary shares	15,299,435	4	Geoffrey Broomhead 10,768,093

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

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.

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