# Corum Group Limited

## ANNUAL REPORT 2015

Corum Group Limited ABN 25 000 091 305
and its controlled entities

# Contents

# Chairman’s Letter to Shareholders

Dear Shareholders

The Board intends for Corum to reassert itself as the leading software provider to the pharmacy sector, and an effective competitor in eCommerce transaction processing.

In particular, the Board recognised at the beginning of 2015 that our loyal pharmacy customers, who enjoy many of the particular features of the Corum software, were not being provided with adequate service levels and the software upgrades were proceeding too slowly. Correcting those deficiencies became the Board’s primary mission.

Management structured processes and in-house project teams to address these deficiencies. Six months of intensive work has now been carried out and the benefits are being progressively experienced by our customers. Early feedback is very supportive.

Many team members have been encouraged to add to their skills and have out-performed over this period. That energetic commitment is very pleasing to management, myself and the Board.

The Board intends this commitment to strong service levels and client business facilitation to continue, and to be similarly applied to the eCommerce business. We pledge a permanent commitment to client satisfaction over coming years.

**Bill Paterson**

Chairman

27th August 2015

# Directors' Report

The directors present their report, together with the financial statements, on the Consolidated Entity ('Consolidated Entity' or the 'Group') consisting of Corum Group Limited ('Corum' or the 'Company') and the entities it controlled for the year ended 30 June 2015.

## Directors

The names and details of directors in office at any time during or since the end of the financial year up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

**Bill Paterson**
Chairman and Non-executive Director
BE (Civil) Hons

Mr Paterson joined the Board on 27 April 2015 and was elected Chairman on 20 May 2015. He is a member of the Audit and Risk Committee and Remuneration and Nomination Committee.

A Civil engineer by training, Mr Paterson has extensive experience and continuing involvement in the planning, design and implementation of a wide range of civil infrastructure and building projects in the commercial, industrial and energy related sectors; and is a co-founder of engineering consultancy firm Worley Parsons. He is also an experienced investor and entrepreneur.

Mr Paterson holds an interest in the majority of Corum shares.

Mr Paterson has been a Non-executive Director of Intra Energy Corporation Limited since March 2012.

**Gregor Aschoff**
Non-executive Director
BEc, MBA, MAICD

Mr Aschoff was appointed to the Board on 20 March 2015. He is a member of the Audit and Risk Committee and Remuneration and Nomination Committee.

Since 2003 Mr Aschoff has served as a senior executive for a global consumer electronics and telecommunications company. He has extensive expertise in both retail and IT, including software development and system optimisation.

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

**Matthew Bottrell**
Non-executive Director
BBus, MTL, ASA, GAICD

Mr Bottrell was appointed to the Board on 19 August 2015.

Mr Bottrell has an extensive background in strategy and investment management across Australia and Europe. Mr Bottrell is currently a non-executive director of Future Capital Development Fund, an early stage technology fund. Previously, Mr Bottrell was the non-executive Chairman of SMS Central.

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

**David Tonuri**
Managing Director and Chief Executive Officer
BEc (Hons), BSc (Hons), DipGrad Acc,
M Prof Acc, ASA, MAICD

Mr Tonuri was appointed to the Board as a non-executive director on 17 September 2014 and took the role of Managing Director on 2 February 2015.

David has extensive experience in financial services, investment and private equity, having held senior positions within the major Australian banks in a variety of roles including strategy and major systems implementation.

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

**Mark Talbot**
Managing Director and Chief Executive Officer
BEc, FFin, MAICD

Mr Talbot joined the Company on 2 February 2015 as its Chief Operating Officer, and was appointed to the Board on 20 May 2015 as an executive director. He was appointed as joint Managing Director and Chief Executive Officer on 17 June 2015.

Mr Talbot is an experienced operations and strategy professional with significant experience across financial services, education, power & utilities and health. He has also extensively consulted to the health industry, from process optimisation through to strategic reviews.

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

**Michael Shehadie**
Former Chairman and Non-executive Director
LLB

Mr. Shehadie is a solicitor of over 35 years' standing and was Chairman of Corum Group Limited since 2005. He was a member of the Audit and Risk Committee and Remuneration and Nomination Committee.

Mr Shehadie retired from the Board on 2 April 2015.

Mr Shehadie did not hold any current directorships in other listed companies, nor had he done so in the past 3 years.

**The Hon Michael Cleary**
Former Non-executive Director
A.O.

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

Mr Cleary joined the Board in January 2012 and was Chairman of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Mr Cleary resigned from the Board effective from 19 August 2015.

Mr Cleary did not hold any current directorships in other listed companies, nor had he done so in the past 3 years.

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

Mr Broomhead was appointed Managing Director and Chief Executive Officer on 31 August 2009. He has previous 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 ceased his employment with and directorship of the Company on 30 January 2015.

Mr Broomhead did not hold any current directorships in other listed companies, nor had he done so in the past 3 years.

## Company Secretary

**David Clarke**
Chief Financial Officer and Company Secretary
BCom, DipGrad, CA, GAICD

Mr Clarke was appointed as Company Secretary on 20 February 2015. He has many years' experience in executive financial and company secretarial roles in Australia and overseas, and has diverse industry experience including retail and healthcare.

**George Nicolaou**
Former Company Secretary
B.Econ., CA

Mr Nicolaou was appointed Company Secretary in August 2009. Mr Nicolaou has been in public practice since 1995.

Mr Nicolaou resigned as Company Secretary on 27 April 2015.

## 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 $4,630,000 (2014: $4,274,000).

## 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 2015 paid on 23 February 2015 franked at 30% | 0.5 | 1,276 |
| Final ordinary dividend for 2014 paid on 20 August 2014 unfranked | 0.6 | 1,529 |

Since the end of the financial year directors resolved there will be no final dividend paid for 2015.

## Review of Operations

The Corum Group operates two distinct businesses; Corum Health Services undertakes the development, sale and support of business software and computer hardware with a particular focus on the Pharmacy industry and related supply chain. Corum eCommerce manages financial transaction processing and electronic funds transfer services with an extensive focus on real estate rentals, and the development and deployment of technology to support these activities.

Revenue in the Health Services business flows from the sale of software and hardware, and recurring maintenance and

**Review of Operations continued**

support. Other revenue is derived from an investment in an entity which provides other technology driven services to pharmacies. Revenue in the eCommerce business comes from both recurring service charges and from transaction based fees.

For the financial year ended 30 June 2015 the Group reported a statutory net profit after tax of $4.63m, up 8.3% on the previous year. Underlying profit after tax was $4.16m, below last year's underlying profit by $0.3m (9.1%).

Net profit after tax for the year was impacted by a number of one-off items which are not included in underlying profit. First time recognition of deferred tax assets resulted in a benefit of $753,000. The net cost of organisational restructuring decreased profit by $1,233,000, including amounts paid in relation to the departure of the former managing director. The reversal of prior period share based payments expense due to the lapsing of performance rights of former directors increased profit by $952,000.

Revenue for the year declined 4.1% to $19.3m; comprising Health Services 4.8%, eCommerce 6.7%, and offset by an increase in other revenue of 12.7%. Trading conditions in the pharmacy sector remain challenging, with reduced margins and increasing operating costs impacting customers' businesses and causing a slowdown in product upgrades and increasing pressure on pricing generally. The transaction payment space continues to be very competitive and whilst profitability of this segment has been satisfactory, revenue growth opportunities are an ongoing focus.

Operating expenses grew $204,000 (1.7%) on last year, excluding the one-off items detailed above. The bulk of the increase was in relation to health software development, in particular the upgrading of existing software platforms, upgrading support delivery and the upskilling and modernisation of the workforce; along with the strengthening of the executive management team.

Operating cash-flow fell $2.1m (38%) on last year. Cash-flow was impacted by reduced revenue, payments arising from the organisational restructure and increased expenditure on employment. NPAT for the year includes substantial non-cash benefits in the form of share based payment write backs and for the recognition of deferred tax assets.

The Group finished the year with $12.1m cash in the bank and no borrowing. Earnings per share was 1.8 cents, up from 1.7 cents last year. Net assets were $19.9m, an increase of $1.1m on last year.

*Outlook*

The directors are of the view that market conditions will remain challenging and that growth of the existing business will depend on continuous improvement in our products and the technologies we employ such that it delivers real value to the operations of our customers and supports them in their businesses.

The first stage of an ongoing upgrade programme of existing software has already commenced deployment, and is receiving positive feedback from customers. We fully expect that the Group's refreshed structure and skills, our refocus on upgrading our products and service, and the enduring quality of our existing customer base provides a solid foundation to support revenue during FY16.

During 2015 and 2016 we are actively examining how we can expand the business and increase future profitability.

**Financial Position**

The Consolidated Entity net assets are $19,931,000 (2014: $18,874,000) and working capital, current assets less current liabilities, is a surplus of $7,858,000 (2014: $8,240,000).

**Corporate Capital and Financing**

As at year end the Group has cash surpluses of $12,069,000 (2014: $11,913,000) 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

Information regarding likely developments, prospects or business strategies of the Consolidated Entity in future financial years is set out in the Review of Operations and elsewhere in the Annual Report, insofar as such information does not result in unreasonable prejudice to the Consolidated Entity.

### Events Subsequent to Reporting Date

On 1 July 2015 the Company issued 481,000 ordinary shares to employees of the Company under the Corum Group Employee Share Scheme.

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.

### 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 | 11 | 11 | 3 | 3 | – | – |
| Michael Cleary | 14 | 13 | 3 | 3 | 1 | 1 |
| Bill Paterson | 2 | 2 | – | – | 1 | 1 |
| Gregor Aschoff | 3 | 3 | – | – | 1 | 1 |
| Geoffrey Broomhead | 8 | 8 | – | – | – | – |
| David Tonuri | 10 | 10 | – | – | – | – |
| Mark Talbot | 2 | 2 | – | – | – | – |

The Managing Director is invited to and attends meetings of both committees, where appropriate.

### 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 $22,310 in respect of an insurance policy for Directors' and Officers' Liability.

### 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 13.

### 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 report outlines the remuneration arrangements in place for directors and executives of the Company.

### Remuneration Committee

The Remuneration Committee of the Board consists of three non-executive directors who are responsible for determining the nature and amount of remuneration for the Managing Director and senior executives, details of any short or long term incentive plans, and oversight of the hiring and remuneration plans of employees generally.

### 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.

Non-executive directors are paid an annual fee for their role as either the chairman or a director, and additional fees where they act as members or the chairman of Board committees.

### Executive Directors

The former Managing Director, Geoffrey Broomhead, entered into a three year fixed term employment contract with the Company ending 22 November 2015.

The contract included 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.
- The Company may terminate the employee summarily in the event of misconduct or other sufficient cause.

Mr Broomhead ceased employment with the Company on 30 January 2015, and as a consequence payments upon termination included the balance remaining on the contract period.

In June 2015, the Joint Managing Directors David Tonuri and Mark Talbot entered into executive service contracts with a fixed termination date of 31 December 2015. The agreements did not incorporate any long or short term incentive. The agreements may be terminated by the employee by providing four months' notice, and by the Company at any time by payment representing the remainder of the appointment term.

### Remuneration Recommendations

Egan Associates Pty Ltd was engaged by the Board to provide independent advice in respect to the termination payments for the former Managing Director. Egan and Associates Pty Ltd was paid $8,700 for these services. The process of the engagement was managed by the Company Secretary independently of the individual to whom the recommendations relate and the Board generally. Due to the process adopted in the engagement and presentation of the recommendations, and the involvement of separate and independent legal advice in relation to those recommendations, the Board is satisfied that the recommendations were prepared and presented free of undue influence by any persons.

### Executive Remuneration

The Company provides appropriate rewards to attract and retain high quality and committed employees. Base salaries and any incentives are determined at the discretion of the remuneration committee having regard to the nature of each role, and the experience and performance of the individual.

During the financial year the Corum Health Services national and state sales managers were entitled to participate in a short term incentive ("STI") plan based upon performance and contribution to divisional 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.

The Company has previously had approved by shareholders the Corum Group Performance Rights Plan which is the Company's long term incentive plan ("LTI") for nominated key management, officers and senior executives. No performance rights were granted to employees under this plan during the financial year.

## 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.

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**

| | | Short term benefits | | Post-employment benefits | Share-based payments | Total | Performance related |
|---|---|---|---|---|---|---|---|
| | | Salaries and fees $ | Cash incentive $ | Superannuation $ | Performance rights (i) $ | $ | % |
| **Directors** | | | | | | | |
| Michael Shehadie (ii) | 2015 | 111,060 | – | 1,573 | – | 112,633 | – |
| *Non-executive Chairman* | 2014 | 159,121 | – | 3,064 | 129,073 | 291,258 | 44.3 |
| Bill Paterson (iii) | 2015 | 28,725 | – | – | – | 28,725 | – |
| *Non-executive Chairman* | | | | | | | |
| Michael Cleary (iv) | 2015 | 97,955 | – | 843 | 65,086 | 163,884 | 39.7 |
| *Non-executive Director* | 2014 | 107,743 | – | 1,641 | 65,086 | 174,470 | 37.3 |
| Gregor Aschoff (v) | 2015 | 36,818 | – | – | – | 36,818 | – |
| *Non-executive Director* | | | | | | | |
| Geoffrey Broomhead (vi) | 2015 | 1,373,100 | – | 67,046 | – | 1,440,146 | – |
| *Managing Director* | 2014 | 574,019 | – | 53,097 | 503,093 | 1,130,209 | 44.5 |
| David Tonuri (vii) | 2015 | 243,771 | – | – | – | 243,771 | – |
| *Managing Director* | | | | | | | |
| Mark Talbot (viii) | 2015 | 207,416 | – | 16,427 | – | 223,843 | – |
| *Managing Director* | | | | | | | |
| **Senior Executives** | | | | | | | |
| David Clarke | 2015 | 241,500 | – | 22,942 | 11,667 | 276,109 | 4.2 |
| *Chief Financial Officer / Company Secretary* | 2014 | 241,250 | – | 22,316 | 6,872 | 270,438 | 2.5 |
| George Nicolaou (ix) | 2015 | 34,495 | – | 167 | – | 34,662 | – |
| *Company Secretary* | 2014 | 53,511 | – | 325 | 16,667 | 70,503 | 23.6 |
| Paul Coe | 2015 | 213,000 | – | 20,235 | 23,333 | 256,568 | 9.1 |
| *Chief Information Officer* | 2014 | 211,129 | – | 19,530 | 13,362 | 244,021 | 5.5 |
| Claude Matthews | 2015 | 160,000 | – | 15,200 | – | 175,200 | – |
| *Manager IT Infrastructure* | 2014 | 160,000 | – | 14,800 | – | 174,800 | – |
| Geoffrey Arnold (x) | 2015 | 83,175 | 28,640 | 2,111 | – | 113,926 | 25.1 |
| *National Sales Manager Health Services* | 2014 | 175,000 | 14,333 | 15,566 | – | 204,899 | 7.0 |
| David Castles (xi) | 2015 | 50,956 | – | 3,508 | – | 54,464 | – |
| *General Manager IT Health Services* | 2014 | 179,515 | – | 16,650 | – | 196,165 | – |

## Remuneration Report (audited) continued

(i) Share based payment remuneration for the comparative period has been restated to reflect the fair value of performance rights based on the date the performance rights were approved by shareholders rather than the date they were issued to the participants. This treatment has similarly been applied for the current period. The aggregate value of the restatement is a decrease in share based payments remuneration for the comparative period of $101,297; comprising Michael Shehadie $30,375, Michael Cleary $21,697, Geoff Broomhead $47,393, David Clarke $611, and Paul Coe $1,221.

(ii) Mr Shehadie retired from the Board on 2 April 2015. As a result, unvested performance rights lapsed and the remuneration previously recognised in relation to these rights has been reversed in the current financial year.

(iii) Mr Paterson was appointed to the Board on 27 April 2015, and elected as Chairman on 20 May 2015. Salaries and fees for the year include $9,750 for consultancy services provided to the Company prior to his appointment to the Board.

(iv) Mr Cleary resigned from the Board effective from 19 August 2015.

(v) Mr Aschoff was appointed to the Board on 20 March 2015. Salaries and fees for the year include $13,500 for consultancy services provided to the Company prior to his appointment to the Board.

(vi) Mr Broomhead ceased his employment with the Company on 30 January 2015. Salaries and fees for the year include $953,033 relating to payments on termination and $87,126 relating to accrued leave entitlements. Unvested performance rights lapsed and the remuneration previously recognised in relation to these rights has been reversed in the financial year.

(vii) Mr Tonuri was appointed to the Board on 17 September 2014 and as Managing Director from 2 February 2015. Salaries and fees for the year include both director's fees and executive remuneration.

(viii) Mr Talbot was appointed as Chief Operating Officer effective from 2 February 2015, and to the Board on 20 May 2015. Mark was appointed as Joint Managing Director on 17 June 2015. Salaries and fees for the year include $34,500 for consultancy services provided to the Company prior to his appointment as an employee.

(ix) Mr Nicolaou resigned as Company Secretary on 27 April 2015. As a result, unvested performance rights lapsed and the remuneration previously recognised in relation to these rights has been reversed in the current financial year.

(x) Mr Arnold ceased employment with the Company on 28 July 2014. Salaries and fees for the year include payment on termination of $58,333, and $39,732 relating to accrued leave entitlements.

(xi) Mr Castles resigned his employment on 12 September 2014. Salaries and fees for the year include $14,033 relating to accrued leave entitlements.

### 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.

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

All options granted vested prior to the start of the financial year and during the financial year no further options were issued. Options issued and vested but not exercise on 15 December 2014 expired.

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 2015 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Grant Date | Granted No. | Fair Value at grant date $ | Balance 1 July 2014 No. | Balance 1 July 2014 $ | Exercised No. | Exercised $ | Balance 30 June 2015 No. |
| **Senior Executives** | | | | | | | | |
| Claude Matthews | 15/12/09 | 350,000 | 6,658 | 350,000 | 6,658 | 350,000 | 6,658 | – |

## Remuneration Report (audited) continued

### Share Options continued

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:

| | Held at 1 July 2014 | Lapsed | Exercised | Held at 30 June 2015 | Vested and exercisable at 30 June 2015 |
|---|---|---|---|---|---|
| **Senior Executives** | | | | | |
| Claude Matthews | 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.

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

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 |
| **Executive Directors** | | | | |
| Geoffrey Broomhead | 16 Jul 2014 | 1,266,450 | 186,550 | 15 Jul 2017 to 15 Dec 2017 |

The grant was as approved by shareholders at the Company's 2013 Annual General Meeting. The number of Performance Rights granted reflects the extent to which performance hurdles associated with the grant were achieved.

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.

## Remuneration Report (audited) continued

### Performance Rights continued

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

| | Held at 1 July 2014 | Granted | Lapsed | Held at 30 June 2015 | Vested and exercisable at 30 June 2015 |
|---|---|---|---|---|---|
| **Directors:** | | | | | |
| Michael Shehadie | 2,760,132 | – | 2,760,132 | – | – |
| Michael Cleary | 1,478,642 | – | – | 1,478,642 | – |
| Geoffrey Broomhead | 9,501,643 | 1,266,450 | 10,768,093 | – | – |
| **Senior Executives:** | | | | | |
| George Nicolaou | 292,568 | – | 292,568 | – | – |
| David Clarke | 250,000 | – | – | 250,000 | – |
| Paul Coe | 500,000 | – | – | 500,000 | – |
| | 14,782,985 | 1,266,450 | 13,820,793 | 2,228,642 | – |

### Shareholdings of Key Management Personnel

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

| | Held at 1 July 2014 | On market acquisition | Acquisition through exercise of options (ii) | On market disposal | Other changes (i) | Held at 30 June 2015 |
|---|---|---|---|---|---|---|
| **Directors:** | | | | | | |
| Michael Shehadie | 2,000,000 | – | – | – | (2,000,000) | – |
| Geoffrey Broomhead | 5,027,500 | – | – | – | (5,027,500) | – |
| Bill Paterson | – | – | – | – | 140,054,379 | 140,054,379 |
| Gregor Aschoff | – | – | – | – | 10,000 | 10,000 |
| **Senior Executives:** | | | | | | |
| Geoff Arnold | 200,000 | – | – | – | (200,000) | – |
| David Castles | 350,000 | – | – | – | (350,000) | – |
| George Nicolaou | 1,000,000 | – | – | – | (1,000,000) | – |
| Claude Matthews | – | – | 350,000 | – | – | 350,000 |
| | 8,577,500 | – | 350,000 | – | 131,486,879 | 140,414,379 |

(i) Key management personnel who ceased or commenced as a director or employee of the Company during the course of the financial year.

(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:

| | 2011<br>$'000 | 2012<br>$'000 | 2013<br>$'000 | 2014<br>$'000 | 2015<br>$'000 |
|---|---|---|---|---|---|
| Sales revenue | 21,039 | 20,857 | 20,226 | 18,890 | 17,898 |
| Net profit after tax | 1,751 | 6,029 | 6,355 | 4,274 | 4,630 |
| Total equity | 4,648 | 10,677 | 16,358 | 18,874 | 19,931 |
| Cash on hand | 2,110 | 3,217 | 8,884 | 11,913 | 12,069 |
| Borrowings | (3,350) | – | – | – | – |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Share price at financial year end (cents) | 2.3 | 7.5 | 18.5 | 14.0 | 15.0 |
| Basic earnings per share (cents per share) | 0.7 | 2.5 | 2.6 | 1.7 | 1.8 |

This concludes the remuneration report, which has been audited.

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

Bill Paterson
Chairman

David Tonuri
Managing Director

27th day of August 2015

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Level 11, 1 Margaret St
Sydney NSW 2000
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 2015, 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, 27 August 2015

# Statement of Profit or Loss and Other Comprehensive Income

FOR YEAR ENDED 30 JUNE 2015

| | Note | Consolidated 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| Sales revenue | 2 | 17,898 | 18,890 |
| Other revenue | 2 | 1,434 | 1,272 |
| **Total revenues** | | **19,332** | **20,162** |
| Materials and consumables used | | (2,131) | (2,642) |
| Employee benefits expenses | 3 | (11,110) | (9,569) |
| Occupancy costs | 3 | (959) | (1,023) |
| Marketing expenses | | (681) | (548) |
| Depreciation and amortisation expense | 3 | (131) | (130) |
| Share-based payments | 25 | 828 | (836) |
| Other expenses | | (1,043) | (964) |
| **Profit before income tax expense** | | **4,105** | **4,450** |
| Income tax benefit / (expense) | 5 | 525 | (176) |
| **Profit for the year** | | **4,630** | **4,274** |
| Other comprehensive income for the year, net of tax | | – | – |
| **Total comprehensive income for the year** | | **4,630** | **4,274** |
| Profit attributable to members of the Company | | 4,630 | 4,274 |
| **Comprehensive income attributable to members of the Company** | | **4,630** | **4,274** |
| **Earnings per share attributable to members of the Company** | 6 | **CENTS** | **CENTS** |
| Basic earnings per share | | 1.8 | 1.7 |
| Diluted earnings per share | | 1.7 | 1.6 |

The accompanying notes form part of these financial statements.

# Statement of Financial Position

AS AT 30 JUNE 2015

| | | Consolidated | |
|---|---|---|---|
| | | 2015 | 2014 |
| | Note | $'000 | $'000 |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9 | 12,069 | 11,913 |
| Trade and other receivables | 10 | 382 | 158 |
| Inventories | 11 | 161 | 122 |
| Other assets | 12 | 2,239 | 3,882 |
| **Total Current Assets** | | **14,851** | **16,075** |
| **NON-CURRENT ASSETS** | | | |
| Financial assets | 13 | 30 | 30 |
| Plant and equipment | 14 | 294 | 187 |
| Intangible assets | 15 | 10,821 | 10,821 |
| Deferred tax asset | 5 | 753 | – |
| Other non-current assets | 12 | 505 | 131 |
| **Total Non-Current Assets** | | **12,403** | **11,169** |
| **Total Assets** | | **27,254** | **27,244** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 5,324 | 6,188 |
| Deferred revenue | 17 | 304 | 443 |
| Provisions | 18 | 1,178 | 1,028 |
| Income tax payable | 5 | 187 | 176 |
| **Total Current Liabilities** | | **6,993** | **7,835** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 18 | 330 | 535 |
| **Total Non-Current Liabilities** | | **330** | **535** |
| **Total Liabilities** | | **7,323** | **8,370** |
| **Net Assets** | | **19,931** | **18,874** |
| **EQUITY** | | | |
| Issued capital | 19 | 86,283 | 86,223 |
| Reserves | 20 | 251 | 1,113 |
| Accumulated losses | | (66,603) | (68,462) |
| **Total Equity** | | **19,931** | **18,874** |

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

FOR YEAR ENDED 30 JUNE 2015

| | Note | Ordinary Share Capital $'000 | Share-based Payments Reserves $'000 | Accumulated Losses $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Consolidated Entity** | | | | | |
| **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 |
| Share-based payments | 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** |
| Profit for the year | | – | – | 4,630 | 4,630 |
| Other comprehensive income for the year, net of tax | | – | – | – | – |
| Total comprehensive income for the year | | – | – | 4,630 | 4,630 |
| Share-based payments | 20 | – | (828) | – | (828) |
| Options exercised | 19/20 | 60 | (14) | 14 | 60 |
| Options lapsed | 20 | – | (20) | 20 | – |
| Dividend paid | 7 | – | – | (2,805) | (2,805) |
| **Balance at 30 June 2015** | | **86,283** | **251** | **(66,603)** | **19,931** |

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

FOR YEAR ENDED 30 JUNE 2015

| | Note | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 19,336 | 20,740 |
| Payments to suppliers and employees | | (17,020) | (16,335) |
| Interest received | | 462 | 433 |
| Other revenue | | 972 | 839 |
| Income tax paid | 5 | (217) | – |
| **Net cash generated by operating activities** | 21 | **3,533** | **5,677** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for plant and equipment | | (256) | (54) |
| Payment for long term deposits | | (376) | – |
| **Net cash used in investing activities** | | **(632)** | **(54)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from exercise of share options | 19 | 60 | 428 |
| Dividend paid to equity holders | 7 | (2,805) | (3,022) |
| **Net cash used in financing activities** | | **(2,745)** | **(2,594)** |
| **Net increase in cash and cash equivalents** | | **156** | **3,029** |
| Cash and cash equivalents at beginning of the financial year | | 11,913 | 8,884 |
| **Cash and cash equivalents at end of the financial year** | 9 | **12,069** | **11,913** |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements
FOR YEAR ENDED 30 JUNE 2015

This financial report includes the consolidated financial statements and notes of Corum Group Limited and controlled entities ('Consolidated Entity'). 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.

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.

### 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

## Note 1. Statement of significant accounting policies continued

**b) Principles of consolidation continued**

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.

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.

**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 Statement of Financial Position 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 Statement of Financial Position.

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.

## Note 1. Statement of significant accounting policies continued

**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.

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.

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

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

**h) Impairment of assets**

At each reporting date, the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the value-in-use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the 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.

## Note 1. Statement of significant accounting policies continued

**h) Impairment of assets continued**

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.

**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 Statement of Financial Position 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.

## Note 1. Statement of significant accounting policies continued

### 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 Statement of Financial Position 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.

### 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 employee share option and performance rights schemes. 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 is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of options or performance rights expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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

## Note 1. Statement of significant accounting policies continued

### 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.

*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.

*Deferred tax assets*
The value of deferred tax assets is determined based on estimates as to the extent those assets are likely to be utilised or available to be utilised in future periods.

### 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.

## Note 1. Statement of significant accounting policies continued

**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 2015. 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*
This standard and its consequential amendments to other standards 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.

It is anticipated that the adoption of this standard in future periods will have no material financial impact on the financial statements of the Consolidated Entity.

*AASB 15 Revenue from Contracts with Customers*
This standard and its consequential amendments to other standards are applicable to annual reporting periods beginning on or after 1 January 2017. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the performance obligations associated with the provision of those goods or services. For goods, the performance obligation is satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided.

The financial impact on the financial statements of the Consolidated Entity of adopting this standard in future periods is yet to be assessed.

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| **Note 2. Revenue and other income** | | |
| Sales revenue | | |
| Rendering of services | 16,546 | 17,159 |
| Sales of goods | 1,352 | 1,731 |
| | 17,898 | 18,890 |
| Other revenue | | |
| Interest received from other parties | 462 | 433 |
| Revenue from unlisted company (i) | 936 | 793 |
| Other revenue | 36 | 46 |
| | 1,434 | 1,272 |
| Total revenue | 19,332 | 20,162 |

(i) The Consolidated Entity holds an investment in an unlisted company which provides technology based services to the pharmacy industry.

## Note 3. Expenses

Profit before income tax includes the following expenses:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Amortisation** | | |
| Leasehold improvements | 9 | 8 |
| **Depreciation** | | |
| Plant and equipment | 122 | 122 |
| Total depreciation and amortisation | 131 | 130 |
| **Other items** | | |
| Employee entitlement provisions | (61) | (36) |
| Operating leases – minimum lease payments | 796 | 832 |

| | Consolidated 2015 | Consolidated 2014 |
|---|---|---|
| **Note 4: Auditor's remuneration** | | |
| BDO East Coast Partnership | | |
| Audit and review of financial reports | 100,000 | 100,000 |
| Non-audit services | – | – |
| Total | 100,000 | 100,000 |

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| **Note 5. Taxation** | | |
| **The major components of income tax expense are:** | | |
| Current tax expense | 735 | 1,517 |
| Adjustment for current tax of prior periods | – | (28) |
| Utilisation of prior year deferred tax assets not previously recognised | (507) | (1,313) |
| Recognition of carried forward tax losses as deferred tax asset | (161) | – |
| Recognition of carried forward temporary differences as deferred tax asset | (592) | – |
| Income tax (benefit) / expense | (525) | 176 |
| **Reconciliation of tax expense and accounting profit multiplied by Australia's domestic tax rate:** | | |
| Accounting profit before tax: | 4,105 | 4,450 |
| At statutory income tax rate of 30% (2014: 30%) | 1,232 | 1,335 |
| Add / (deduct) tax effect of: | | |
| Non-deductible / non-assessable share-based payments | (248) | 251 |
| Research and development concession | (103) | (69) |
| Adjustment for current tax of prior periods | – | (28) |
| Utilisation of prior year deferred tax assets not previously recognised | (653) | (1,313) |
| Recognition of carried forward tax losses as deferred tax asset | (161) | – |
| Recognition of carried forward temporary differences as deferred tax asset | (592) | – |
| Income tax (benefit) / expense | (525) | 176 |
| **Deferred tax assets not taken into account** | | |
| Losses carried forward | 2,875 | 3,542 |
| Temporary differences carried forward | 89 | 828 |
| Capital losses carried forward | 201 | 201 |

| | Consolidated Statement of Financial Position | | Consolidated Statement of Profit or Loss | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| **Deferred tax** | | | | |
| Deferred tax relates to the following: | | | | |
| Fixed Assets | 4 | – | 4 | – |
| Employee benefits provision | 371 | – | 371 | – |
| Restructuring provisions | 77 | – | 77 | – |
| Debtors provisions | 13 | – | 13 | – |
| Other provisions | 127 | – | 127 | – |
| Recognised tax losses | 161 | – | 161 | – |
| Deferred tax benefit / (expense) | | | 753 | – |
| Deferred tax asset / (liability) | 753 | – | | |

**Note 5. Taxation continued**

The Consolidated Entity has tax losses for which no deferred tax asset is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

The potential future tax benefits arising from tax losses and temporary differences have been recognised as deferred tax assets only to the extent that:

- the Consolidated Entity is likely to derive future assessable income of a nature and of an amount sufficient to enable the benefits to be realised; and
- no changes or proposed changes in legislation are likely to adversely affect the Consolidated Entity's ability to realise these benefits; and
- the Consolidated Entity is likely to continue to comply with conditions for deductibility of losses imposed by tax legislation.

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. The taxation returns for the five years to 30 June 2014 have included, as an offset against taxable income, a claim for carried forward tax losses, the tax effect of which is valued at $5,943,000 (June 2013: $4,518,000).

During the year directors determined it appropriate that a deferred tax asset be recognised for all temporary differences. Directors also determined that a deferred tax asset be recognised for the proportion of carried forward tax losses where it is probable circumstances exist such that a benefit may be realised within the next twelve months.

**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 | |
|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 |
| Reconciliation of earnings to profit: | | |
| Profit for the year attributable to members of the Company | 4,630 | 4,274 |
| Earnings used in the calculation of basic and diluted EPS | 4,630 | 4,274 |
| | **Number** | **Number** |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 254,993,448 | 252,385,618 |
| Weighted average number of dilutive options and performance rights outstanding during the year | 11,104,888 | 15,890,253 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 266,098,336 | 268,275,871 |

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| **Note 7: Dividends** | | |
| **Dividends on ordinary shares** | | |
| (a) Dividend declared and paid during the year | | |
| Final unfranked dividend for 2014: 0.6 cents per share paid on 20 August 2014 (2013: 0.7 cents per share unfranked) | 1,529 | 1,752 |
| Interim dividend for 2015: 0.5 cents per share franked at 30%, paid on 23 February 2015 (2014: 0.5 cents per share unfranked) | 1,276 | 1,270 |
| | 2,805 | 3,022 |
| (b) Dividend proposed and not recognised as a liability | | |
| No final dividend declared for 2015 (2014: 0.6 cents per share unfranked) | – | 1,529 |
| **Franking account balance** | | |
| The amount of franking credits available for the subsequent financial year are: | | |
| Franking credit balance as at the end of the financial year at 30% (2014: 30%) | 52 | – |
| Franking credits that will arise from the payment of income tax payable as at the end of the financial year | 187 | 176 |
| Franking debits that will arise from the payment of dividends as at the end of the financial year | – | (164) |
| | 239 | 12 |

## 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.

## Note 8: Segment reporting continued

**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, or estimates of time individuals apply to each segment. 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, and current tax liabilities
- Cost associated with being listed on the Australia Securities Exchange
- Other financial liabilities

**Note 8: Segment reporting continued**

| | Health Services $'000 | eCommerce $'000 | Intersegment eliminations /unallocated $'000 | Consolidated $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| **Revenue** | | | | |
| External sales | 13,387 | 4,511 | – | 17,898 |
| Inter-segment sales | – | 2,324 | (2,324) | – |
| Total sales revenue | 13,387 | 6,835 | (2,324) | 17,898 |
| Other revenue | 959 | – | 12 | 971 |
| Interest revenue | 2 | 64 | 397 | 463 |
| Total revenue | 14,348 | 6,899 | (1,915) | 19,332 |
| Segment net profit before tax | 2,021 | 2,359 | (275) | 4,105 |
| *Reconciliation of segment result to group net profit before tax* | | | | |
| Provision for doubtful debts – controlled entities | | | | – |
| Net profit before tax | | | | 4,105 |
| Depreciation and amortisation of segment assets | 60 | 35 | 36 | 131 |
| Other non-cash segment expenses – (decrease)/increase in provisions | 12 | 34 | (70) | (24) |
| **2014** | | | | |
| **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 |

**Note 8: Segment reporting continued**

| | Health Services $'000 | eCommerce $'000 | Intersegment eliminations /unallocated $'000 | Consolidated $'000 |
|---|---|---|---|---|
| **Segment assets** | | | | |
| **2015** | | | | |
| Segment assets | 24,240 | 15,196 | (24,507) | 14,929 |
| Unallocated assets: | | | | |
| Cash and cash equivalents | | | | 10,858 |
| Trade and other receivables | | | | 126 |
| Plant and equipment | | | | 140 |
| Deferred tax assets | | | | 753 |
| Other assets | | | | 448 |
| Total group assets | | | | 27,254 |
| Acquisition of non-current assets | 118 | 14 | 124 | 256 |
| **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 |
| **Segment liabilities** | | | | |
| **2015** | | | | |
| Segment liabilities | 15,374 | 5,824 | (16,087) | 5,111 |
| Unallocated liabilities: | | | | |
| Trade and other payables | | | | 1,596 |
| Provisions and other liabilities | | | | 616 |
| Total group liabilities | | | | 7,323 |
| **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 |

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| **Note 9: Cash and cash equivalents** | | |
| Cash at bank | 1,191 | 210 |
| Short-term bank deposit | 10,878 | 11,703 |
| | 12,069 | 11,913 |

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

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current** | | |
| Trade receivables | 300 | 119 |
| Provision for impairment | (43) | (23) |
| | 257 | 96 |
| | | |
| Other receivables (i) | 425 | 362 |
| Provision for impairment | (300) | (300) |
| | 125 | 62 |
| | | |
| | 382 | 158 |

(i) Other receivables include amounts due from former directors and/or their associates.

| The ageing of provisions for impairment: | 2015 $'000 | 2014 $'000 |
|---|---|---|
| 0 to 3 months overdue | 33 | 6 |
| 3 to 6 months overdue | 0 | 2 |
| Over 6 months overdue | 310 | 315 |
| | 343 | 323 |

## Note 10: Trade and other receivables continued

### 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:

| | Opening Balance 1 July $'000 | Utilised $'000 | Provision increase/ (decrease) $'000 | Closing Balance 30 June $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| **Consolidated Entity** | | | | |
| Provision for current trade receivables | 23 | (23) | 43 | 43 |
| Provision for other receivables | 300 | – | – | 300 |
| | 323 | (23) | 43 | 343 |
| **2014** | | | | |
| **Consolidated Entity** | | | | |
| Provision for current trade receivables | 28 | (2) | (3) | 23 |
| Provision for other receivables | 300 | – | – | 300 |
| | 328 | (2) | (3) | 323 |

### 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.

## Note 10: Trade and other receivables continued

**Credit Risk — Trade and other receivables continued**

| | 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 |
|---|---|---|---|---|---|---|
| **Consolidated Entity** | | | | | | |
| **2015** | | | | | | |
| Trade and term receivables | 300 | 43 | 5 | 14 | – | 238 |
| Other receivables | 425 | 300 | – | – | – | 125 |
| Total | 725 | 343 | 5 | 14 | – | 363 |
| **2014** | | | | | | |
| Trade and term receivables | 119 | 23 | 9 | 17 | 2 | 68 |
| Other receivables | 362 | 300 | – | – | – | 62 |
| Total | 481 | 323 | 9 | 17 | 2 | 130 |

The Consolidated Entity does not hold any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

## Note 11: Inventories

Inventory comprises finished goods held for sale or purchased for existing sales orders.

## Note 12: Other assets

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| **Current** | | |
| Prepayments | 36 | 40 |
| eCommerce payments awaiting clearance (i) | 2,203 | 3,842 |
| | 2,239 | 3,882 |
| **Non-current** | | |
| Security deposits | 505 | 131 |

(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

Financial assets comprise an investment in an unlisted company at cost.

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| **Note 14: Plant and equipment** | | |
| Leasehold improvements at cost | 76 | 332 |
| Accumulated amortisation | (66) | (313) |
| | 10 | 19 |
| Plant and equipment at cost | 2,887 | 3,394 |
| Accumulated depreciation | (2,603) | (3,226) |
| | 284 | 168 |
| Total plant and equipment | 294 | 187 |
| **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: | | |
| Leasehold improvements | | |
| Carrying amount at beginning of year | 19 | 27 |
| Additions | 11 | – |
| Disposals | (11) | – |
| Amortisation | (9) | (8) |
| Carrying amount at end of year | 10 | 19 |
| Plant and equipment | | |
| Carrying amount at beginning of year | 168 | 235 |
| Additions | 245 | 55 |
| Disposals | (7) | – |
| Depreciation | (122) | (122) |
| Carrying amount at end of year | 284 | 168 |
| Total plant and equipment | 294 | 187 |
| **Note 15: Intangible assets** | | |
| **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 (2014: 6.5 times) EBITDA. An EBITDA growth rate of 1.5% (2014: 1.5%) per annum is utilised and the cash flows are discounted at a rate of 12.0% (2014: 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.

| | Consolidated 2015 $'000 | Consolidated 2014 $'000 |
|---|---|---|
| **Note 16: Trade and other payables** | | |
| **Current** | | |
| Trade creditors | 548 | 496 |
| Sundry creditors and accruals | 2,519 | 1,836 |
| Deferred rent expense | 54 | 14 |
| eCommerce payments awaiting clearance | 2,203 | 3,842 |
| | 5,324 | 6,188 |

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.

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Note 17: Deferred revenue** | | |
| **Current** | | |
| Software maintenance revenue | – | 101 |
| Corum card subscription revenue | 304 | 342 |
| | 304 | 443 |
| **Note 18: Provisions** | | |
| **Current** | | |
| Employee benefits | 887 | 890 |
| Make good provision for leased premises | 291 | 138 |
| | 1,178 | 1,028 |
| **Non-current** | | |
| Employee benefits | 275 | 333 |
| Make good provision for leased premises | 55 | 202 |
| | 330 | 535 |
| **Total provisions** | 1,508 | 1,563 |

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.

| | Annual leave $'000 | Long service leave $'000 | Make good $'000 | Total $'000 |
|---|---|---|---|---|
| **Movement in provisions** | | | | |
| **Consolidated** | | | | |
| Balance at 1 July 2014 | 512 | 711 | 340 | 1,563 |
| Arising during the year | 630 | 94 | 6 | 730 |
| Utilised | (645) | (140) | – | (785) |
| Balance at 30 June 2015 | 497 | 665 | 346 | 1,508 |

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Note 19: Issued capital** | | |
| **Issued capital** | | |
| 255,190,151 fully paid ordinary shares (2014: 254,440,151) | 86,283 | 86,223 |

| **Movement in ordinary share capital** | **$'000** | **Number** |
|---|---|---|
| Balance at 1 July 2013 | 85,795 | 249,090,151 |
| Share options exercised | 428 | 5,350,000 |
| Balance at 30 June 2014 | 86,223 | 254,440,151 |
| Share options exercised – 25 July 2014 | 28 | 350,000 |
| Share options exercised – 27 November 2014 | 16 | 200,000 |
| Share options exercised – 15 December 2014 | 16 | 200,000 |
| Balance at 30 June 2015 | 86,283 | 255,190,151 |

**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** | **2015 Number** | **2014 Number** |
|---|---|---|
| Balance at the beginning of the financial year | 1,800,000 | 7,350,000 |
| Options exercised | (750,000) | (5,350,000) |
| Options lapsed or expired | (1,050,000) | (200,000) |
| Balance at the end of the financial year | – | 1,800,000 |

All options not exercised expired on 15 December 2014. Each option entitled the holder to acquire one ordinary share in the Company prior to the option expiry.

For further information regarding the Corum Group Share Option Plan refer to Note 25: Share-based payments.

**c) Performance rights**

| **Movement in performance rights** | **2015 Number** | **2014 Number** |
|---|---|---|
| Balance at the beginning of the financial year | 14,782,985 | 6,628,823 |
| Performance rights granted | 1,266,450 | 8,154,162 |
| Performance rights lapsed | (13,820,793) | – |
| Balance at the end of the financial year | 2,228,642 | 14,782,985 |

Each right entitles the holder to acquire one ordinary share in the Company upon vesting. For further information regarding the Corum Group Performance Rights Plan refer to Note 25: 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.

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |

## Note 20: Reserves

| | | |
|---|---|---|
| Share options reserve | – | 34 |
| Performance rights reserve | 251 | 1,079 |
| Total | 251 | 1,113 |
| **Share options reserve** | | |
| Balance at the beginning of the financial year | 34 | 104 |
| Reversal of options expense associated with options which lapsed or expired | (20) | (4) |
| Transfer to accumulated losses on issuance of shares to satisfy options exercised | (14) | (66) |
| Balance at the end of the financial year | – | 34 |
| **Performance rights reserve** | | |
| Balance at the beginning of the financial year | 1,079 | 243 |
| Performance rights expense | 124 | 836 |
| Reversal of expense associated with performance rights which have lapsed | (952) | – |
| Balance at the end of the financial year | 251 | 1,079 |

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

## Note 21: Cash flow information

**Reconciliation of profit after tax to net cash generated by operating activities:**

| | | |
|---|---|---|
| Profit from ordinary activities after tax | 4,630 | 4,274 |
| *Adjustments for non-cash items:* | | |
| Depreciation and amortisation of non-current assets | 131 | 130 |
| Disposal of non-current assets | 18 | – |
| Share-based payments | (828) | 836 |
| *Changes in operating assets and liabilities:* | | |
| (Increase) / decrease in trade debtors | (181) | 74 |
| (Increase) / decrease in inventories | (39) | (24) |
| (Increase) / decrease in deferred tax asset | (753) | – |
| (Increase) / decrease in other assets | (57) | 254 |
| Increase / (decrease) in trade creditors and accruals | 775 | 108 |
| (Decrease) / increase in provisions | (24) | 143 |
| (Decrease) / increase in deferred revenue | (139) | (118) |
| Net cash generated by operating activities | 3,533 | 5,677 |

## 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.

## Note 22: Financial risk management continued

**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 Statement of Financial Position, 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.

**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 $'000 | 1 year or less $'000 | 1-5 years $'000 | More than 5 years $'000 | Non-interest bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | |
| **Financial Assets** | | | | | | | |
| Cash | 1.0 | 1,191 | – | – | – | – | 1,191 |
| Cash on deposit | 3.3 | 2,878 | 8,000 | – | – | – | 10,878 |
| Trade and other receivables | | – | – | – | – | 382 | 382 |
| Total Financial Assets | | 4,069 | 8,000 | – | – | 382 | 12,451 |
| **Financial Liabilities** | | | | | | | |
| Trade and other payables | | – | – | – | – | 3,121 | 3,121 |
| Total Financial Liabilities | | – | – | – | – | 3,121 | 3,121 |
| **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 |

**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 | |
|---|---|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| **Financial Liabilities due for payment** | | | | | | |
| Trade and other payables | 3,121 | 2,346 | – | – | 3,121 | 2,346 |
| Total Financial Liabilities | 3,121 | 2,346 | – | – | 3,121 | 2,346 |

## Note 22: Financial risk management continued

### 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 balance date 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 | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Change in profit | | |
| – Increase in interest rate by 10.0% | 37 | 41 |
| – Decrease in interest rate by 10.0% | (37) | (41) |
| Change in equity | | |
| – Increase in interest rate by 10.0% | 37 | 41 |
| – Decrease in interest rate by 10.0% | (37) | (41) |

## Note 23: Commitments

| | | |
|---|---|---|
| **Non-cancellable operating lease expense commitments payable** | | |
| Not later than 1 year | 947 | 682 |
| Later than 1 year but not later than 5 years | 1,836 | 864 |
| Minimum lease payments | 2,783 | 1,546 |

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: Events subsequent to reporting date

On 1 July 2015 the Company issued 481,000 ordinary shares to employees of the Company under the Corum Group Employee Share Scheme.

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 25: 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 2015** | | | | | | | | |
| 15/12/2009 | Yes | 15/12/2014 | $ 0.08 | 1,800,000 | – | 750,000 | 1,050,000 | – |
| Number of options | | | | 1,800,000 | – | 750,000 | 1,050,000 | – |
| Weighted average exercise price | | | | $ 0.08 | – | $ 0.08 | $ 0.08 | – |
| **Consolidated 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 |

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

### (c) 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.

## Note 25: Share-based payments continued

### (c) Performance rights plan continued

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 2015** | | | | | | | |
| 21 Nov 2012 | 20 Nov 2015 | $0 | 292,568 | – | – | 292,568 | – |
| 27 Nov 2013 | 26 Nov 2016 | $0 | 750,000 | – | – | – | 750,000 |
| | | | 1,042,568 | – | – | 292,568 | 750,000 |
| **Consolidated 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 |

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 fair 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 1.4 years (2014: 2.1 years).

### (d) 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 1July | Rights issued | Rights vested | Rights lapsed | Closing Balance 30 June |
|---|---|---|---|---|---|---|---|
| **Consolidated 2015** | | | | | | | |
| 21 Nov 2012 | Jul to Dec 2015 | $0 | 6,336,255 | – | – | 5,843,374 | 492,881 |
| 17 Jul 2013 | Jul to Dec 2016 | $0 | 7,404,162 | – | – | 6,418,401 | 985,761 |
| 16 Jul 2014 | Jul to Dec 2017 | $0 | – | 1,266,450 | – | 1,266,450 | – |
| | | | 13,740,417 | 1,266,450 | – | 13,528,225 | 1,478,642 |
| **Consolidated 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 |

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 0.9 years (2014: 2.0 years)

## Note 26: Related party transactions

**Transactions with Directors or their associates**

Directors' fees attributable to Michael Shehadie of $94,500 (2014: $126,000) were paid to his associate Michie Shehadie & Co.

Directors' fees attributable to the Hon. Michael Cleary A.O. of $90,000 (2014: $90,000) were paid to his associate Clear Marketing.

Directors' and management fees attributable to David Tonuri of $243,771 (2014: nil) were paid to his associate Lagotto Investments Pty Ltd.

Directors' and consultancy fees attributable to Gregor Aschoff of $36,818 (2014: nil) were paid to his associate Cumas International Pty Ltd. Consultancy fees relate to work completed prior to his appointment as a director.

Directors' and consultancy fees attributable William Paterson of $28,725 (2014: nil) were paid to his associate Paterson Wholohan Grill Pty Ltd. Consultancy fees relate to work completed prior to his appointment as a director.

**Summary of key management personnel remuneration**

| | Consolidated | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Short term employee benefits | 1,899,245 | 2,008,553 |
| Post-employment benefits | 150,052 | 158,911 |
| Share-based payments | 100,086 | 835,832 |
| Termination Benefits | 1,011,366 | – |
| Total compensation | 3,160,749 | 3,003,296 |

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 27: Parent entity information

| | | |
|---|---|---|
| Current assets | 11,021 | 11,791 |
| **Total assets** | 19,876 | 19,545 |
| Current liabilities | 2,152 | 993 |
| **Total liabilities** | 14,252 | 13,211 |
| Issued capital | 86,283 | 86,223 |
| Reserves | 251 | 1,113 |
| Accumulated losses | (80,909) | (81,002) |
| **Total Equity** | 5,625 | 6,334 |
| **Profit after tax** | 2,864 | 354 |
| **Total comprehensive income** | 2,864 | 354 |

The parent entity has no contingent liabilities or capital commitments as at 30 June 2015 or 30 June 2014.

Accounting policies of the parent entity are consistent with those of the consolidated entity.

**Note 28: Controlled entities**

| | Country of incorporation | 2015 % owned | 2014 % 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 20, 347 Kent Street,
SYDNEY, NSW 2000, Australia

**The principal places of business are:**

*Head office:*

Level 20, 347 Kent Street, SYDNEY, NSW 2000, Australia

*State offices:*

NSW: Level 20, 347 Kent Street, SYDNEY, NSW 2000, Australia
VIC: 7 Business Park Drive, Notting Hill, VIC 3168
QLD: Suite 1, 30 Sylvan Road, Toowong, QLD, 4066
WA: Level 1, 224 Balcatta Road, Balcatta, WA
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 2015 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. The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

**Bill Paterson**
*Chairman*

**David Tonuri**
*Managing Director*

27th day of August 2015

BDO

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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 statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### 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**

At 30 June 2014 the consolidated entity had unused tax losses of $3,542,000 and the forecasts prepared by the directors indicated future taxable profits, which were likely to be offset against some of the 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 was brought to account in the financial statements for the year ended 30 June 2014 in relation to the unused tax losses expected to be utilised, which constituted a departure from Australian Accounting Standards.

The effect of this departure from Australian Accounting Standards was to understate deferred tax assets and overstate income tax expense. The directors did not perform an assessment of the extent to which the losses would be recouped and therefore the effects on the financial report were not quantified. Our audit opinion on the financial report for the year ended 30 June 2014 was modified accordingly.

We are satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2015 as a deferred tax asset has now been brought to account in accordance with AASB 112 for the year ended 30 June 2015.

However, our opinion on the current year's financial report is modified because we are unable to determine the amount of any adjustment to the income tax benefit and opening accumulated losses for the year ended 30 June 2015, and the possible effect of this matter on the comparability of the current year deferred tax asset, income tax benefit and opening accumulated losses with the comparative figures presented in the financial report.

**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 2015 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.

BDO

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the Remuneration Report of Corum Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO East Coast Partnership**

BDO

Grant Saxon

Partner

Sydney, 27 August 2015

# Corporate Governance Statement

This statement outlines the Company's corporate governance policies and practices, and complies in all material respects with the 3rd edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("ASX recommendations").

This Corporate Governance Statement has been approved by the Board and is effective as of 9 October 2015.

### Roles and responsibilities of the Board and management

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 and half yearly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities;
- 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.

Management is responsible for the implementation of the strategic objectives and operating within the risk appetite and governance structure delegated to it by the Board, and for all other aspects of the day-to-day running of the entity. It is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Details of the number of and attendance at Board meetings through the financial year are contained in the Directors' Report.

### Structure and composition of the Board

The Board seeks to ensure that the number and combination of its members provides an appropriate range of experience, skills, diversity, knowledge and perspective to enable it to carry out its obligations and responsibilities, within the context of and appropriateness to the size of the Company.

The Board believes that having a range of different skills, backgrounds, and experience ensures a diversity of viewpoints and specialised knowledge which facilitates effective governance and decision making.

The Company believes that skills and experience in the areas listed below are desirable for its Board to perform its role effectively.

- Executive / Management
- Strategic and entrepreneurial thinking
- Technology, digital and ecommerce
- Marketing, sales and retail
- Financial acumen and qualifications
- Mergers, acquisitions and capital markets
- Governance and risk management
- Diversity of industry experiences

To the extent that skills are not directly represented on the Board, they are augmented through management and external advisors.

The Company seeks to maintain a majority of non-executive directors on its Board. For the majority of the financial year, the Board comprised two non-executive directors and one to two executive directors, including the managing directors.

Detail of the directors in office during the year and to the date of the Annual Report, including information about their experience, expertise and term of office, is set out in the Directors' Report.

**Appointment and re-election of directors**

Candidates for appointment to the Board are usually recommended by the Remuneration and Nomination Committee. They are assessed against a range of criteria, including background, experience, professional qualifications, personal qualities, the potential to augment the skills of the existing Board members, and the ability to commit the time required to undertake the Board's activities.

Apart from the Managing Director, directors are subject to shareholder re-election by rotation at least every three years, and any directors appointed during the year are put forward for election at the first Annual General Meeting following their appointment. The Company provides shareholders with all material information in its possession relevant to the election or re-election of a director.

Once appointed, directors ordinarily receive a formal letter of appointment setting out the key terms, conditions and expectations of their appointment. This has not been the case for new non-executive directors appointed during the year and will be addressed during the coming period. Upon induction directors are provided material relevant to their role and have open access and are encouraged to meet with management and subject matter experts within the organisation to deepen their knowledge of the business and its activities.

The Company recognises the need for its directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. As such it makes available opportunities to further directors' professional development be it through interaction with internal and external experts, or more formal programmes with the likes of the Australian Institute of Company Directors and other professional bodies.

**Director independence**

Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement, and are willing to express their opinions at the Board table free of concerns about their position or the position of any third party.

Each director is required to immediately disclose to the Board if they have an interest or relationship which is likely to impact on their independence or if a director believes they may no longer be independent. The Board assesses on a regular basis and at least annually the independence of each non-executive director in light of the information disclosed them. The Board's assessment of independence and the criteria against which it determines the materiality of any facts, information or circumstances is formed by having regard to the ASX recommendations and in particular the factors for consideration set out in recommendation 2.3; the materiality guidelines applied in accordance with Australian Accounting Standards; and any independent professional advice obtained by the Board.

The directors in office as at the date of the Annual Report considered independent are Mr Matthew Bottrell and Mr Gregor Aschoff.

The other Non-executive Director, Mr William Paterson, through his interests, is the majority shareholder of the Company and therefore does not meet the definition of independent.

As a consequence a majority of the Board does not consist of independent directors. The Board recognises this is a departure from the ASX recommendations, however the Board believes that Mr Paterson, as a non-executive director, is able to bring quality and independent judgement to matters before the Board and that the Company benefits from his long standing experience and business relationships.

For the same reasons, the Board also believes that Mr Paterson is the most appropriate person to lead the Board as its Chairman. The Board recognises that this does not accord with the ASX recommendation that the chairman should be an independent director.

For a short period during the financial year the role of chairman was undertaken by the interim Managing Director. The Board accepts this is contrary to the ASX recommendations that the CEO should not be the chairman of the Company. This arrangement was a temporary measure which was considered appropriate by the Board to ensure the continuity and ongoing functioning of the Board following the retirement of the then chairman, and only until a suitable replacement was appointed.

Independent professional advice is available to directors should they consider it necessary, at the expense of the Company.

### Board performance

The Board continually assesses its performance and also undertakes an annual review of its performance, and that of its committees. The review takes the form of an evaluation assessing the strengths and weaknesses of the directors as a group and identifying areas they can improve. The method of assessment includes the conduct of surveys and individual interviews, along with collective Board discussion. Where and when appropriate, an external facilitator may be used periodically to assist in the process.

An assessment of performance of the Board was undertaken during the course of the year.

## Acting ethically and responsibly

### Code of Conduct

The Company acts according to a written 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.

### Shareholdings of directors and employees

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 half yearly results announced to the ASX;
  c) release of the preliminary annual results announced to the ASX; or
  d) release of a disclosure document offering securities in the Company.

## Diversity

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 will not necessarily 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.

With regard to gender diversity, the Company is committed to providing an environment that is supportive of female participation in the workforce. During the year the Company has established initiatives to provide additional paid parental leave accessible to both men and women, and to expand flexible work practices on a case by case basis to support employees with carer responsibilities and those taking and returning from maternity leave.

The proportion of women in the Company as at reporting date was as follows:

| | |
|---|---|
| Women in the whole organisation: | 38% |
| Women in senior positions: | 50% |
| Women in executive positions: | 33% |
| Women on the Board: | nil |

Executive positions are those that make or participate in the making of decisions that affect the whole or substantial part of the business, or has the capacity to significantly affect the Company's financial standing. Employees in senior positions are those not in executive positions who none-the-less have either managerial responsibility or are senior sole contributors who possess specialist or professional skills essential within the organisation.

## Integrity in financial reporting

### Audit and Risk Committee

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

The Committee members consist of a minimum of two non-executive directors and is chaired by an independent non-executive director who is not the Company's Chairman. Membership of the Committee is reflective of the Board composition at any point in time and as such will not always consist of the minimum three non-executive directors suggested by the ASX recommendations.

Details of the membership of the Committee and their attendance at meetings during the financial year are included in the Remuneration Report which forms a part of the Directors' Report.

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.

Directors, including executive directors, who are not members of the Committee may attend any meeting. The Chief Financial Officer attends the meetings by invitation. At least twice per year the Audit and Risk Committee meets with the external auditors without the presence of executive management.

### Managing Director and Chief Financial Officer declarations

Prior to the approval by the Board of the Company's financial statements, the Board receives a declaration from the Managing Director and Chief Financial Officer. These declarations state that in their opinion:

- the financial records of the Company have been properly maintained, and
- that the financial statements comply with the appropriate accounting standards, and give a true and fair view of the financial position and performance of the entity, and
- that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## Communication with Shareholders

### Continuous Disclosure

The Company has established procedures and policies designed to ensure the market is kept informed in a timely manner and that the Company's obligations are met in respect to the ASX Listing Rules regarding continuous disclosure. 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.

The Board is committed to ensuring, 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 submitted to the ASX.

### Communication and interaction with shareholders and investors

The Company's website contains information on the Company's business and its history, and the "investors centre" and "about us" sections include the following information for shareholders:

- all market announcements, posted immediately after release to the ASX, including the Company's Annual Reports;
- details relating to the Company's directors and executives;
- Board and Board Committee charters and other corporate governance documents; and
- details of how investors can contact the Company and its share registry.

Shareholders can elect to receive communications from the Company's share registry electronically which also gives shareholders the opportunity to manage their account details and holdings electronically. Shareholders are also able to send communications to the Company and receive responses to these communications electronically.

The Company has established an investor relations programme which may involve meetings with significant current and potential investors, market analysts, and the media. These meetings may involve directors and the Chief Financial Officer, and are reviewed to ensure that matters are not disclosed which are not available to the market generally. These meetings or communications do not take place in the period immediately preceding the release of interim or full year results.

In order to provide additional information for shareholders the Company prepares a results presentation to accompany the Annual Report and the Half Year Financial Report.

The Company holds an Annual General Meeting in Sydney, to which all shareholders are invited. Shareholders who are unable to attend may appoint a proxy to attend and vote. The engagement partner of the external auditors attends the Annual General Meeting and is available during the meeting to answer questions from shareholders relevant to the audit. Time is provided after the meeting for shareholders to meet with and talk directly to directors, and they are encouraged to do so.

## Risk identification and management

Risk is an accepted part of doing business and the Company is committed to identifying, and managing areas of significant business risk to ensure there is balance between the protection of shareholders, employees, earnings and the environment, and the opportunities and returns that often accompany risk.

The Board has delegated to the Audit and Risk Committee responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the Company conducts its operations in a manner that adequately manages risk, and accords with the risk appetite established and communicated to the Committee and the business by the Board. Risk identification and management is also a key focus of the executive management teams. The Committee reports to the Board in relation to matters relevant to its responsibilities.

Key components of the risk management framework are reviewed by the Audit and Risk Committee and approved by the Board on a periodic basis, and at least annually. Arrangements in place include:

- guidelines and limits for approval of all expenditure, including capital expenditure and investments, and the employment and termination of employees;
- regular detailed financial budgetary and monthly management reporting;
- identification and mitigation of risk through transfer of risk to external insurers;
- policies and procedures to identify and manage operational and financial risks; and
- implementation and monitoring of a robust and effective internal control environment.

The Company does not have a dedicated internal audit function. The Board believes such a function would be inappropriate due to the size of the organisation, the simplicity of its structure and activities, and the close involvement of senior and executive management in day to day operations of the business. Nevertheless, internal control reviews and risk assessments of specific areas of the business are undertaken periodically and the results reported to the Audit and Risk Committee or the Board.

### Economic sustainability risk

Economic sustainability risks are risks to the ability of the Company to continue operating at its current level of economic production. The Company is exposed to a number of economic sustainability risks which have the potential to impact on the Company's ability to create or preserve value for shareholders over the long term. These risks include changes in markets and technology, changes in the health regulatory environment, and key person risk.

These risks are managed by management and the Board. Actual and potential changes are regularly monitored and evaluated, with alternative courses of action determined based on anticipated outcomes to enable the Company to position itself to respond when required to mitigate or take advantage of any such changes.

Key person risk is managed by the identification of the employees presenting the risk and backed up with appropriate steps for the active management, development and retention of the identified employees. This effort fits more broadly with employee engagement efforts focused around the goal of retention of skills and knowledge within the organisation.

### Environmental and social sustainability

Environmental sustainability risks are risks to the Company's ability to continue operating in the manner that does not compromise the health of the ecosystems in which it operates over the long term. Social sustainability risks are risks to the Company's ability to continue in a manner that meets acceptable social norm and needs over the long term.

The Company does not believe that it is exposed to either of these risks in a manner which has a real possibility of substantively impacting on the Company's ability to create or preserve value for its shareholders over the short, medium, or long term.

## Remunerate fairly and responsibly

**Remuneration and Nomination Committee**

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

The Committee members consist of at least two non-executive directors and is chaired by an independent non-executive director who is not the Company's Chairman. Membership of the Committee is reflective of the Board composition at any point in time and as such will not always consist of the minimum three non-executive directors suggested by the ASX recommendations.

Details of the membership of the Committee and their attendance at meetings during the financial year are included in the Remuneration Report which forms a part of the Directors' Report.

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 Company, 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.

The Committee may seek external advice from independent experts to make recommendations in relation to the Company's remuneration practices, structure and remuneration levels.

**Director and executive remuneration**

Details in relation to the Company's remuneration policies are disclosed in the Remuneration Report, which forms a part of the Directors' Report.

Participants in equity based remuneration schemes are specifically prohibited from hedging the exposure to the Company's share price during the vesting period in respect of their unvested equity instruments.

**Executive Performance**

The Board conducts an annual performance assessment of the Managing Director against agreed performance measures. The Managing Director undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the executive's function, achievement of individual targets and agreed objectives, and the overall performance of the Company.

Details of the performance of senior executives is provided by the Managing Director to the Remuneration Committee together with remuneration recommendations. The Committee in turn makes recommendations to the Board for approval.

The process of assessing the Managing Directors and senior executives was undertaken or commenced during the reporting period.

Copies of Board and Committee charters, the Code of Conduct, and other documents referred to in this Corporate Governance Statement are available within the Corporate Governance Plan document in the Investor Centre on the Company's website (www.corum.com.au).

# 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 5 October 2015.

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 | 697 | 248,216 | 0.10 |
| 1,001 - 5,000 | 430 | 1,185,713 | 0.46 |
| 5,001 - 10,000 | 229 | 1,775,546 | 0.69 |
| 10,001 - 100,000 | 381 | 13,855,073 | 5.42 |
| 100,001 – over | 122 | 238,606,603 | 93.33 |
| Total | 1,859 | 255,671,151 | 100.00 |
| The number of shareholders holding less than a marketable parcel of shares are: | 1,033 | 996,294 | 0.39 |

**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 | 54.8 |
| Link Enterprises (International) Pty Ltd | 14,801,619 | 5.8 |
| Ginga Pty Ltd | 10,810,866 | 4.2 |
| Anacacia Pty Ltd | 8,154,306 | 3.2 |
| UBS Wealth Management Australia Nominees Pty Ltd | 6,000,000 | 2.3 |
| Mr Michael John Farrelly | 4,524,379 | 1.8 |
| Ginga Pty Ltd | 4,284,540 | 1.7 |
| R M O'Shannassy Pty Ltd <R M O'Shannassy Family A/C> | 3,015,573 | 1.2 |
| Atlas Holdings Pty Ltd <The Atlas A/C> | 2,891,214 | 1.1 |
| Mr Robert Martin O'Shannassy | 2,391,098 | 0.9 |
| Mr Michael John Farrelly + Ms Madeline Zappia <Farrelly Retirement Fund A/C> | 2,271,984 | 0.9 |
| Connaught Consultants (Finance) Pty Ltd <Super Fund A/C> | 2,060,000 | 0.8 |
| BNP Paribas Noms Pty Ltd <Drp> | 1,806,818 | 0.7 |
| Mr David Klinger | 1,630,000 | 0.6 |
| Chavoo Pty Ltd <Midhurst Super Fund Account> | 1,500,000 | 0.6 |
| Mr Malcolm John Badgery | 1,400,000 | 0.6 |
| Mr William Ian Michie + Mrs Elizabeth Shehadie <William I Michie Family A/C> | 1,134,816 | 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 |
| Badgworthy Pty Ltd | 1,000,000 | 0.4 |
| Total | 211,760,095 | 82.8 |

## Substantial shareholders in the Company

as disclosed in substantial shareholder notices given to the Company:

| Holders Name | No. of ordinary shares held | % of ordinary shares |
|---|---|---|
| LUJETA PTY LTD | 140,053,379 | 54.8 |
| 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:** | | |
| Performance rights to acquire ordinary shares | 750,000 | 2 |

**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 William Paterson (Chairman)
Mr Gregor Aschoff
Mr Matthew Bottrell
Mr David Tonuri
Mr Mark Talbot

**Company Secretary**

Mr David Clarke

**Registered Office**

Level 20
347 Kent Street
Sydney NSW 2000 Australia

Telephone +61 2 9289 4699
Facsimile +61 2 9299 3276

**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.