Corum Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Corum Group Limited
ABN:	25 000 091 305
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	12.1%	to	14,756
Loss from ordinary activities after tax attributable to the owners of Corum Group Limited	down			(5,877)
Loss for the year attributable to the owners of Corum Group Limited	down			(5,877)

Comments
Profit after tax excluding impairment of goodwill amounted to $400,000 (2016: $27,000)

For further commentary on the results refer to the Directors' report within the attached Annual Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.36	3.55

4. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

6. Attachments

Details of attachments (if any):

The Annual Report of Corum Group Limited for the year ended 30 June 2017 is attached.

Corum Group Limited

ABN 25 000 091 305

Annual Report - 30 June 2017

Corum Group Limited
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30 June 2017

General information

The financial statements cover Corum Group Limited as a Group consisting of Corum Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Corum Group Limited's functional and presentation currency.

Corum Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 20
347 Kent Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2017. The directors have the power to amend and reissue the financial statements.

Dear Shareholders

Despite the outcome for the 2017 financial year, the company has made substantial progress on its previously announced intentions to address the causes of Corum’s decline in performance, produce a new suite of software products and to analyse growth possibilities in its businesses.

The focus in the first half of the year was on internal systems, product upgrades and on the development of new product. In the second half of the financial year David Clarke was appointed as CEO. David has expanded the work programs underway and initiated a formal strategic review of all aspects of the business. This review was completed in June 2017.

The company has taken the following key imperatives from the strategic review:

- Ensuring the customer remains clearly at the center of everything Corum does - from product design to customer support.
- Adapting the business to firstly and clearly meet the competition, including reducing the cost of service provision.
- Adhering to a defined ‘Corum Clear’ product road map that is focussed on the core competency of pharmacy dispense, Point of Sale, group head-office management and reporting.

Corum also recognises that there are significant changes occurring in the nature and manner in which services are provided to pharmacies, and that competitive pressures on the vendors and customers are modifying addressable and possible target markets. Overall they are making it necessary for all providers to innovate. Individual providers who are not flexible and do not innovate will not meet market expectations.

Corum continues with its willingness to consider opportunities to acquire, merge, or partner with other parties where it adds value to Corum’s customers and shareholders. Whether this willingness will lead to a substantial transaction is not certain. Irrespective of such considerations, Corum will continue to progress its own business and is structuring its operations to do so.

The opportunity for Corum to expand the eCommerce business within its chosen markets has been assessed as low. Further investment in the e-commerce sector is therefore not currently contemplated. However, the board and management will continue to consider all possibilities for that business.

The Company has recorded a non-cash impairment charge of $6.3 million against historical goodwill. This reflects many factors, including the competitive environment. In particular, the board took into account the impact on existing products of the planned release of the new Corum Clear software that will offer enhanced capabilities to pharmacy customers.

On behalf of my fellow directors I would like to thank shareholders, management, staff and our external partners for their continued dedication and support toward Corum.

Finally, I thank new and existing customers for their belief in the Corum products, and for the confidence shown in Corum by those customers who have recently returned to us from other software providers.

Yours sincerely

W Paterson

Bill Paterson
Chairman
31 August 2017

Corum's financial results for FY17 were mixed and overall remain unsatisfactory. Corum achieved an improved net profit after tax of $400,000 (excluding goodwill impairment of $6.3 million), which compares to $27,000 in the prior year.

The statutory loss for the year, including impairment, was $5.9 million. Sales revenue declined 12% as a result of increasing pricing pressure and the migration of members of pharmacy groups and real estate agents to other vendors.

Directors have determined that a non-cash impairment charge of $6.3 million is required to reflect the impairment of Corum's historical goodwill. Factors leading to the impairment include the new Corum Clear product suite that (over time) will replace the existing products to which goodwill relates. Consideration has also been given to the longer term impact of continued competitive pressure and changing industry conditions.

During FY17 Corum invested $1.7 million in Corum Clear related research and development, of which $1.4 million has been capitalised. It invested a further $1.6 million in developing and maintaining the existing LOTS, RPM and AWD (Amfac) products during the year. These costs are fully expensed.

Corum remains on a sound financial footing with cash at bank of $8.1 million (2016: $9.6 million). Net assets after the goodwill impairment are $14 million (2016: $20 million).

Change Program
In mid-2016 Corum advised shareholders it was undertaking a substantial change program. This program focussed on both incremental gains and wide-ranging, coordinated product and process improvement.

Changes achieved in the first half of FY17 include:

- Replacement of internal legacy systems at a cost of $0.7 million. This de-risked the company from data loss and provided a modern platform from which to more efficiently operate the business.
- Planned and substantially advanced the design of the Corum Clear suite of products. This will be led by a new dispense platform and cloud based reporting and analytics. With elements due for release in FY18, this product suite will underpin the long-term future of Corum within the pharmacy software solutions business.

New Leadership Team

A new leadership team was established in FY17 and has been tasked with applying their vision, energy and expertise to a transformation of the business, products, and execution of the strategic plan.

The immediate core goals for the leadership team are the achievement of revenue targets, the delivery to market of products to plan and on time, a reduction in cost to serve and establishing a clear path to future growth.

Re-Shaping the Business

In the second half of FY17 Corum embarked on a series of operational programs to address business performance. These focussed on the leadership team, product performance, product direction and development, customer engagement, marketing, and internal business improvement.

In parallel a comprehensive strategic review of the business was undertaken. The outcome was delivered to the Board during June 2017 and the recommendations were fully adopted.

Execution on the plan commenced immediately.

Ecommerce Strategy

During the first half of 2017 the eCommerce business finalised and released a mobile payment app. The app is marketed through real estate agents, and directly to cardholders through email and the fifteen plus websites they access. The adoption of the app has been satisfactory.

After a full consideration of the eCommerce strategic review, the directors have taken the decision not to invest further in the ecommerce business at this stage. It will continue to operate in its current state whilst it is making a positive contribution to Corum's overall results.

Health Services Strategy – Background

The Health Services strategy was developed within the context of pharmacy sector trends over recent years that are driving and accelerating change for all participants.

The historically fragmented pharmacy sector is consolidating into major pharmacy groups whose ambitions are for significant scale and reach. They are often owned by or aligned with a major wholesaler. These groups expect a high level of performance from their software vendors and an enterprise level focus. They wish to pursue sole vendor arrangements for their members and have varying degrees of capability to ensure compliance.

The software vendor landscape comprises several larger players providing core dispense and Point of Sale (PoS) solutions, including Corum and Telstra Health, with up to ten vendors in total vying for a share of the market of ~5,500 customers.

With the financial pressure on pharmacies and the rapidly changing technology landscape in mind, it is evident that the industry cannot profitably support such a large number of vendors. This creates pressure for alignment and in turn provides both opportunity and risk for Corum.

Business Transformation

Corum must improve revenue and operational performance while reducing cost to serve.

This imperative is driving the internal transformation program to prepare the business to operate effectively with a reduced costs base, and yet maintain service levels and allow continued investment in existing and new product.

The transformation plan includes a significant focus on sales, marketing and brand management to improve all aspects of the company's performance.

At the end of June 2017 approximately $1 million of savings available within the FY17 cost base was identified and actioned.

Product Development and Road Map

Product performance is crucial to maintaining customer confidence. Rigorous new process disciplines have been established around Corum product enhancements, releases and testing procedures.

By April 2017 most customer sites had been successfully upgraded to a new version of LOTS PoS and Dispense that focussed almost entirely on improvements in performance. This release established a solid foundation for further enhancements and new features that are now following.

Corum has added specialist resources to the team to embed human centred design thinking into the design processes, and is drawing on the support of our pharmacy advisory groups to help guide product direction and development.

In March 2017 prototypes of the new Corum Clear products were displayed at the Australian Pharmacy Professionals industry conference (APP). Feedback was very positive. Cloud Reporting has been successfully deployed in pilot sites since mid-July 2017. Clear Dispense remains on track for its 2018 release, and Head Office and PoS products are under way.

In FY17 Corum continued to invest and maintain the LOTS, RPM and AWD (Amfac) products. The result has been a range of product improvements, enhancements and new products which have been either already released or are close to release, with more in the pipeline in FY18. Corum is committed to continue the support and development of these platforms for the foreseeable future.

One of the cornerstone developments has been the Corum Safeguard product, and its subsequent upgrade, Safeguard Plus. This innovative box hosts the main LOTS software; providing a stable, manageable hardware layer which ensures the customer's applications and data is regularly backed-up securely to the cloud.

Designed with Corum Clear in mind, this product will form the basis of a local-cloud hybrid system to ensure speed and connectivity is not compromised in store.

The Safeguard product went on general release in July 2016, with the upgraded Safeguard Plus launched in July 2017. The product has been much sought after with already approximately 180 customers signed up.

Corum's product road map combines a focus on Corum's core expertise in pharmacy and group head-office software with the intention to enter strategic partnerships with other software providers offering complementary products. This enables delivery of best of breed solutions with closely integrated software that supports the success of our customers' businesses.

Corum has entered into a number of significant partnerships in the past six months and is in active discussion with others.

During FY18 Corum expects to progressively become a leaner more focussed organisation; delivering improvements in profitability and the ability to fund further investment.

Corum also seeks to reaffirm its position as a preferred and trusted software provider, and to strengthen its connections with pharmacy groups.

Yours sincerely

David Clarke
Chief Executive Officer
31 August 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Corum Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of Corum Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Bill Paterson (Chairman)
Gregor Aschoff
Matthew Bottrell

Information on directors

Name:	**Bill Paterson**
Title:	Chairman and Non-Executive Director
Qualifications:	BE (Civil) Hons
Experience and expertise:	A Civil engineer by training, Bill has extensive experience 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 one of the initial partners of engineering consultancy firm Worley Parsons. He is also an experienced investor and entrepreneur.
Other current directorships:	None
Former directorships (last 3 years):	Former non-executive director of Intra Energy Corporation Limited (ASX: IEC) (resigned 7 October 2015).
Special responsibilities:	Member of the Audit and Risk Committee and Remuneration and Nomination Committee.
Interests in shares:	140,054,379 ordinary shares

Name:	**Gregor Aschoff**
Title:	Executive Director
Qualifications:	BEc, MBA, GAICD
Experience and expertise:	From 2003 to 2016 Gregor served as a senior executive for a global consumer electronics and telecommunications company. He has extensive expertise in both retail and Information Technology ('IT'), including software development and system optimisation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,546,881 ordinary shares

Name:	**Matthew Bottrell**
Title:	Non-Executive Director
Qualifications:	BBus, MTL, ASA, GAICD
Experience and expertise:	Matthew has an extensive background in strategy and investment management across Australia and Europe. He is currently a non-executive director of Future Capital Development Fund, an early stage technology fund, and MyGuestList Pty Ltd. Previously, Matthew was the non-executive Chairman of SMS Central.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and Remuneration and Nomination Committee.
Interests in shares:	57,000 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary
David Clarke (BCom, DipGrad, CA, GAICD) is the Company Secretary and was appointed Chief Executive Officer on 24 January 2017. David has many years' experience in executive financial and company secretarial roles in Australia and overseas, and has diverse industry experience including retail and healthcare. David was the Group's Chief Financial Officer between 2013 and 2017.

Principal activities
During the financial year the principal continuing activities of the Group consisted of:
- Software development with particular emphasis on point-of-sale and pharmaceutical dispensing software, support services and associated 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 after tax profit for the Group before impairment of goodwill amounted to $400,000 (2016: $27,000) and the statutory loss for the Group after providing for income tax amounted to $5,877,000 (2016: profit of $27,000).

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year or subsequent to the end of the financial year.

Review of operations
The Corum Group operates two distinct businesses: Corum Health Services which develops and distributes business software for the Pharmacy industry; and Corum eCommerce which develops and manages financial transaction processing services, primarily for the real estate industry.

Health Services revenue flows from the sale of software and hardware, recurring charges for maintenance and support, and an investment in an entity which provides other technology services to pharmacies. eCommerce revenue is derived from recurring service charges and transaction-based fees.

Net loss after tax for the year amounted to $5.9 million. Excluding goodwill impairment of $6.3 million the net profit after tax amounted to $400,000; this compares to $27,000 in the prior year.

The directors have determined that an impairment charge of $6.3 million should be applied against Corum's goodwill. The goodwill relates to the 1991 acquisitions of the Lockie Computer business by Pharmasol Pty Limited and the Amfac business by Amfac Pty Limited. It is the legacy products of those businesses that form the Cash Generating Unit. The impairment calculation takes into account the impact on the existing business of the new Corum Clear suite of products being introduced in FY18, and the impact on revenue of competitive pressures and changing industry conditions.

During the second half of FY17, the new Corum Clear Dispense and cloud reporting products had progressed to the stage where they were considered to be in full development. As a result Corum has capitalised the associated development costs. The Research and Development (R&D) expenditure on these products during the year amounted to $1.7 million with $1.4 million being capitalised as an intangible asset.

Overall, revenue for the year was $14.8 million, a decline of 12% on the prior year. Specifically, eCommerce revenue declined by 17% to $2.8 million as real estate customers continued to be drawn to the broader services offered by banks and the increasing capability of in-house systems to transact directly.

Revenue in the Health Services segment declined by 10% to $11.8 million. Corum has been unsuccessful in a number of group tender processes over the past two years. While site losses are stabilising outside of these groups, Corum is experiencing ongoing revenue erosion as members of these groups transition to the chosen provider. Industry trends affecting the sector include competitive price pressure, the concentration of pharmacies into groups, and groups wishing to pursue sole vendor arrangements for their members.

Health Services revenue was also impacted by the combination of price pressure on licence fees and the business decision to reduce reliance on the low margin hardware sales, representing 37% of the total sales revenue reduction.

Profit before impairment and income tax in FY17 amounted to $1.7 million which compares to $2.7 million in the prior year.

Major overhead expense categories are flat or falling compared to last year. Reduced hardware sales contributed to savings in material and consumables of $0.4 million. Organisational changes and focus on new products lead to reductions in employment $0.3 million. Unused computer equipment accounted for much of the $0.2 million depreciation increase over the prior year and their disposal resulted in a loss on sale of fixed assets of $0.2 million.

In terms of the Statement of Financial Position, cash on hand at the end of the financial year was $8.1 million, being a net decrease of $1.5 million. Cash used during the year included a $1.7 million investment in new software product development, and a $0.7 million of capitalised internal hardware and systems upgrades.

Income Tax Receivable of $1.4 million comprises the current year tax charge $0.7 million offset by a refundable Research and Development (R&D) Tax Incentive for FY17 of $2.1 million.

To record the Government R&D tax incentive, an R&D tax benefit is disclosed against expenses and a corresponding tax offset included within the year's income tax expense. The differential is the net incentive. The increase in these amounts from the prior year reflects the additional eligible R&D expenditure arising from the Corum Clear projects and specific work on the existing product range. It also includes any under or over estimation of amounts calculated in the prior year.

Outlook
Corum completed a strategic review of the business in the second half of FY17 and the recommendations have been adopted by management and the board.

As a result, the directors have decided at this stage not to invest further in the eCommerce business.

Within the Health Services business, Corum has accelerated and consolidated activity to improve operational effectiveness ('transformation program"), to create a leaner, more-focussed organisation.

This transformation program is designed to adapt the organisation to its revenue base while maintaining service levels, continuing development programs, and improving revenue outcomes. This involves systematic activity to reduce the cost-to-serve, invest in existing and new products, and engage more effectively with the customer base.

The long term impact of a number of unsuccessful pharmacy group tenders is yet to be determined. Corum is actively pursuing strategies to retain pharmacies within these groups, particularly as other vendors are struggling to deliver promised software upgrades and/or manage the increase in demands on their business.

A long standing Corum customer, and one of Australia's most successful pharmacy groups, has developed and deployed their own software system at the end of FY17. This represents a reduction in revenue of approximately 4% in FY18.

New Corum Clear products are due for release during FY18 but are not expected to contribute significantly to revenue in the coming year. In the meantime Corum continues to invest in its existing platforms with additional features and upgrades planned throughout FY18.

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

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information regarding likely developments, prospects or business strategies of the Group 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 Group.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
William Paterson	8	10	2	2	2	2
Gregor Aschoff	10	10	-	-	-	-
Matthew Bottrell	10	10	2	2	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Chief Executive Officer is invited to and attends meetings of both committees, where appropriate.

Indemnity and insurance of officers
The Company has indemnified the directors and some executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

Corporate governance statement
The Corum Group Limited Corporate Governance Statement discloses how the Company complies with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition), and sets out the Company's main corporate governance practices. This statement has been approved by the Board and is current as of 31 August 2017.

The Company's Corporate Governance Statement can be found on the Company website at: www.corumgroup.com.au/investors.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The Company provides appropriate rewards to attract and retain high quality and committed employees. Base salaries and any incentives of executives are determined at the discretion of the Remuneration and Nomination Committee having regard to the nature of each role, and the experience and performance of the individual. The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. In considering this the directors look to satisfy the following key criteria:
- competitiveness and reasonableness;
- acceptability to shareholders;
- link to performance and creation of value to shareholders; and
- transparency.

The Remuneration and Nomination Committee consists of two non-executive directors who are responsible for determining and reviewing remuneration arrangements for the Group's directors and executives, and oversight of hiring and remuneration practices within the Company. The remuneration philosophy is to attract, motivate and retain high performing quality employees.

Non-executive directors remuneration
Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors are paid an annual fee and additional fees where they act as a member of or chairman of a committee. Non-executive Directors' fees and payments are reviewed periodically by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of their own remuneration. Non-executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate Non-executive Directors' remuneration be determined periodically by a general meeting. The shareholders have approved a maximum aggregate remuneration of $800,000 per annum, including minimum superannuation contribution and equity based remuneration.

Executive remuneration
The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components where appropriate.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') in the form of short-term bonuses are at the discretion of the Remuneration and Nomination Committee and are dependent on the performance of the individual, business unit performance, and the overall performance of the Group.

The long-term incentives ('LTI') include long service leave, performance rights and share options. The maximum number of performance rights and share options that may be issued by the directors pursuant to the respective plan shall not exceed 5% of the number of shares in issue. There are no voting or dividend rights attached to performance rights or options prior to their exercise.

Performance rights: The performance rights plan, approved by shareholders, allows for the Company to grant performance rights to selected participants. A performance right is a right to acquire a share in the Company, subject to the satisfaction of certain conditions which are set out when issued to the participant. To facilitate and manage the performance rights under the plan, and the subsequent issue of shares on exercise of performance rights, the Company established the Corum Group Employee Share Scheme Trust. Performance rights are subject to both the plan rules and the terms of the trust deed. Performance rights are subject to a service condition of continuous employment from grant date to vesting date.

Share options: Under the terms of the employee share option plan, the directors may, at their sole discretion, issue options to selected eligible participants. The rights to exercise options may be subject to a number of conditions, including the option holder remaining an eligible participant during the exercise period.

No performance rights or share options were granted during the financial year.

Use of remuneration consultants
During the financial year the Company did not engage any remuneration consultants to review its existing remuneration policies or for any other purpose.

Voting and comments made at the Group's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, 92% of shares voted to support the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices or the remuneration report. A number of shareholders, representing 86% of shares available to vote on the resolution, abstained from voting to express their concern with the company’s performance.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

2017	Short-term benefits Salary and fees $	Short-term benefits Annual leave entitlement $	Short-term benefits Cash bonus $	Post-employment benefits Super-annuation $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:						
Bill Paterson (Chairman)	126,000	-	-	-	-	126,000
Matthew Bottrell	90,000	-	-	8,550	-	98,550
Executive Directors:						
Gregor Aschoff	198,461	(4,744)	-	18,854	-	212,571
Other Key Management Personnel:						
David Clarke (i)	258,469	9,323	-	21,473	4,794	294,059
Peter Wilton (ii)	228,647	-	-	21,122	-	249,769
Andrea Tustin (iii)	80,249	6,045	-	7,624	-	93,918
Vickie Edwards (iv)	30,513	2,699	-	2,899	-	36,111
Anil Roychoudhry (v)	209,192	11,074	-	19,873	-	240,139
Mark Rees (vi)	80,000	6,650	-	7,600	-	94,250
Richard Howarth (vii)	242,190	-	-	22,830	-	265,020
Claude Matthews (viii)	180,117	-	-	9,062	-	189,179
	1,723,838	31,047	-	139,887	4,794	1,899,566

(i) David Clarke - Chief Executive Officer (appointed to this position 24 January 2017), Chief Financial Officer (until 12 February 2017), and Company Secretary. Performance related remuneration was 2%.

(ii) Peter Wilton - Chief Executive Officer (stepped down as Chief Executive Officer 24 January 2017 and ceased employment 24 April 2017). Salaries and fees include accrued annual leave entitlements of $6,308.

(iii) Andrea Tustin - Interim Chief Financial Officer (appointed to this position 13 February 2017)

(iv) Vickie Edwards - General Manager Sales and Marketing (appointed 8 May 2017)

(v) Anil Roychoudhry - Chief Technology Officer (appointed 4 July 2016)

(vi) Mark Rees - Systems Administration Manager (appointed to this position 1 January 2017)

(vii) Richard Howarth - Head of Sales, Marketing and Communication (ceased employment 1 May 2017). Salaries and fees include termination pay of $57,077 and accrued annual leave entitlements of $123.

(viii) Claude Matthews - Manager IT Infrastructure (ceased employment 30 December 2016). Salaries and fees include termination pay of $77,949, accrued long service leave entitlements of $25,546, and annual leave entitlements of $914.

2016	Short-term benefits: Salary and fees $	Short-term benefits: Annual leave entitlement $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:						
Bill Paterson (Chairman)	126,911	-	-	-	-	126,911
Matthew Bottrell (i)	122,936	-	-	3,762	-	126,698
Michael Cleary (former Non-Executive Director)	22,500	-	-	-	-	22,500
Executive Directors:						
Gregor Aschoff	141,285	8,702	-	9,147	-	159,134
David Tonuri (former Managing Director and Chief Executive Officer)	177,616	-	-	-	-	177,616
Mark Talbot (former Managing Director and Chief Executive Officer)	121,041	-	-	9,856	-	130,897
Other Key Management Personnel:						
Peter Wilton (ii)	121,406	8,570	-	11,686	-	141,662
David Clarke	240,000	17,354	-	22,800	12,610	292,764
Richard Howarth	174,346	(2,130)	-	5,353	-	177,569
Paul Coe (iii)	220,395	-	-	19,426	943	240,764
Claude Matthews	160,000	5,062	-	14,966	943	180,971
	1,628,436	37,558	-	96,996	14,496	1,777,486

(i) Matthew Bottrell's salary and fees for the year include $50,000 for consultancy services provided to the Company.
(ii) Peter Wilton was appointed on 11 March 2016. Salary and fees for the year include $37,420 for consultancy services provided to the Company prior to his appointment.
(iii) Paul Coe - Chief Information Officer (resigned 24 June 2016). Salary and fees include $13,492 relating to accrued leave entitlements. Unvested performance rights lapsed.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David Clarke
Title:	Chief Executive Officer and Company Secretary
Agreement commenced:	24 January 2017
Term of agreement:	Ongoing
Details:	Annual base salary of $282,000, excluding statutory superannuation, reviewed annually. Either party may terminate the employment with four months written notice; or immediately in the event of misconduct or other sufficient cause. Subject to certain restrictive covenants and restraints for a period of up to 24 months.

Other senior executives are employed under contracts with termination periods between one and four months and are eligible for their statutory employee entitlements upon termination. Certain employment are subject to restraints and other activities for an agreed period following termination. The executives may also participate in the Group's bonus incentive scheme as applicable from time to time.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

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.

The Board has discretion to make grants at any time, 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.

There were no performance rights granted during the year in relation to key management personnel.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
David Clarke	250,000	-	(250,000)	-	-
	250,000	-	(250,000)	-	-

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercise date
David Clarke	250,000	27/11/13	26/11/16

Shares issued on the exercise of performance rights
250,000 ordinary shares of Corum Group Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of performance rights.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions **	Disposals/ other *	Balance at the end of the year
Ordinary shares					
Bill Paterson	140,054,379	-	-	-	140,054,379
Matthew Bottrell	57,000	-	-	-	57,000
Gregor Aschoff	496,881	-	1,050,000	-	1,546,881
David Clarke	6,500	-	250,000	-	256,500
Vickie Edwards	-	-	6,500	-	6,500
Peter Wilton	165,000	-	-	(165,000)	-
Claude Matthews	356,500	-	-	(356,500)	-
	141,136,260	-	1,306,500	(521,500)	141,921,260

* Disposal/other may represent physical disposal of shares, or cessation as a key management personnel.
** Additions may represent physical acquisition of shares, or shareholding on commencement as a key management personnel.

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

Additional information
The results of the Group for the five years to 30 June 2017 are summarised below:

	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000
Sales revenue	20,226	18,890	17,898	15,553	13,507
Profit/(loss) after income tax	6,335	4,274	4,630	27	(5,877)
Total equity	16,358	18,874	19,931	19,908	13,976
Cash on hand	8,884	11,913	12,069	9,577	8,098
Borrowings	-	-	-	-	-

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

	2013	2014	2015	2016	2017
Share price at financial year end (cents)	18.50	14.00	15.00	11.00	4.00
Basic earnings per share (cents per share)	2.60	1.70	1.80	0.01	(2.30)

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Bill Paterson
Chairman

Matthew Bottrell
Director

31 August 2017
Sydney

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Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF CORUM GROUP LIMITED

As lead auditor of Corum Group Limited for the year ended 30 June 2017, 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 year.

John Bresolin
Partner

BDO East Coast Partnership

Sydney, 31 August 2017

Corum Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	2016 $'000
Revenue	3	14,756	16,792
Expenses			
Materials and consumables used		(1,419)	(1,881)
Employee benefits expense	4	(9,990)	(10,329)
Occupancy costs	4	(1,045)	(1,123)
Marketing expenses		(539)	(533)
Depreciation and amortisation expense	4	(409)	(172)
Loss on disposal of fixed assets		(219)	-
Share-based payments		55	50
Research and development tax benefit	6	2,252	1,716
Other expenses		(1,769)	(1,832)
Profit before impairment and income tax expense		1,673	2,688
Impairment of goodwill	13	(6,277)	-
(Loss)/profit before income tax expense		(4,604)	2,688
Income tax expense	6	(1,273)	(2,661)
(Loss)/profit after income tax expense for the year attributable to the owners of Corum Group Limited		(5,877)	27
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Corum Group Limited		(5,877)	27
		Cents	Cents
Basic earnings per share	7	(2.3)	0.0
Diluted earnings per share	7	(2.3)	0.0

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Corum Group Limited
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	9	8,098	9,577
Trade and other receivables	10	393	361
Inventories		149	94
Income tax receivable	6	1,416	269
Other	11	2,359	2,369
Total current assets		**12,415**	**12,670**
Non-current assets			
Other financial assets		30	30
Property, plant and equipment	12	981	1,327
Intangibles	13	5,381	10,821
Deferred tax assets	6	563	674
Security deposits		387	507
Total non-current assets		**7,342**	**13,359**
Total assets		**19,757**	**26,029**
Liabilities			
Current liabilities			
Trade and other payables	14	4,280	4,743
Provisions	15	1,072	850
Deferred revenue		202	242
Total current liabilities		**5,554**	**5,835**
Non-current liabilities			
Provisions	16	227	286
Total non-current liabilities		**227**	**286**
Total liabilities		**5,781**	**6,121**
Net assets		**13,976**	**19,908**
Equity			
Issued capital	17	86,283	86,283
Share-based payments reserve		-	90
Accumulated losses		(72,307)	(66,465)
Total equity		**13,976**	**19,908**

The above statement of financial position should be read in conjunction with the accompanying notes

Corum Group Limited
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	Issued capital $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2015	86,283	251	(66,603)	19,931
Profit after income tax expense for the year	-	-	27	27
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	27	27
Transactions with owners in their capacity as owners:				
Share-based payments	-	(50)	-	(50)
Shares issued for employee share scheme	-	(70)	70	-
Performance rights exercised	-	(41)	41	-
Balance at 30 June 2016	86,283	90	(66,465)	19,908
Loss after income tax expense for the year	-	-	(5,877)	(5,877)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,877)	(5,877)
Transactions with owners in their capacity as owners:				
Share-based payments	-	(55)	-	(55)
Performance rights exercised	-	(35)	35	-
Balance at 30 June 2017	86,283	-	(72,307)	13,976

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,727	17,074
Payments to suppliers and employees (inclusive of GST)		(16,272)	(18,260)
Interest received		236	351
Other revenue		24	888
Dividends received		989	-
Income taxes refund/(paid)		545	(1,323)
Net cash from/(used in) operating activities	19	249	(1,270)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(692)	(1,222)
Payments for intangibles assets	13	(1,410)	-
Proceeds from disposal of property, plant and equipment		292	-
Proceeds from release of security deposits		82	-
Net cash used in investing activities		(1,728)	(1,222)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(1,479)	(2,492)
Cash and cash equivalents at the beginning of the financial year		9,577	12,069
Cash and cash equivalents at the end of the financial year	9	8,098	9,577

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 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 are based on historical costs.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Corum Group Limited ('Company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Corum Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative figures
Comparatives have been realigned where necessary, to agree with current year presentation. There was no change in the profit or net assets.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and it is anticipated that the adoption of this standard in future periods will have no material financial impact on the financial statements of the Group.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise 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. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and the impact has yet to be fully assessed.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be higher as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 and the actual impact will depend on the operating lease assets held by the Group as at 1 July 2019 and the transitional elections made at that time.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other intangibles assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangibles assets has suffered any impairment, in accordance with the stated accounting policy. The recoverable amount of the cash-generating unit to which goodwill and other intangibles assets has been allocated to has been determined based on value-in-use calculations using budgets and forward estimates. These budgets incorporate management's best estimates of projected revenues adopting growth rates based on historical experience, anticipated market growth and the expected result of the cash generating unit's initiatives. Costs are calculated taking into account historical and planned gross margins, estimated inflation rates consistent with inflation rates applicable to the locations in which the cash generating unit operates, and other planned and expected changes to the cost base.

Recovery of 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.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated	
	2017	2016
	$'000	$'000
Sales revenue		
Rendering of services	12,373	14,254
Sales of goods	1,134	1,299
	13,507	15,553
Other revenue		
Revenue from unlisted entity	989	845
Interest	236	351
Other revenue	24	43
	1,249	1,239
Revenue	14,756	16,792

Accounting policy for revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax (GST).

Rendering of services
Revenue from rendering of services is recognised in proportion to the stage of contract completion.

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.

Note 3. Revenue (continued)

Sale of goods
Sale of goods revenue is recognised when the risks and rewards are transferred to the customer. Amounts disclosed as revenue are net of sales returns and trade discounts.

Revenue from unlisted entity
The Group holds an investment in an unlisted entity which provides technology based services to the pharmacy industry. Revenue is recognised when it is received.

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

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 4. Expenses

	Consolidated	
	2017 $'000	2016 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	4	3
Plant and equipment	405	169
Total depreciation	409	172
Rental expense relating to operating leases		
Minimum lease payments	1,045	1,391
Employee benefits expense including superannuation		
Employee benefits expense including superannuation	9,990	10,329

Accounting policy for 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.

Accounting policy for defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed, or capitalised in line with the accounting standard of the employment costs to which they are related.

Note 5. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the Company:

	Consolidated	
	2017 $	2016 $
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	82,554	83,000
Other services - BDO East Coast Partnership		
Taxation and related non-audit services *	31,154	151,624
	113,708	234,624

* Non-audit services in 2016 included assistance with a one-off investigation into historical tax matters, their resolution, and a consequential review of significant areas of tax compliance practices.

Note 6. Income tax

	Consolidated	
	2017 $'000	2016 $'000
Income tax expense		
Current income tax:		
Current year income tax charge	718	707
Adjustment for current income tax of previous year	444	498
Adjustment for change in availability of prior year tax losses (i)	-	1,378
Deferred tax:		
Origination and reversal of temporary differences	3	25
Utilisation of tax losses	108	53
Income tax expense	1,273	2,661
Reconciliation of income tax expense and tax at the statutory rate		
(Loss)/profit before income tax expense	(4,604)	2,688
Tax at the statutory tax rate of 30%	(1,381)	806
Add/(deduct) tax effect of:		
Impairment of goodwill	1,883	-
Non-deductible/non-assessable items	(12)	35
Adjustment for current income tax of previous year	(90)	(46)
Adjustment for change in availability of prior year tax losses (i)	-	1,378
Utilisation and other movement in deferred tax assets	15	(141)
Research and development tax incentive current year	324	330
Adjustment for research and development tax incentive of previous year	534	299
Income tax expense	1,273	2,661

(i) During the prior reporting period an error was identified in the manner in which Corum formed its Consolidated Tax Group in 2011. This error had the effect of limiting the amount of tax losses that Corum can use each year. It resulted in an additional income tax expense of $1,378,000 in the prior year relating to the 2014 and 2015 financial years.

Note 6. Income tax (continued)

Corum participates in the Australian Government's Research and Development Tax Incentive ('incentive') assistance programme. The programme provides targeted tax offsets to encourage Companies to engage in Research and Development. The resulting tax offset has been included in the statement of profit or loss and other comprehensive Income as research and development tax benefit.

The incentive has been accounted for as a government grant in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, resulting in the incentive being recognised in profit or loss on a systematic basis over the period(s) in which the entity recognises, as expenses, the costs for which the incentive was intended to compensate. For the costs that have been capitalised during the period, the respective incentive has been deferred by deducting from the carrying amount of the asset.

	Consolidated	
	2017	2016
	$'000	$'000
Tax losses not recognised		
Losses carried forward	4,049	4,079
Capital losses carried forward	201	201

The Group generated operating losses between 1997 and 2009 which resulted in the creation of substantial carried forward tax losses. These tax losses can be used as an offset against taxable income in accordance with the consolidated tax group rules.

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

The Directors have determined it appropriate 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.

The Group has tax losses for which no deferred tax asset is recognised in the statement of profit or loss and other comprehensive income.

Note 6. Income tax (continued)

	Consolidated	
	2017	2016
	$'000	$'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	-	108
Impairment of receivables	45	12
Property, plant and equipment	(10)	(3)
Employee benefits	383	324
Leased premises	90	121
Other provisions	55	112
Deferred tax asset	563	674
Movements:		
Opening balance	674	753
Charged to profit or loss	(111)	(79)
Closing balance	563	674

	Consolidated	
	2017	2016
	$'000	$'000
Income tax receivable		
Income tax receivable comprises:		
Current year income tax charge	(718)	(707)
Current year research and development tax offset	2,052	900
Current year installments paid	82	126
Prior year payables	-	(50)
	1,416	269

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses, and where the availability of losses is reasonably certain. In particular, 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 Group is likely to derive future assessable income of a nature and of an amount sufficient to enable the benefits to be realised; no changes or proposed changes in legislation are likely to adversely affect the Group’s ability to realise these benefits; and the Group is likely to continue to comply with conditions for deductibility of losses imposed by tax legislation.

Note 6. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

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

Note 7. Earnings per share

	Consolidated	
	2017 $'000	2016 $'000
(Loss)/profit after income tax attributable to the owners of Corum Group Limited	(5,877)	27

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	256,065,537	255,840,621
Adjustments for calculation of diluted earnings per share:		
Weighted average number of dilutive options and performance rights outstanding during the year	-	940,283
Weighted average number of ordinary shares used in calculating diluted earnings per share	256,065,537	256,780,904

	Cents	Cents
Basic earnings per share	(2.30)	0.01
Diluted earnings per share	(2.30)	0.01

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Corum Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share 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.

Note 8. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: Health Services and eCommerce. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. 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 CODM reviews profit/(loss) before income tax ('segment result'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group operates predominantly in Australia.

Types of services
The principal services of each of these operating segments are as follows:

Health Services	Provides dispense and point-of-sale software applications, along with hardware and support services to Australian pharmacies; and
eCommerce	Provides individuals and businesses the opportunity to pay their rent, utilities, local government fees and commercial obligations via electronic methodologies.

Intersegment transactions
An internally determined transfer price is set for all inter-segment sales. This price is reset annually and is based on an external party at arm’s length pricing. All such transactions are eliminated on consolidation.

Corporate charges are allocated to reporting segments based on the segments’ overall proportion of revenue generation within the Group, or estimates of the time individuals apply to each segment, which is representative of likely consumption of head office expenditure.

For the purpose of segment reporting and the understanding of segment performance, the net benefit of research and development tax incentives are disclosed in the segment to which they relate.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration receivable or payable. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation. Interest is not charged on intercompany balances.

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

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the segment. Borrowings and tax liabilities are not allocated to specific segments.

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 assets and liabilities
– Cost associated with being listed on the Australia Securities Exchange
– Inter-company balances
– Other financial liabilities

Major customers
During the year ended 30 June 2017 the Group did not have any major customers that individually contributed more than 10% of total revenue (2016: none).

Note 8. Operating segments (continued)

Operating segment information

Consolidated - 2017	Health Services $'000	eCommerce $'000	Intersegment elimination/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	10,768	2,739	-	13,507
Other revenue	989	-	24	1,013
Interest revenue	-	23	213	236
Total revenue	11,757	2,762	237	14,756
Profit/(loss) before impairment of goodwill and income tax expense	1,990	220	(537)	1,673
Impairment of goodwill	(6,277)	-	-	(6,277)
(Loss)/profit before income tax expense	(4,287)	220	(537)	(4,604)
Income tax expense				(1,273)
Loss after income tax expense				(5,877)
Non-cash items include:				
Depreciation expense	239	-	170	(409)
Increase in provisions	70	8	85	163
Assets				
Segment assets	6,227	2,348	-	8,575
Unallocated assets:				
Cash and cash equivalents				7,903
Trade and other receivables				20
Property, plant and equipment				778
Deferred tax asset				563
Other assets				1,918
Total assets				19,757
Total assets includes (net of research and development incentive):				
Addition of intangible asset	837	-	-	837
Addition of property, plant and equipment	101	1	561	663
Liabilities				
Segment liabilities	2,110	2,608	-	4,718
Unallocated liabilities:				
Trade and other payables				815
Provisions and other liabilities				248
Total liabilities				5,781

Note 8. Operating segments (continued)

Consolidated – 2016 (restated)	Health Services $'000	eCommerce $'000	Intersegment elimination/ unallocated $'000	Total $'000
Revenue				
Sales to external customers	12,321	3,275	-	15,596
Other revenue	827	-	18	845
Interest revenue	1	40	310	351
Total revenue	13,149	3,315	328	16,792
Profit before income tax expense	1,458	851	379	2,688
Income tax expense				(2,661)
Profit after income tax expense				27
Non-cash items include:				
Depreciation expense	73	7	92	172
Decrease in provisions	(91)	(22)	(720)	(833)
Assets				
Segment assets	12,336	2,399	-	14,735
Unallocated assets:				
Cash and cash equivalents				9,427
Trade and other receivables				123
Property, plant and equipment				312
Deferred tax asset				674
Other assets				758
Total assets				26,029
Total assets includes:				
Addition of property, plant and equipment	953	-	269	1,222
Liabilities				
Segment liabilities	2,165	2,818	-	4,983
Unallocated liabilities:				
Trade and other payables				975
Provisions and other liabilities				163
Total liabilities				6,121

Note 9. Current assets - cash and cash equivalents

	Consolidated 2017 $'000	2016 $'000
Cash at bank	220	153
Cash on deposit	7,878	9,424
	8,098	9,577

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets - trade and other receivables

	Consolidated	
	2017	2016
	$'000	$'000
Trade receivables	392	278
Less: Provision for impairment of receivables	(60)	(38)
	332	240
Other receivables	61	121
	393	361

Impairment of receivables
The Group has recognised a loss of $22,000 (2016: $3,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

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

	Consolidated	
	2017	2016
	$'000	$'000
Under 3 months overdue	21	12
3 to 6 months overdue	39	26
	60	38

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2017	2016
	$'000	$'000
Opening balance	38	343
Additional provisions recognised	22	3
Receivables written off during the year	-	(308)
Closing balance	60	38

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $267,000 as at 30 June 2017 ($96,000 as at 30 June 2016).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2017	2016
	$'000	$'000
Under 30 days overdue	60	6
31 to 60 days overdue	207	77
Over 60 days overdue	-	13
	267	96

Note 10. Current assets - trade and other receivables (continued)

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties, and did not consider a significant credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Accounting policy for trade and other 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 11. Current assets - other

	Consolidated	
	2017 $'000	2016 $'000
Prepayments and security deposits	199	76
eCommerce payments awaiting clearance *	2,160	2,293
	2,359	2,369

* These amounts are controlled by the Group 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 14 trade and other payables.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2017 $'000	2016 $'000
Leasehold improvements - at cost	81	76
Less: Accumulated depreciation	(73)	(69)
	8	7
Plant and equipment - at cost	2,347	2,512
Less: Accumulated depreciation	(1,374)	(1,192)
	973	1,320
	981	1,327

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2015	10	284	294
Additions	-	1,222	1,222
Disposals	-	(17)	(17)
Depreciation expense	(3)	(169)	(172)
Balance at 30 June 2016	7	1,320	1,327
Additions (net of R&D incentives)	5	658	663
Disposals	-	(600)	(600)
Depreciation expense	(4)	(405)	(409)
Balance at 30 June 2017	8	973	981

Accounting policy for property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the diminishing value method for assets acquired up to June 2010 and the straight-line basis thereafter to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	2-5 years
Plant and equipment	2-12 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Note 13. Non-current assets - intangibles

	Consolidated 2017 $'000	2016 $'000
Goodwill - at cost	15,363	15,363
Less: Impairment	(10,819)	(4,542)
	4,544	10,821
Software product development - at cost	1,410	-
Less: Research and development incentives	(573)	-
	837	-
	5,381	10,821

Note 13. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Software product development $'000	Total $'000
Balance at 1 July 2015	10,821	-	10,821
Balance at 30 June 2016	10,821	-	10,821
Additions	-	1,410	1,410
Research and development incentives	-	(573)	(573)
Impairment of goodwill	(6,277)	-	(6,277)
Balance at 30 June 2017	4,544	837	5,381

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 formed by the legacy products of these businesses.

Review of carrying values
The recoverable value of the 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, approved by management, over a five year period and a terminal value of 2 times (2016: 6.5 times) discounted Year 5 EBITDA. Research and development tax benefits are excluded for the purpose of EBITDA based calculations. Cash flows are discounted at a post tax rate of 12% (2016: 12%) per annum which incorporates an appropriate risk premium. Goodwill was written down to the cash generating unit's carrying amount during the financial year.

Management has based the value-in-use calculation on the budget and forward estimates for the health services cash generating unit. This budget incorporates management’s best estimates of projected revenues using growth rates based on historical experience, anticipated market changes and the expected result of the cash generating unit‘s initiatives. Costs are calculated taking into account historical and planned gross margins, estimated inflation rates for the year consistent with inflation rates applicable to the locations in which the cash generating unit operates, and other planned and expected changes to the cost base.

The review of the carrying value, and subsequent impairment charge of $6,277,000 takes into account the impact on the existing business of new products being introduced in FY18, the impact on revenue and earnings of competitive pressure, and changing industry conditions.

The value-in-use calculation is most sensitive to assumptions relating to growth, discount rates and terminal values. Management believe that any reasonable change in the key assumptions on which recoverable amount of goodwill is based would cause the cash generating unit's carrying amount to exceed its recoverable amount and therefore be further impaired.

Accounting policy for intangibles
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets and assets not yet available for use in the manner intended by management are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 13. Non-current assets - intangibles (continued)

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software product development
Significant costs associated with software product development (net of research and development incentives) are capitalised and amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use in the manner intended by management.

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.

Impairment of non-financial assets
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2017	2016
	$'000	$'000
Trade payables	382	297
Sundry creditors and accruals	1,638	1,987
Deferred rent expense	100	166
eCommerce payments awaiting clearance	2,160	2,293
	4,280	4,743

Refer to note 20 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually settled within established terms normally 30 days of recognition.

Note 15. Current liabilities - provisions

	Consolidated	
	2017	2016
	$'000	$'000
Employee benefits	939	767
Lease make good	133	83
	1,072	850

Note 15. Current liabilities - provisions (continued)

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2017	Lease make good $'000
Carrying amount at the start of the year	83
Additional provisions recognised	13
Amounts transferred from non-current liabilities	37
Carrying amount at the end of the year	133

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

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

Note 16. Non-current liabilities - provisions

	Consolidated	
	2017 $'000	2016 $'000
Employee benefits	219	245
Lease make good	8	41
	227	286

Note 16. Non-current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2017	Lease make good $'000
Carrying amount at the start of the year	41
Additional provisions recognised	4
Amounts transferred to current liabilities	(37)
Carrying amount at the end of the year	8

Refer to note 15 for further details of the lease make good provision.

Accounting policy for long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 17. Equity - issued capital

			Consolidated	
	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares - fully paid	256,167,592	255,917,592	86,283	86,283

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2015	255,190,151	86,283
Share issue employee share scheme	1 July 2015	481,000	-
Share options exercised	23 October 2015	246,441	-
Balance	30 June 2016	255,917,592	86,283
Performance rights exercised	26 November 2016	250,000	-
Balance	30 June 2017	256,167,592	86,283

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

On a show of hands every member present at a meeting shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 17. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 18. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year or subsequent to the end of the financial year.

Franking credits

	Consolidated	
	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	831	1,376

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 19. Reconciliation of (loss)/profit after income tax to net cash from/(used in) operating activities

	Consolidated 2017 $'000	Consolidated 2016 $'000
(Loss)/profit after income tax expense for the year	(5,877)	27
Adjustments for:		
Depreciation and amortisation	409	172
Impairment of goodwill	6,277	-
Net loss on disposal of non-current assets	219	17
Share-based payments	(55)	(50)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(109)	22
Decrease in inventories	34	67
Increase in income tax refund due	(545)	-
Decrease in deferred tax assets	111	79
Increase in other operating assets	(8)	(307)
Decrease in trade and other payables	(329)	(671)
Increase/(decrease) in other provisions	162	(564)
Decrease in deferred revenue	(40)	(62)
Net cash from/(used in) operating activities	249	(1,270)

Note 20. Financial instruments

Financial risk management objectives

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

Market risk

Foreign currency risk

The Group has no material exposure to foreign exchange risk.

Interest rate risk

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

Consolidated	2017 Weighted average interest rate %	2017 Balance $'000	2016 Weighted average interest rate %	2016 Balance $'000
Cash on deposit	2.26%	7,878	3.08%	9,424
Net exposure to cash flow interest rate risk		7,878		9,424

An official increase/decrease in interest rates of 27 (2016: 30) basis points would have an favourable/adverse effect on profit before tax of $18,000 (2016: $29,000) per annum. The percentage change is based on the expected volatility of interest rates of a 10% movement, using market data and analysts forecasts.

Note 20. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group mitigate credit risk by undertaking transactions with a large number of customers. The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. Trade and other receivables that are neither past due nor impaired are considered to be high credit quality.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

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

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	2,020	-	-	-	2,020
Total non-derivatives	2,020	-	-	-	2,020

Consolidated - 2016	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	2,284	-	-	-	2,284
Total non-derivatives	2,284	-	-	-	2,284

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Contingent liabilities

The Group had no contingent liabilities at 30 June 2017 and at 30 June 2016.

Note 22. Commitments

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	933	959
One to five years	488	1,174
	1,421	2,133

Operating lease commitments includes contracted amounts for various offices under non-cancellable operating leases expiring within five years with, in some cases, options to extend. 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. On renewal, the terms of the leases are renegotiated.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2017 $	Consolidated 2016 $
Short-term employee benefits	1,619,859	1,665,994
Post-employment benefits	139,887	96,996
Share-based payments	4,794	14,496
Termination benefits	135,026	-
	1,899,566	1,777,486

Included in the above are director's fees which were paid to companies associated with the directors.

Note 24. Related party transactions

Parent entity
Corum Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties
Director's fees attributable to Bill Paterson of $126,000 (2016: $126,911) were paid or payable to his associate Paterson Wholohan Grill Pty Ltd. $21,058 was payable at 30 June 2017.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Amfac Pty Ltd	Australia	100%	100%
Corum Health Pty Ltd (formally 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 26. Share-based payments

The Group has a performance rights plan, an employee share scheme plan and a share option plan. Unless prior shareholder approval is obtained, the maximum number of performance rights, shares or share options that may be issued by the directors pursuant to the respective plan shall not exceed 5% of the number of shares on issue. There are no voting or dividend rights attached to performance rights or options prior to their exercise.

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, subject to the satisfaction of certain conditions which are set out when issued to the participant.

To facilitate and manage the issue of performance rights under the plan, and the subsequent issue of shares on exercise of performance rights, the Group has established the Corum Group Employee Share Scheme Trust. A grant of shares under the plan is subject to both the plan rules and the terms of the trust deed. Performance rights may be subject to a number of conditions including a service condition of continuous employment from grant date to vesting date, otherwise the performance right will lapse.

The Board has discretion to make grants at any time 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 were no performance rights granted during the financial year (2016: nil).

The weighted average remaining contractual life of the performance rights is nil years (2016: 0.4 years).

Set out below are summaries of performance rights granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2013	26/11/2016	$0.00	250,000	-	(250,000)	-	-
			250,000	-	(250,000)	-	-

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Lapsed	Balance at the end of the year
27/11/2013	26/11/2016	$0.00	750,000	-	-	(500,000)	250,000
			750,000	-	-	(500,000)	250,000

Note 26. Share-based payments (continued)

Employee share scheme
The Corum Group Employee Share Plan allows the Company to grant shares to participants who are employees or categories of employees, on a non-discriminatory basis, at the discretion of the Board. The purpose of the plan is to encourage participation in the Company by employees through share ownership.

The Plan operates in such a manner that shares acquired under the Plan permit the application of section 83A-35 of the Income Tax Assessment Act 1997. Shares issued under the plan are subject to a holding lock for a period of three years during which time the shares may not be disposed of or otherwise dealt with by the participant. There is no risk of forfeiture under the Plan. The shares are released after holding lock period or upon the participant ceasing to be an employee.

An employee may not participate in the Plan if in doing so they will hold a beneficial or controlling interest in 5% or more of the Company's shares.

There were no shares issued under the plan during the financial year (2016: 481,000 shares to 74 employees).

Employee share option plan
Under the terms of the Employee Share Option Plan, the directors may, at their sole discretion, issue options to selected eligible participants. The rights to exercise options may be subject to a number of conditions, including the option holder remaining an eligible participant during the exercise period.

There were no share options granted during the financial year, (2016: nil).

Accounting policy for share-based payments for employment services
Equity-settled transactions are awards of performance rights, options over shares, or shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using pricing models such as the Binomial or Black-Scholes option pricing model which incorporates all market vesting conditions, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions in determining fair value.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2017 $'000	Parent 2016 $'000
Loss after income tax	(1,115)	(1,710)
Total comprehensive income for the year	(1,115)	(1,710)

Statement of financial position

	Parent 2017 $'000	Parent 2016 $'000
Total current assets	9,593	10,050
Total assets	17,375	16,714
Total current liabilities	1,100	1,257
Total liabilities	13,115	11,284
Equity		
Issued capital	86,283	86,283
Share-based payments reserve	-	90
Accumulated losses	(82,023)	(80,943)
Total equity	4,260	5,430

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Bill Paterson	Matthew Bottrell
Chairman	Director

31 August 2017
Sydney

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INDEPENDENT AUDITOR'S REPORT

To the members of Corum Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Corum Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment assessment

The Group's disclosures in respect to Goodwill and impairment assessment are included in Note 13 of the financial statements. The Group has recorded a goodwill impairment charge of $6,277,000 during the year ended 30 June 2017. The remaining carrying value of goodwill of $4,544,000 recorded on the statement of financial position is material to the financial statements.

The Group has tested goodwill allocated to the Health cash generating unit at reporting date as part of the annual impairment assessment mandated by Australian Accounting Standard – AASB 136 Impairment of Assets. The Group's assessment of the value in use involves judgements about the future results of the business and the discount rate and growth rate applied to future cash flow forecasts.

Our audit procedures included, amongst others comparing the current year actual results against prior year forecast. We evaluated the Group's assumptions in the forecasts, including the long term growth rates, and the discount rate.

We also engaged internal specialists to assess key inputs and assumptions against external benchmarks.

We evaluated the adequacy of the group's disclosures about those assumptions to which the outcomes of the impairment test are most sensitive, that is, those that will have the most significant effect on the determination of the recoverable amount.

Capitalisation of software development costs

During the year, the Group capitalised costs incurred in the development of its software amounting to $1,410,000 (refer to Note 13 of the financial statements). These costs will be amortised upon completion of the software product development, based on the estimated useful life of the software. The Group's process for calculating the value of internally developed software involves judgement which includes estimating the value of staff time spent developing the software.

We assessed the composition of development costs and the capitalisation criteria against the requirements of Australian Accounting Standard – AASB 138 Intangible Assets. Our audit procedures also included agreeing the non-current asset register to the general ledger, verifying a sample of capitalised costs to actual payroll information and assessing the salary and wages of employees being capitalised as being directly attributable. We evaluated the processes used to monitor and track the development costs, the stage of development and the Group's assessment of the inflow of future economic benefits.

We also assessed the disclosures related to capitalised development costs in the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report (excluding the audited Remuneration Report section) for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders (including the Chairman's letter to shareholders, Chief Executive Officer's report, Corporate Governance Statement and Directors' Report).

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Corum Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO East Coast Partnership

BDO

J Bresolin

John Bresolin
Partner

Sydney, 31 August 2017

Corum Group Limited
Shareholder information
30 June 2017

The shareholder information set out below was applicable as at 18 August 2017.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number or ordinary shares held
1 to 1,000	683	238,735
1,001 to 5,000	422	1,173,705
5,001 to 10,000	235	1,822,424
10,001 to 100,000	330	11,769,726
100,001 and over	117	241,163,002
	1,787	256,167,592
Holding less than a marketable parcel	1,371	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Lujeta Pty Ltd (The Margaret Account)	140,053,379	54.67
Link Enterprises (International) Pty Ltd	13,090,345	5.11
Ginga Pty Ltd (Thomas G Klinger Family A/C)	10,810,866	4.22
Canceler Pty Ltd (Clarence Super Fund A/C)	6,000,000	2.34
Mr Michael John Farrelly	4,524,379	1.77
Mr Robert Martin O'Shannassy	4,372,485	1.71
Ginga Pty Ltd	4,284,540	1.67
R M O'Shannassy Pty Ltd (R M O'Shannassy Family A/C)	4,085,345	1.59
Atlas Holdings Pty Ltd (The Atlas A/C)	2,891,214	1.13
Anacacia Pty Ltd	2,457,413	0.96
Mr Michael John Farrelly + Ms Madeline Zappia (Farrelly Retirement Fund A/C)	2,271,984	0.89
Navigator Australia Ltd (MLC Investment Sett A/C)	2,102,045	0.82
Connaught Consultants (Finance) Pty Ltd (Super Fund A/C)	2,060,000	0.80
Mr Malcolm John Badgery	1,700,000	0.66
Mr Geoffrey John Paul (G & J Super Fund A/C)	1,700,000	0.66
Mr David Klinger	1,630,000	0.64
Mr Gregor Aschoff	1,546,881	0.60
Chavoo Pty Ltd (Midhurst Super Fund A/C)	1,500,000	0.59
Layuti Pty Ltd (The Mouatt Super Fund A/C)	1,444,877	0.56
Canceler Pty Ltd (Clarence Super Fund A/C)	1,350,000	0.53
	209,875,753	81.93

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

	Ordinary shares	
	Number held	% of total shares issued
Lujeta Pty Ltd (The Margaret Account)	140,053,379	54.67
Ginga Pty Ltd	17,277,812	6.74
Link Enterprises (International) Pty Ltd	15,333,806	5.99

Voting rights
All ordinary shareholders carry one vote per share without restriction.

There are no other classes of equity securities.

Directors	Bill Paterson (Chairman) Gregor Aschoff Matthew Bottrell
Company secretary	David Clarke
Registered office	Level 20 347 Kent Street Sydney NSW 2000 Head office telephone: +61 2 9289 4699
Share register	Computershare Investor Services Pty Limited 60 Carrington Street Sydney NSW 2000 Share registry telephone: 1300 787 272 or +61 3 9415 4000
Auditor	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
Stock exchange listing	Corum Group Limited shares are listed on the Australian Securities Exchange (ASX code: COO)
Website	www.corumgroup.com.au