



Appendix 4D

Name of entity

Corum Group Limited

ABN or equivalent company reference

25 000 091 305

Half year ended ('current period')

31 December 2014

Financial year ended
(‘previous corresponding period for
Balance Sheet’)

30 June 2014

Half year ended
(‘previous corresponding period for
Statement of Comprehensive Income and
Cash Flow Statement’)

31 December 2013

Results for announcement to the market

Extracts from this report for announcement to the market

1. Revenue from ordinary activities	Down 5.3% to	\$9,514,000
2. Profit from ordinary activities after tax attributable to members	Up 46.8% to	\$3,132,000
3. Profit for the period attributable to members	Up 46.8% to	\$3,132,000
Profit after tax includes an amount of \$1,133,000 being an income tax benefit arising from the recognition of deferred tax assets.		

Statement regarding dividends	Directors have declared a dividend of 0.5 cents per ordinary share partially franked 30%, payable on 23 February 2015.
Record date for determining entitlements to the dividend	13 February 2015

	Current Period	Previous Corresponding Period
Net tangible assets/(liabilities) per security	4.0 cents	2.7 cents



Corum Group Limited

ABN 25 000 091 305

**Half-Yearly Report
For the Six Months Ended
31 December 2014**

Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Balance Sheet	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	17
Independent Auditor's Review Report	18

Directors' Report

The Directors present their report, together with the financial statements, on the Consolidated Entity ('Consolidated Entity') consisting of Corum Group Limited ('Corum' or the 'Company') and the entities it controlled for the half-year ended 31 December 2014.

Directors

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

Michael John Shehadie – Non-executive Director and Chairman
Hon. Michael A Cleary A.O. – Non-executive Director
David Matthew Tonuri - Non-executive Director (appointed 17 September 2014)
Geoffrey John Broomhead – Managing Director (resigned 30 January 2015)

Company Secretary

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

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

Principal Activities

The principal activities of the Consolidated Entity during the financial half-year were:

- Software development with particular emphasis in point-of-sale and pharmaceutical dispensing software, support services and computer hardware; and
- Financial gateway providing transactional processing for electronic bill payments, funds transfer and processing services to the real estate industry and other corporate clients.

Operating Results

The operating profit of the Consolidated Entity before providing for income tax amounted to \$2,111,000 (2013: \$2,133,000). Net profit after recognition of deferred tax assets and taxation expense was \$3,132,000 (2013: \$2,133,000).

There was no change to the operations during the financial period.

Directors' Report

Dividends

On 25 August 2014 the Company paid an unfranked dividend of \$1,529,000 being 0.6 cents per ordinary share.

Review of Operations

Group Overview

Total Group Sales Revenue for the half-year was \$9,514,000 being (\$535,000) (-5.3%) reduction on the same period last year.

Half-year Operating Profit Before Tax of \$2,111,000 was \$22,000 (-1.0%) lower than the same period last year.

The half-year Operating Profit After Tax was \$3,132,000, an increase of \$999,000 on the same period last year. Income tax benefit for the half-year comprised the current tax expense of \$112,000 (2013: nil) and the benefit arising from the recognition of deferred tax assets of \$1,133,000 (2013: nil).

Net cash generated from operations during the half-year was \$1,696,000; a decrease of \$726,000 on the same period last year. Cash held by the Group at the end of the financial period was \$12,065,000; a net increase of \$152,000 since the end June 2014.

Corum Health Services is a major provider of pharmacy industry software applications and achieved sales revenues of \$6,730,000 during the financial half-year; a reduction of \$285,000 (-4%) on the same period last year. Segment profit was \$1,461,000 being an increase of \$59,000 on the previous year.

Corum eCommerce provides financial transaction processing facilities for the payment of bills and funds transfers. Corum eCommerce achieved a segment profit of \$1,115,000 (2013: \$1,327,000) for the half-year on sales revenues of \$2,186,000 (2013: \$2,504,000).

Financial Position

The Consolidated Entity net assets are \$20,992,000 (June 2014: \$18,873,000); and working capital, current assets less current liabilities, is a surplus of \$9,186,000 (June 2014: \$8,239,000).

Corporate Capital and Financing

As at the half-year end the Group has cash surpluses of \$12,065,000 (June 2014: \$11,913,000) and remains debt free with its assets fully unencumbered.

Directors' Report

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

Going Concern

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

Events Subsequent to Reporting Date

On 28 January 2015 the Company declared a dividend of 0.5 cents per ordinary share franked at 30%, with a record date of 13 February 2015 and payable on 23 February 2015.

On 30 January 2015 the Managing Director / Chief Executive Officer of the Consolidated Entity, Mr Geoffrey Broomhead, left the Company. Payments to Mr Broomhead in relation to his contract of employment were made during February 2015. The treatment of performance rights granted to Mr Broomhead remains under consideration by the Board.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 4.

Rounding of Amounts

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

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



Michael Shehadie
Chairman



David Tonuri
Managing Director

Dated: 18 February 2015

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

As lead auditor for the review of Corum Group Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 18 February 2015

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014**

	Note	2014 \$'000	2013 \$'000
Sales revenue		8,916	9,519
Other revenue		598	530
Total revenues	2	9,514	10,049
Materials and consumables used		(1,151)	(1,343)
Employee benefits expenses		(4,433)	(4,726)
Occupancy costs		(502)	(523)
Marketing expenses		(285)	(260)
Depreciation and amortisation expense		(66)	(63)
Performance rights amortised		(456)	(410)
Other expenses		(510)	(591)
Profit before income tax expense		2,111	2,133
Income tax benefit	3	1,021	-
Profit for the half-year		3,132	2,133
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		3,132	2,133
Profit attributable to members of the Company		3,132	2,133
Comprehensive income attributable to members of the Company		3,132	2,133
Earnings per share attributable to members of the Company	4	cents	cents
Basic earnings per share		1.23	0.85
Diluted earnings per share		1.15	0.80

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2014

	Note	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		12,065	11,913
Trade and other receivables		184	158
Inventories		135	122
Other assets	7	2,695	3,882
Total Current Assets		15,079	16,075
NON-CURRENT ASSETS			
Financial assets		30	30
Plant and equipment		196	187
Intangible assets		10,821	10,821
Deferred tax asset	3	1,133	-
Other non-current assets		151	131
Total Non-Current Assets		12,331	11,169
Total Assets		27,410	27,244
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	4,271	6,188
Deferred revenue		522	443
Provisions		988	1,029
Income tax payable		112	176
Total Current Liabilities		5,893	7,836
NON-CURRENT LIABILITIES			
Provisions		525	535
Total Non-Current Liabilities		525	535
Total Liabilities		6,418	8,371
Net Assets		20,992	18,873
EQUITY			
Issued capital	9	86,283	86,223
Reserves		1,535	1,113
Accumulated losses		(66,826)	(68,463)
Total Equity		20,992	18,873

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2014**

	Note	Ordinary Share Capital \$'000	Share- based Payments Reserves \$'000	Accum- ulated Losses \$'000	Total \$'000
Balance at 1 July 2014		86,223	1,113	(68,463)	18,873
Profit after income tax		-	-	3,132	3,132
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income		-	-	3,132	3,132
Performance rights amortised		-	456	-	456
Options exercised	9	60	(14)	14	60
Options lapsed		-	(20)	20	-
Dividend paid	5	-	-	(1,529)	(1,529)
Balance at 31 December 2014		86,283	1,535	(66,826)	20,992
Balance at 1 July 2013		85,795	347	(69,784)	16,358
Profit after income tax		-	-	2,133	2,133
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income		-	-	2,133	2,133
Performance rights amortised		-	410	-	410
Options exercised	9	392	(58)	58	392
Options lapsed		-	(4)	4	-
Dividend paid	5	-	-	(1,752)	(1,752)
Balance at 31 December 2013		86,187	695	(69,341)	17,541

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014**

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,843	10,519
Payments to suppliers and employees		(8,569)	(8,627)
Interest received		248	208
Other revenue		350	322
Income tax paid		(176)	-
Net cash generated by operating activities		1,696	2,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(75)	(41)
Net cash used in investing activities		(75)	(41)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options	9	60	392
Dividend paid to equity holders	5	(1,529)	(1,752)
Net cash used in financing activities		(1,469)	(1,360)
Net increase in cash and cash equivalents		152	1,021
Cash and cash equivalents at beginning of the period		11,913	8,884
Cash and cash equivalents at end of the period		12,065	9,905

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2014

This financial report includes the consolidated financial statements and notes of Corum Group Limited and controlled entities ('Consolidated Entity'). Corum Group Limited is a listed public company, incorporated and domiciled in Australia.

The presentational currency is Australian dollars.

Note 1: Basis of preparation of the Half-Year Financial Report

a) Basis of preparation

The half-year consolidated financial statement has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that the half-year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2014 and any public announcements made by Corum Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial statements have been prepared using the same accounting policies consistently applied by the entities in the Consolidated Entity as used in the annual financial statements for the year ended 30 June 2014.

The half-year financial report does not include full disclosure of the type normally included in an annual financial report.

b) Reporting basis and conventions

The financial statements have been prepared on an accruals basis and is based on historical costs; modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

c) Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 1: Basis of preparation of the Half-Year Financial Report continued

d) New, revised or amending Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Consolidated Entity for the current reporting period.

Note 2: Revenue and other income

	2014	2013
	\$'000	\$'000
Sales revenue		
Rendering of services	8,182	8,682
Sales of goods	734	837
	<u>8,916</u>	<u>9,519</u>
Other revenue		
Interest received from other parties	248	208
Revenue from unlisted company	330	300
Other revenue	20	22
	<u>598</u>	<u>530</u>
Total revenue	<u>9,514</u>	<u>10,049</u>

Note 3: Taxation

	2014	2013
	\$'000	\$'000
The components of income tax comprise:		
Current tax expense	(684)	(712)
Adjustment for current tax of prior periods	-	28
Utilisation of prior year deferred tax assets not previously recognised	572	684
Recognition of carried forward tax losses as deferred tax asset	585	-
Recognition of carried forward temporary differences as deferred tax asset	548	-
	<u>1,021</u>	<u>-</u>
Income tax benefit	<u>1,021</u>	<u>-</u>

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2014

Note 3: Taxation continued

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

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

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

Corum generated operating losses during the period from 1 July 1997 to 30 June 2009 which resulted in the creation of substantial carried forward tax losses. The taxation returns for the five years to 30 June 2014 have included, as an offset against taxable income, a claim for carried forward tax losses, the tax effect of which is valued at \$5,943,000 (June 2013: \$4,518,000).

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

Note 4: Earnings per share (EPS)

Earnings Per Share

Reconciliation of earnings to profit:

Profit for the period attributable to members of the Company
Earnings used in the calculation of basic and diluted EPS

2014
\$'000

2013
\$'000

3,132
3,132

2,133
2,133

Weighted average number of ordinary shares
outstanding during the period used in calculating basic EPS
Weighted average number of dilutive options and
performance rights outstanding during the period
Weighted average number of ordinary shares
outstanding during the period used in calculating dilutive EPS

Number

Number

254,798,894
16,500,853
271,299,747

250,491,244
16,377,579
266,868,823

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 5: Dividends paid and proposed

Dividends on ordinary shares	2014 \$'000	2013 \$'000
(a) Dividend declared and paid during the half-year		
Final unfranked dividend for 2014: 0.6 cents per share paid on 25 August 2014 (2013: 0.7 cents per share unfranked)	1,529	1,752
(b) Dividend proposed and not recognised as a liability		
Interim dividend for 2015: 0.5 cents per share franked at 30%, declared on 28 January 2015 and to be paid on 23 February 2015 (2013: 0.5 cents per share unfranked)	1,276	1,270

Note 6: Segment reporting

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

The Group has determined the following business segments:

- Health Services - the Corum Health Services business is a provider of dispense and point of sale software applications, hardware and support services to Australian pharmacies through its controlled entities, Pharmasol Pty Limited, Amfac Pty Limited and Corum Systems Pty Limited.
- eCommerce - offers individuals and businesses the opportunity to effect payment of their rent, utilities, local government fees and commercial obligations via electronic methodologies through its controlled entity Corum eCommerce Pty Limited.

The Consolidated Entity operates predominantly in Australia.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 6: Segment reporting continued

Segment performance	Health Services \$'000	eCommerce \$'000	Intersegment eliminations /unallocated \$'000	Consolidated \$'000
2014				
Revenue				
External sales	6,730	2,186	-	8,916
Inter-segment sales	-	1,133	(1,133)	-
Total sales revenue	6,730	3,319	(1,133)	8,916
Other revenue	343	-	6	349
Interest revenue	2	36	211	249
Total revenue	7,075	3,355	(916)	9,514
Segment net profit before tax	1,461	1,115	(465)	2,111
<i>Reconciliation of segment result to group net profit before tax</i>				
Unallocated items				-
Net profit before tax				2,111
Depreciation and amortisation of segment assets	32	18	16	66
Other non-cash segment expenses - increase/(decrease) in provisions	(46)	12	(61)	(95)

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 6: Segment reporting continued

Segment performance	Health Services \$'000	eCommerce \$'000	Intersegment eliminations /unallocated \$'000	Consolidated \$'000
2013				
Revenue				
External sales	7,015	2,504	-	9,519
Inter-segment sales	-	1,026	(1,026)	-
Total sales revenue	7,015	3,530	(1,026)	9,519
Other revenue	316	-	6	322
Interest revenue	-	45	163	208
Total revenue	7,331	3,575	(857)	10,049
Segment net profit before tax	1,402	1,327	(596)	2,133
<i>Reconciliation of segment result to group net profit before and after tax</i>				
Unallocated items				-
Net profit before and after tax				2,133
Depreciation and amortisation of segment assets	34	12	17	63
Other non-cash segment expenses - increase/(decrease) in provisions	(28)	(15)	11	(32)

Note 7: Other assets

	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Prepayments	200	40
eCommerce payments awaiting clearance (i)	2,495	3,842
	2,695	3,882

- (i) These amounts are controlled by the Consolidated Entity and are considered to be restricted in operation to the electronic receipt of payments on behalf of customers, whose monies, upon clearance in the normal course of the business banking system, are released from the bank accounts and paid to the benefit of third parties, on whose behalf the monies are received and for which an equivalent liability is recorded in Note 8: Trade and other payables.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 8: Trade and other payables

	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Trade creditors	297	496
Sundry creditors and accruals	1,469	1,836
Deferred rent expense	10	14
eCommerce payments awaiting clearance	2,495	3,842
	4,271	6,188

Note 9: Issued capital

	31 December 2014 \$'000	30 June 2014 \$'000
Issued capital		
255,190,151 fully paid ordinary shares (30 June 2014: 254,440,151)	86,283	86,223

Movement in ordinary share capital	\$'000	Number
Balance at 1 July 2014	86,223	254,440,151
Share options exercised - 25 July 2014	28	350,000
Share options exercised - 27 November 2014	16	200,000
Share options exercised - 15 December 2014	16	200,000
Balance at 31 December 2014	86,283	255,190,151
Balance at 1 July 2013	85,795	249,090,151
Share options exercised	392	4,900,000
Balance at 31 December 2013	86,187	253,990,151

The remaining 1,050,000 share options issued to employees on 15 December 2009, that had not been exercised by 15 December 2014, expired and as such did not convert into ordinary shares.

**Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2014**

Note 10: Events subsequent to reporting date

On 28 January 2015 the Company declared a dividend of 0.5 cents per ordinary share franked at 30%, payable on 23 February 2015.

On 30 January 2015 the Managing Director / Chief Executive Officer of the Consolidated Entity, Mr Geoffrey Broomhead, left the Company. Payments to Mr Broomhead in relation to his contract of employment were made during February 2015. The treatment of performance rights granted to Mr Broomhead remains under consideration by the Board.

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

Note 11: Share-based payments

Other performance rights

Shareholders in General Meeting have granted performance rights to Directors of the Company. During the current half-year 1,266,450 performance rights were issued pursuant to the Shareholders' resolution.

Directors Declaration

In the opinion of the Directors of Corum Group Limited:

- (a) The financial statements and notes, set out on pages 5 to 16 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board



Michael Shehadie
Chairman



David Tonuri
Managing Director

Dated 18 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Corum Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Corum Group Limited, which comprises the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Corum Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Corum Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

At 30 June 2014 the consolidated entity had unused tax losses of \$3,542,000 and the forecasts prepared by the directors indicated future taxable profits, which were likely to be offset against some of the available tax losses.

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

No deferred tax asset was brought to account in the financial statements for the year ended 30 June 2014 in relation to the unused tax losses expected to be utilised, which constituted a departure from Australian Accounting Standards.

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

We are satisfied with the material accuracy of amounts recorded in the statement of financial position at 31 December 2014 as a deferred tax asset has now been brought to account in accordance with AASB 112 for the period ended 31 December 2014.

However, our conclusion on the current period's financial report is modified because we are unable to determine the amount of any adjustment to the income tax benefit and opening accumulated losses for the period ended 31 December 2014, and the possible effect of this matter on the comparability of the current period deferred tax asset, income tax benefit and opening accumulated losses with the comparative figures presented in the financial report.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of Corum Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership



Grant Saxon
Partner

Sydney, 18 February 2015

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