APPENDIX 4E
Preliminary Final Report

Corum Group Limited **(ASX code: COO)**
ABN 25 000 091 305

Financial year ended 30 June 2016

Comparative period financial year ended 30 June 2015

Results for announcement to the market

			$'000
Revenues from ordinary activities	down	13.1 % to	**16,792**
Profit from ordinary activities after tax attributable to members	down	99.4 % to	**27**
Net profit for the period attributable to members	down	99.4 % to	**27**

Dividends

Dividends paid in respect of the current financial year:	Amount per security	Percentage franked
Interim dividend	0 cents	0%
Final dividend	0 cents	0%

Net tangible asset backing

The net tangible asset backing per ordinary share:

As at 30 June 2016	3.6 cents
As at 30 June 2015	3.6 cents

Other information

The Company's financial statements have been audited by BDO East Coast Partnership and their audit report accompanies the financial statements.

For an explanation of the figures above please refer to the Directors' report and the notes to the financial statements.

Corum Group Limited

ABN 25 000 091 305

Annual Report
Year Ended 30 June 2016

Contents

Chairman's Letter to Shareholders

Dear Shareholders

At the Annual General Meeting last year the Board advised shareholders that company process and product upgrading was underway and that their patience was needed before the directions of the Company were corrected and the trading performance was improved.

The Board had progressively formed a view that as the company proceeded through what amounts to a two year change program, parallel streams of activity should target both incremental gains and wide ranging, coordinated product and process improvements.

Despite progress on these issues accelerating during the year, the net profit result for the year is unacceptable. The Company has continued to under-perform on its potential at a revenue level. This, taken together with the costs of the change program, and rectifying historical tax issues, has practically eliminated profit after tax this year. However, the company balance sheet remains strong, with close to $10 million in cash and no borrowings.

The Board considers Corum's cash reserves to be a strategic asset not available to many other market participants. These resources in part will aid in the refocusing of the business, the further building of our core capabilities, and will support revenue initiatives. The company is also actively seeking to partner in alliances or joint ventures, although most approaches and overtures have, upon analysis, not satisfied the Board. Therefore, the Board does not view dividend payments as appropriate at this point in time.

Software and Service

Although the past year was challenging, the progress made on many fronts is encouraging. A substantial platform change for the LOTS products was deployed across the entire customer base in late 2015, and has been regularly enhanced and updated since.

Corum's focus on product has included new functionality for our existing health customers. Products close to roll out include medication charts, an integrated calendar function, installation simplification and Corum Safeguard.

Corum Safeguard's cloud oriented automated backup functionality offers additional customer and pharmacy data security, which is unique in our market. The dedicated computer equipment provided with it will simplify, stabilise and protect pharmacy businesses. This product will be progressively rolled out from next month.

Corum has begun deploying its e-commerce payment gateway for use by pharmacies. This gateway integrates with their web-stores. eCommerce will also be launching a mobile app simplifying the payment processes for a range of customers.

Corum has also committed to a rolling refresh program for existing product platforms, focusing on minimising workflow and optimising the user experience. The first enhanced products will be launched over the next few months.

Development of the new dispense and head-office products is also underway. These products will be based on a cloud-and-local approach which will provide pharmacies with enhanced protection from the risk of business disruption. Currently, traditional cloud based software that is reliant on internet connectivity can be, and has been, disrupted by connection failures. These Corum products are expected to be ready for release to beta testing in early 2017.

Staff and Management

The Board continues to insist on Corum having the right talent in each discipline with leadership that can efficiently achieve goals. The Board is pleased that Corum continues to attract and retain very committed, skilled staff. Current and past staff are thanked for their contribution and loyalty over the year. We all look forward to the journey ahead.

Finally, the Board again thanks our customers and shareholders for their valued support and encouragement. Corum will continue to listen, seek frank feedback, and encourage on-going engagement.

Bill Paterson
Chairman

31st August 2016

Chief Executive Officer's Report

The 2016 financial year was a challenging one for Corum with poor trading results reflecting past delay in addressing strategic imperatives. Having learnt our lessons, we are implementing targeted actions to urgently correct this. We have established a program to develop new products, engage our customers and rebuild our reputation.

Sales in the 2016 financial year were down 13% on 2015. eCommerce revenue declined 27%, as a result of losses to banks and other market participants. Health Services revenue declined by 8% due to the loss of pharmacy customers over recent years. Many customers have moved to other suppliers because of past reliability and support issues. Although these issues were resolved in 2015 the negative customer sentiment that they caused has impacted customer retention.

Expenses during the year have remained similar to previous years despite lower revenue. This reflects our intention for continued investment in the business and retention of specialist skills within the organisation. Underlying expenses in 2016, (excluding share-based payments and research and development tax benefit), was $15.9M, 1% lower than in 2015. During 2016 the Company incurred higher than normal consulting and recruiting costs.

The result of lower sales and static expenses was reduced 2016 profit before tax of $2.7M, a 39% decline on 2015.

The profit after tax for the year was $27K. Income tax expense for the year was $2.7M, which includes a one-off $1.9M tax adjustment related to prior period issues.

I am pleased to report that during the year the Company made significant improvements to its core pharmacy software that solved past performance issues. This has resulted in a 50% drop in customer support requests over the year. The Company has invested in its customer support activities and is now the only pharmacy software vendor that provides "live" technical support call response with availability over extended hours. This will help improve customer retention.

We acknowledge there has been some disruption and delay in the Company's past plans due to the premature departure of the Joint Managing Directors during the year.

We now have in place an improvement program that is being progressively implemented. This program has four main goals:

1. Gain more pharmacy sites;
2. Strengthen the e-commerce revenue base;
3. Reduce the Company's cost to serve; and
4. Be the solutions provider of choice.

Key aspects of this plan are underway. In September the Company will launch its Corum Safeguard product, the first of a series of innovative products targeting the pharmacy sector. By October the Company will have replaced its internal administration systems which will result in improved management information, productivity and control. The Company has commenced projects to build new pharmacy systems with a new dispense system and banner group head office system targeted for release in early 2017.

The Company is repositioning its pharmacy sales focus to being a solution provider with greater emphasis on the delivery of premium software products that add value for our customers.
In eCommerce the Company will launch mobile versions of its core payment product in October. It is reviewing its sales model and aims to expand the Company's e-commerce sales channels and product offerings over the coming year.

The results of these actions will be seen firstly in increasing installed pharmacy site numbers and e-commerce customers. Through these renewed efforts we intend to position Corum as the innovative software provider of choice in its market and this success will, in time, reflect the results expected by our shareholders.

Peter Wilton
Chief Executive Officer

31st August 2016

Directors' Report

The directors present their report, together with the financial statements, on the Consolidated Entity ('Consolidated Entity' or the 'Group') consisting of Corum Group Limited ('Corum' or the 'Company') and the entities it controlled for the year ended 30 June 2016.

Directors

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

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

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

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

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

Mr Paterson was a Non-executive Director of Intra Energy Corporation Limited from March 2012 to October 2015.

Gregor Aschoff
Executive Director
BEc, MBA, MAICD

Mr Aschoff was appointed to the Board in 20 March 2015 and was appointed to a full time executive position from 11 January 2016.

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

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

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

Mr Bottrell was appointed to the Board on 19 August 2015. He is Chairman of the Audit and Risk Committee and Remuneration and Nomination Committee.

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

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

Directors' Report

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

Mr Tonuri was appointed to the Board as a non-executive director on 17 September 2014 and took the role of Acting Managing Director on 2 February 2015. He was appointed as joint Managing Director and Chief Executive Officer on 17 June 2015.

Mr Tonuri resigned from his position and the Board effective from 30 October 2015

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

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

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

Mr Talbot resigned from his position and the Board effective from 23 October 2015.

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

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

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

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

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

Company Secretary

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

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

Mr Clarke took the role of Acting Chief Executive Officer from November 2015 until March 2016.

Directors' Report

Principal Activities

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

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

Operating Results

The operating profit of the Consolidated Entity after providing for income tax amounted to $27,000 (2015: $4,630,000). Income tax expense for the year included $1,876,000 of additional income tax expense arising from the recalculation and finalisation of income tax of prior years.

Dividends

There have been no dividends paid in respect of the current financial year or previous financial year. Since the end of the financial year directors resolved there will be no final dividend paid for 2016.

Review of Operations

The Corum Group operates two distinct businesses: Corum Health Services undertakes the development, sale and support of business software with a particular focus on solutions for the Pharmacy industry and its related supply chains. Corum eCommerce manages financial transaction processing and electronic funds transfer services, and develops the technology to support these activities.

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

Revenue for the year was $16.8 million, a decline of 13% on the prior year.

Revenue in the Health Services segment declined 8% to $13.2 million, which was associated with a reduction in the number of pharmacies using the software. Past reliability and support issues caused considerable customer dissatisfaction in previous years. Although these issues were largely resolved by December 2015 the negative customer sentiment remains strongly felt and continues to influence vendor choice.

The eCommerce segment external revenue declined 27% to $3.3 million as a result of losses to banks and other market participants.

Operating profit before tax was $2.7 million, $1.7 million (-39%) lower than the previous year. Other expenditure includes amounts for IT and tax consultancy and related expenditure not incurred in previous years.

Operating profit after tax was $27,000, compared to $4.6 million in the prior year. Income tax expense for the current year includes $1.9 million additional income tax payable for the 2014 and 2015 financial years, as further explained in Note 5: Taxation. In the prior year, income tax included a $0.7 million one-off benefit arising from the first time recognition of deferred tax assets.

Directors' Report

Cash held by the Group at the end of the financial year was $9.6 million, being a net decrease of $2.5 million. Cash usage during the year included $1.3 million for payment of taxes, $1.0 million of restructuring costs reported in the 2015 financial year, and $1.1 million of capital expenditure on computer equipment.

Outlook
The Company has embarked on initiatives to gain more pharmacy customers, rebuild the eCommerce revenue base, and reduce the Company's cost to serve.

Key aspects of this plan are underway with a pipeline of new Health Services products being developed and deployed progressively over the next twelve months. In addition, development has commenced on projects to build new pharmacy systems, with new dispense and a head office system targeted for release in the first half of calendar 2017.

Company will launch mobile versions of its core eCommerce rental product in October 2016. It is reviewing its sales model and aims to expand the Company's eCommerce sales channels and product offerings over the coming year.

The results of these planned actions will take time to be reflected in revenues and profits.

Financial Position

The Consolidated Entity net assets are $19.9 million (2015: $19.9 million) and working capital, current assets less current liabilities, is a surplus of $6.8 million (2015: $7.9 million).

Corporate Capital and Financing

As at year end the Group has cash surpluses of $9.6 million (2015: $12.1 million) and remains debt free.

Impairment of Assets Testing

Directors have reviewed the carrying value of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. This assessment was based on a comparison of the recoverable amount of the assets (using value-in-use method) and the asset's carrying value.

Going Concern

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

Significant Changes in State of Affairs

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

Directors' Report

Future Developments, Prospects and Business Strategies

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

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations, results, or the state of affairs of the Consolidated Entity in future financial years.

Meetings of Directors

The number of directors' meetings held, including meetings of the Audit and Risk Committee and the Remuneration and Nomination Committee, and the number of meetings attended by each director were:

	Directors' Meeting		**Audit and Risk Committee**		**Remuneration and Nomination Committee**	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bill Paterson	9	9	4	4	3	3
Gregor Aschoff	9	9	1	1	2	2
Matthew Bottrell	9	9	3	3	1	1
David Tonuri	3	3	-	-	-	-
Mark Talbot	1	1	-	-	-	-
Michael Cleary	1	-	1	1	-	-

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

Indemnification of Directors and Officers

The Company has insured directors and officers against all liabilities that may arise from their position except where the liability arises out of conduct involving lack of good faith. During the year the Company paid premiums of $20,000 in respect of an insurance policy for Directors' and Officers' Liability.

Proceedings on Behalf of Company

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

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

Directors' Report

Non-audit Services

During the year BDO East Coast Partnership, the firm acting as the Company's auditor, provided taxation advice and other services in addition to their statutory duties. The amounts paid or payable to the auditor for audit services are included in Note 4 of this Report.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by and obtained prior approval from the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
-
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 18.

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 2016.

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 an entity to which ASIC legislative instrument 2016/191 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Directors' Report

Remuneration Report (audited)

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

Remuneration and Nomination Committee

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

Non-executive Directors' Remuneration

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

Non-executive directors are paid an annual fee for their role as either the chairman or a director, and additional fees where they act as members of or chairman for Board committees. Directors fees are set by the Board and are reviewed regularly to ensure they remain appropriate.

Executive Directors

In June 2015, the Joint Managing Directors David Tonuri and Mark Talbot entered into executive service contracts with a fixed termination date of 31 December 2015. The agreements did not incorporate any long or short term incentive. Both resigned their positions at the end of October 2015.

Other executive directors are employed under an executive services contract that are of not fixed duration, may be terminated with three months notice by either party, and restrains the executive director from certain employment and other activity for an agreed period following termination. The executive may also participate in the Company's bonus incentive scheme that may apply from time to time.

Executive Remuneration

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

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

Key Management Personnel

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

The Chief Executive Officer and other senior executives are employed under contracts with no specific duration, with minimum termination periods of between one and three months, and are eligible for their statutory employee entitlements upon termination. They may be subject to restraints on certain employment and other activity for an agreed period following termination. The executives may also participate in the Company's bonus incentive scheme as applicable from time to time.

Directors' Report

Remuneration Report (audited) continued

Remuneration of Key Management Personnel - Directors

		Short term benefits		Post-employment benefits	Share-based payments	Total	
		Salaries and fees $	Cash incentive $	Super-annuation $	$	$	Perfor-mance related
Bill Paterson (i) *Non-executive Chairman*	2016	126,911	-	-	-	126,911	-
	2015	28,725	-	-	-	28,725	-
Matthew Bottrell (ii) *Non-executive Director*	2016	122,936	-	3,762	-	126,698	-
	2015	-	-	-	-	-	-
Gregor Aschoff (iii) *Executive Director*	2016	141,285	-	9,147	-	150,432	-
	2015	36,818	-	-	-	36,818	-
David Tonuri (iv) *Former Managing Director and Chief Executive Officer*	2016	177,616	-	-	-	177,616	-
	2015	243,771	-	-	-	243,771	-
Mark Talbot (v) *Former Managing Director and Chief Executive Officer*	2016	121,041	-	9,856	-	130,897	-
	2015	207,416	-	16,427	-	223,843	-
Michael Cleary (vi) *Former Non-executive Director*	2016	22,500	-	-	-	22,500	-
	2015	97,955	-	843	65,086	163,884	40%
Geoffrey Broomhead(vii) *Former Managing Director and Chief Executive Officer*	2016	-	-	-	-	-	-
	2015	1,373,100	-	67,046	-	1,440,146	-
Michael Shehadie (viii) *Former Non-executive Chairman*	2016	-	-	-	-	-	-
	2015	111,060	-	1,573	-	112,633	-

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

(ii) Matthew Bottrell was appointed as a director on 19 August 2015. Salaries and fees for the year include $50,000 for consultancy services provided to the Company.

(iii) Mr Aschoff was appointed to the Board on 20 March 2015 and as an executive director on 11 January 2016. Salaries and fees include both director's fees and executive remuneration, and for the prior year $13,500 for consultancy services provided to the Company prior to his appointment to the Board.

(iv) Mr Tonuri was appointed to the Board on 17 September 2014, appointed as Acting Managing Director and Chief Executive Officer from 2 February 2015 and as Joint Managing Director and Chief Executive Officer on 17 June 2015. Mr Tonuri resigned his positions effective 30 October 2015. Salaries and fees in the prior year include both director's fees and executive remuneration.

Remuneration Report (audited) continued

Remuneration of Key Management Personnel – Directors continued

(v) Mr Talbot was appointed as Chief Operating Officer effective from 2 February 2015, and to the Board on 20 May 2015. Mark was appointed as Joint Managing Director and Chief Executive Officer on 17 June 2015. Mr Talbot resigned his positions effective 23 October 2015. Salaries and fees for the prior year include $34,500 for consultancy services provided to the Company prior to his appointment.

(vi) Mr Cleary resigned from the Board effective 19 August 2015. Unvested performance rights lapsed.

(vii) Mr Broomhead ceased his employment with the Company on 30 January 2015. Salaries and fees for the year include $953,033 relating to payments on termination and $87,126 relating to accrued leave entitlements.

(viii) Mr Shehadie retired from the Board on 2 April 2015.

Remuneration of Key Management Personnel – Senior Executives

		Short term benefits		Post-employment benefits	Share-based payments	Total	
		Salaries and fees $	Cash incentive $	Super-annuation $	$	$	Perfor-mance related
Peter Wilton (i)	2016	121,406	-	11,686	-	133,092	-
Chief Executive Officer	2015	-	-	-	-	-	-
David Clarke	2016	240,000	-	22,800	12,610	275,410	5%
Chief Financial Officer / Company Secretary	2015	241,500	-	22,942	11,667	276,109	4%
Richard Howarth (ii)	2016	174,346	-	5,353	-	179,699	-
Sales, Marketing and Communication	2015	-	-	-	-	-	-
Paul Coe (iii)	2016	220,395	-	19,426	943	240,764	0%
Chief Information Officer	2015	213,000	-	20,235	23,333	256,568	9%
Claude Matthews	2016	160,000	-	14,966	943	175,909	-
Manager IT Infrastructure	2015	160,000	-	15,200	-	175,200	-

(i) Mr Wilton was appointed on 11 March 2016. Salaries and fees for the year include $37,420 for consultancy services provided to the Company prior to his appointment.

(ii) Mr Howarth was appointed in October 2015, initially on contract from a third party.

(iii) Mr Coe resigned his position effective 24 June 2016. Salaries and fees for the year include $13,492 relating to accrued leave entitlements. Unvested performance rights lapsed.

Directors' Report

Remuneration Report (audited) continued

Share Options

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

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

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

Performance Rights

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

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

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

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

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

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

Directors' Report

Remuneration Report (audited) continued

Performance Rights continued

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

	Held at 1 July 2015	Granted	Lapsed / Exercised	Held at 30 June 2016	Vested and exercisable at 30 June 2016
Directors:					
Michael Cleary	1,478,642	-	1,478,642	-	-
Senior Executives:					
David Clarke	250,000	-	-	250,000	-
Paul Coe	500,000	-	500,000	-	-
	2,228,642	-	1,978,642	250,000	-

Shareholdings of Key Management Personnel

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

	Held at 1 July 2015	On market acquisition	Acquisition via exercise of options / perf rights	On market disposal	Other changes (i)	Held at 30 June 2016
Directors:						
Bill Paterson	140,054,379	-	-	-	-	140,054,379
Matthew Bottrell	-	57,000	-	-	-	57,000
Gregor Aschoff	10,000	486,881	-	-	-	496,881
Senior Executives:						
Peter Wilton	-	165,000	-	-	-	165,000
David Clarke	-	-	-	-	6,500	6,500
Claude Matthews	350,000	-	-	-	6,500	356,500
	140,414,379	708,881	-	-	13,000	141,136,260

(i) Other changes relate to shares issued to executive employees through the employee share scheme on 1 July 2015.

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

Remuneration Report (audited) continued

Additional Information

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

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
Sales revenue	20,857	20,226	18,890	17,898	15,553
Net profit after tax	6,029	6,355	4,274	4,630	27
Total equity	10,677	16,358	18,874	19,931	19,908
Cash on hand	3,217	8,884	11,913	12,069	9,577
Borrowings	-	-	-	-	-

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

	2012	2013	2014	2015	2016
Share price at financial year end (cents)	7.5	18.5	14.0	15.0	11.0
Basic earnings per share (cents per share)	2.5	2.6	1.7	1.8	0.0

This concludes the remuneration report, which has been audited.

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

Bill Paterson
Chairman

Matthew Bottrell
Director

31st day of August 2016

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Sydney NSW 2000
Australia

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

As lead auditor of Corum Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 31 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2016

	Note	2016 $'000	2015 restated $'000
Sales revenue	2	15,553	17,898
Other revenue	2	1,239	1,434
Total revenues		**16,792**	**19,332**
Materials and consumables used		(1,881)	(2,131)
Employee benefits expenses	3	(10,329)	(11,110)
Occupancy costs	3	(1,123)	(959)
Marketing expenses		(533)	(681)
Depreciation and amortisation expense	3	(172)	(131)
Share-based payments	25	50	828
Research and development tax benefit		1,716	310
Other expenses		(1,832)	(1,043)
Profit before income tax expense		**2,688**	**4,415**
Income tax (expense) / benefit	5	(2,661)	215
Profit for the year		**27**	**4,630**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**27**	**4,630**
Profit attributable to members of the Company		27	4,630
Comprehensive income attributable to members of the Company		**27**	**4,630**
Earnings per share attributable to members of the Company	6	cents	cents
Basic earnings per share		0.0	1.8
Diluted earnings per share		0.0	1.7

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

Consolidated Statement of Financial Position
as at 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	9,577	12,069
Trade and other receivables	10	361	382
Inventories	11	94	161
Income tax receivable		269	-
Other assets	12	2,369	2,239
Total Current Assets		**12,670**	**14,851**
NON-CURRENT ASSETS			
Financial assets	13	30	30
Plant and equipment	14	1,327	294
Intangible assets	15	10,821	10,821
Deferred tax asset	5	674	753
Other non-current assets	12	507	505
Total Non-Current Assets		**13,359**	**12,403**
Total Assets		**26,029**	**27,254**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	4,743	5,324
Deferred revenue	17	242	304
Provisions	18	850	1,178
Income tax payable		-	187
Total Current Liabilities		**5,835**	**6,993**
NON-CURRENT LIABILITIES			
Provisions	18	286	330
Total Non-Current Liabilities		**286**	**330**
Total Liabilities		**6,121**	**7,323**
Net Assets		**19,908**	**19,931**
EQUITY			
Issued capital	19	86,283	86,283
Reserves	20	90	251
Accumulated losses		(66,465)	(66,603)
Total Equity		**19,908**	**19,931**

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

Consolidated Statement of Changes in Equity
for year ended 30 June 2016

	Note	Ordinary Share Capital $'000	Share-based Payments Reserves $'000	Accum-ulated Losses $'000	Total $'000
Consolidated Entity					
Balance at 30 June 2014		**86,223**	**1,113**	**(68,462)**	**18,874**
Profit for the year		-	-	4,630	4,630
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	4,630	4,630
Share-based payments	20	-	(828)	-	(828)
Options exercised	19/20	60	(14)	14	60
Options lapsed	20	-	(20)	20	-
Dividend paid	7	-	-	(2,805)	(2,805)
Balance at 30 June 2015		**86,283**	**251**	**(66,603)**	**19,931**
Profit for the year		-	-	27	27
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	27	27
Share-based payments	20	-	(50)	-	(50)
Share issue for employee share scheme	19/20	-	(70)	70	-
Performance rights exercised	19/20	-	(41)	41	-
Balance at 30 June 2016		**86,283**	**90**	**(66,465)**	**19,908**

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

Consolidated Statement of Cash Flows
for year ended 30 June 2016

		Consolidated	
		2016	**2015**
	Note	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		17,074	19,336
Payments to suppliers and employees		(18,260)	(17,020)
Interest received		351	462
Other revenue		888	972
Income tax paid	5	(1,323)	(217)
Net cash (used) / generated in operating activities	21	**(1,270)**	**3,533**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment	14	(1,222)	(256)
Payment for long term deposits		-	(376)
Net cash (used) in investing activities		**(1,222)**	**(632)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options	19	-	60
Dividend paid to equity holders	7	-	(2,805)
Net cash (used) in financing activities		**-**	**(2,745)**
Net (decrease) / increase in cash and cash equivalents		**(2,492)**	**156**
Cash and cash equivalents at beginning of the year		12,069	11,913
Cash and cash equivalents at end of the year	9	**9,577**	**12,069**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

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

The presentational currency is Australian dollars.

Note 1: Statement of significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

Critical accounting estimates
The directors evaluate the estimates that are incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 1: Statement of significant accounting policies continued

b) Principles of consolidation

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

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

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

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

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-group balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations are accounted for by applying the acquisition method. The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets and liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any deferred consideration payable is discounted to present value using the entity’s incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer’s interest in the net fair value of the identifiable assets and liabilities recognised. If the fair value of the acquirer’s interest is greater than cost, the surplus is immediately recognised in profit or loss.

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

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of goods
Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Note 1: Statement of significant accounting policies continued

c) Revenue recognition continued

Rendering of services
Revenue from rendering services is recognised in proportion to the stage of contract completion when the stage of contract completion can be reliably measured.

Maintenance revenue is recognised by amortising the payments received on a straight-line basis over the life of the contract as the maintenance services are performed.

Government grants
Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

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

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Statement of Financial Position inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Foreign currency transactions and balances

Foreign currency transactions during the year are translated into Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

f) Borrowing costs

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 1: Statement of significant accounting policies continued

g) Taxation

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as utilisation of unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and tax losses which are available to offset future taxable income. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, and where the availability of losses is reasonably certain.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

Note 1: Statement of significant accounting policies continued

g) Taxation continued

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

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

h) Impairment of assets

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

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

The value-in-use is the present value of the estimated future cash flows relating to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months, or which are otherwise readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

j) 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.

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

k) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis. Cost includes expenditure incurred in acquiring inventories and bringing them to their present location and condition.

l) Financial assets

Investments in controlled entities and other unlisted investments are carried in the Company's Statement of Financial Position at the lower of cost and recoverable amount.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 1: Statement of significant accounting policies continued

m) Leased assets

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

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

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

n) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the amount recoverable from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' deployment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

o) Depreciation and amortisation

Plant and equipment, leasehold improvements and equipment under finance lease are stated at historical cost less accumulated depreciation and impairment losses.

Such depreciable assets are depreciated using the diminishing value method for assets acquired up to June 2010 and the straight line method for assets acquired thereafter, over their estimated useful lives, with the exception of leased assets which are amortised over the term of the relevant lease where it is not expected that the Consolidated Entity will obtain ownership of the asset.

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

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

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

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

Note 1: Statement of significant accounting policies continued

p) Intangibles

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

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

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

q) Trade and other payables

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

r) Employee benefits

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

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

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 1: Statement of significant accounting policies continued

r) Employee benefits continued

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

s) Provisions

A provision is recognised when there are present legal or constructive obligations as a result of past events and it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

Make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Profit or Loss and Other Comprehensive Income by adjusting the provision.

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

t) Capital and financial instruments issued

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

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

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

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

Note 1: Statement of significant accounting policies continued

u) Share-based payments

Equity settled share-based payment transactions with parties other than employees and others providing similar services are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the time that the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

v) Significant accounting estimates and judgements

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

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

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

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

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

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

w) Comparative figures

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

x) Rounding of amounts

The Company is an entity to which ASIC legislative instrument 2016/191 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 1: Statement of significant accounting policies continued

y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2016. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below. The Consolidated Entity does not anticipate early adoption of any of these reporting requirements.

AASB 9 Financial Instruments
This standard and its consequential amendments to other standards are applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, except where a change in fair value relates to an entity's own credit risk.

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

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

The financial impact on the financial statements of the Consolidated Entity of adopting this standard in future periods is being assessed and is not expected to be significant.

AASB 16: Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. All leases are recognised as a right-to-use asset and liability, other than short-term leases of less than 12 months duration and leases for low-value assets. Depreciation of right-to-use assets is undertaken in accordance with AASB 116: Property, Plant and Equipment, with a corresponding unwinding of the liability in components of principal and interest. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date.

Transitional provisions of AASB 16 will allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Consolidated Entity will adopt this standard from 1 July 2019. The impact of its adoption is yet to be assessed.

Note 2: Revenue and other income

	Consolidated 2016 $'000	2015 $'000
Sales revenue		
Rendering of services	14,254	16,546
Sales of goods	1,299	1,352
	15,553	17,898
Other revenue		
Interest received from other parties	351	462
Revenue from unlisted company (i)	845	936
Other revenue	43	36
	1,239	1,434
Total revenue	16,792	19,332

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

Note 3: Expenses

Profit before income tax includes the following expenses:	Consolidated 2016 $'000	2015 $'000
Amortisation		
Leasehold improvements	3	9
Depreciation		
Plant and equipment	169	122
Total depreciation and amortisation	172	131
Other items		
Employee entitlement provision (reduction)	(150)	(61)
Operating leases - minimum lease payments	1,391	796

Note 4: Auditor's remuneration

	Consolidated 2016 $	2015 $
BDO East Coast Partnership		
Audit and review of financial reports	83,000	100,000
Taxation and related non-audit services (i)	151,624	-
Total	234,624	100,000

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 5: Taxation

	Consolidated 2016 $'000	Consolidated 2015 Restated $'000
The major components of income tax expense in the Consolidated Statement or Profit of Loss are:		
Current Income tax:		
Current year income tax charge	707	1,045
Adjustment for current income tax of previous year	498	-
Adjustment for change in availability of prior year tax losses	1,378	-
Deferred tax:		
Relating to origination and reversal of temporary differences	25	(592)
Relating to utilisation / (Benefit) of tax losses	53	(668)
Income tax expense / (benefit)	2,661	(215)

	2016 $'000	2015 Restated $'000
Reconciliation of tax expense and accounting profit multiplied by Australia's domestic tax rate:		
Accounting profit before income tax	2,688	4,415
Income tax expense using statutory income tax rate of 30% (2015: 30%)	806	1,324
Add / (deduct) tax effect of:		
Non-deductible / non-assessable items	35	(248)
Adjustment for current income tax of previous year	(46)	-
Adjustment for change in availability of prior year tax losses	1,378	-
Utilisation and other movement in deferred tax assets	(141)	(1,406)
Research and development tax incentive current year	330	115
Adjustment for Research and development tax incentive of previous year	299	-
Income tax (benefit) / expense	2,661	(215)

	2016 $'000	2015 Restated $'000
Deferred tax assets not taken to account		
Losses carried forward	4,079	2,875
Temporary differences carried forward	-	89
Capital losses carried forward	201	201

Note 5: Taxation continued

Deferred Tax	**Consolidated Statement of Financial Position**		**Consolidated Statement of Profit or Loss**	
	2016	**2015**	**2016**	**2015**
Deferred tax relates to the following:	**$'000**	**$'000**	**$'000**	**$'000**
Employee benefits	324	371	(47)	371
Restructuring provision	-	77	(77)	77
Debtors provision	12	13	(1)	13
Leased premises	121	104	17	104
Other provisions	112	23	88	23
Recognised tax losses	108	161	(53)	161
Fixed Assets	(3)	4	(6)	4
Deferred tax benefit / (expense)			(79)	753
Deferred tax asset / (liability)	674	753		

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

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. 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 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.

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.

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

Corum participates in the Australian Government's Research and Development Tax 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. This presentation is changed from last year. The nature of the change is explained in Note 28: Prior period restatement.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 6: Earnings per share (EPS)

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

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

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

	Consolidated	
	2016	**2015**
Reconciliation of earnings to profit:	**$'000**	**$'000**
Profit for the year attributable to members of the Company	27	4,630
Earnings used in the calculation of basic and diluted EPS	27	4,630
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	255,840,621	254,993,448
Weighted average number of dilutive options and performance rights outstanding during the year	940,283	11,104,888
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	256,780,904	266,098,336

Note 7: Dividends

	Consolidated	
Dividends on ordinary shares	**2016**	**2015**
	$'000	**$'000**
(a) Dividend declared and paid during the year		
No final dividend declared for 2015 (2014: 0.6 cents per share unfranked)	-	1,529
No interim dividend declared for 2016 (2015: 0.5 cents per share franked at 30%)	-	1,276
	-	2,805
(b) Dividend proposed and not recognised as a liability		
No final dividend declared for 2016 (2015: nil)	-	-

Note 7: Dividends continued

Franking account balance	Consolidated 2016 $'000	Consolidated 2015 $'000
The amount of franking credits available for the subsequent financial year are:		
Franking credit balance as at the end of the financial year at 30% (2015: 30%)	1,376	52
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	187
Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
	1,376	239

Note 8: Segment reporting

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

The Consolidated Entity has the following business segments:

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

The Consolidated Entity operates predominantly in Australia.

Basis of accounting for purposes of reporting by operating segments

a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 8: Segment reporting continued

b) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset annually and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Consolidated Entity's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Consolidated Entity, or estimates of the time individuals apply to each segment. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

In the current financial year the charging of interest between the reported segments has been discontinued.

c) Segment assets

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

d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated. Segment liabilities may include trade and other payables and certain direct borrowings.

e) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities, and current tax liabilities
- Cost associated with being listed on the Australia Securities Exchange
- Inter-company balances
- Other financial liabilities

Segment performance

2016	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Revenue				
External sales	12,278	3,275	-	15,553
Other revenue	870	-	18	888
Interest revenue	1	40	310	351
Total revenue	**13,149**	**3,315**	**328**	**16,792**
Net profit before tax	**2,602**	**851**	**(765)**	**2,688**
Depreciation and amortisation of segment assets	73	7	92	172
Other non-cash segment expenses - (decrease) in provisions	(91)	(22)	(720)	(833)

2015 (restated)	Health Services $'000	eCommerce $'000	Intersegment eliminations /unallocated $'000	Consolidated $'000
Revenue				
External sales	13,387	4,511	-	17,898
Inter-segment sales	-	2,324	(2,324)	-
Total sales revenue	13,387	6,835	(2,324)	17,898
Other revenue	959	-	12	971
Interest revenue	2	64	397	463
Total revenue	**14,348**	**6,899**	**(1,915)**	**19,332**
Net profit before tax	**2,331**	**2,359**	**(275)**	**4,415**
Depreciation and amortisation of segment assets	60	35	36	131
Other non-cash segment expenses - (decrease)/increase in provisions	12	34	(70)	(24)

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 8: Segment reporting continued

Segment performance continued

Segment assets	**Health Services $'000**	**eCommerce $'000**	**Intersegment eliminations $'000**	**Consolidated $'000**
2016				
Segment assets	12,336	2,399	-	14,735
Unallocated assets:				
Cash and cash equivalents				9,427
Trade and other receivables				123
Plant and equipment				312
Deferred tax assets				674
Other assets				758
Total group assets				**26,029**
Acquisition of non-current assets	953	-	269	1,222
2015				
Segment assets	11,669	3,260	-	14,929
Unallocated assets:				
Cash and cash equivalents				10,858
Trade and other receivables				126
Plant and equipment				140
Deferred tax assets				753
Other assets				448
Total group assets				**27,254**
Acquisition of non-current assets	118	14	124	256
Segment liabilities				
2016				
Segment liabilities	2,165	2,818	-	4,983
Unallocated liabilities:				
Trade and other payables				975
Provisions and other liabilities				164
Total group liabilities				**6,122**
2015				
Segment liabilities	2,374	2,737	-	5,111
Unallocated liabilities:				
Trade and other payables				1,596
Provisions and other liabilities				616
Total group liabilities				**7,323**

Note 9: Cash and cash equivalents

	Consolidated	
	2016	2015
	$'000	$'000
Cash at bank	153	1,191
Short-term bank deposit	9,424	10,878
	9,577	12,069

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

Note 10: Trade and other receivables

	Consolidated	
	2016	2015
	$'000	$'000
Current		
Trade receivables	278	300
Provision for impairment	(38)	(43)
	240	257
Other receivables (i)	121	425
Provision for impairment	-	(300)
	121	125
	361	382

(i) Other receivables in 2015 included amounts due from former directors and/or their associates.

The ageing of provisions for impairment:

0 to 3 months overdue	12	33
3 to 6 months overdue	26	0
Over 6 months overdue	-	310
	38	343

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 10: Trade and other receivables continued

Provision for impairment of receivables

Current trade receivables are non-interest bearing loans, generally on 30 day terms. Non-current trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in Other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

	Opening Balance 1 July $'000	Utilised $'000	Provision increase/ (decrease) $'000	Closing Balance 30 June $'000
2016				
Consolidated Entity				
Provision for current trade receivables	43	(8)	3	38
Provision for other receivables	300	(300)	-	-
	343	(308)	3	38
2015				
Consolidated Entity				
Provision for current trade receivables	23	(23)	43	43
Provision for other receivables	300	-	-	300
	323	(23)	43	343

Credit Risk — Trade and other receivables

The Consolidated Entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and other receivables is considered to be the main source of credit risk relating to the Consolidated Entity.

The following table details the Consolidated Entity’s Trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as ‘past due’ when the debt has not been settled within the terms and conditions agreed between the Consolidated Entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and willingness to pay, and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Consolidated Entity. Receivables that remain within initial trade terms are considered to be of high credit quality.

Note 10: Trade and other receivables continued

Credit Risk — Trade and other receivables continued

Consolidated Entity	Gross amount $'000	Past due and impaired $'000	Past due but not impaired (days overdue) < 30 $'000	31–60 $'000	> 60 $'000	Within initial trade terms $'000
2016						
Trade and term receivables	278	38	6	77	13	144
Other receivables	121	-	-	-	-	121
Total	399	38	6	77	13	265
2015						
Trade and term receivables	300	43	5	14	-	238
Other receivables	425	300	-	-	-	125
Total	725	343	5	14	-	363

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

Note 11: Inventories

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

Note 12: Other assets

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current		
Prepayments	76	36
eCommerce payments awaiting clearance (i)	2,293	2,203
	2,369	2,239
Non-current		
Security deposits (ii)	507	505

(i) These amounts are controlled by the Consolidated Entity and are considered to be restricted in operation to the electronic receipt of payments on behalf of customers, whose monies, upon clearance in the normal course of the business banking system, are released from the bank accounts and paid to the benefit of third parties, on whose behalf the monies are received and for which an equivalent liability is recorded as shown in Note 16: Trade and other payables.

(ii) Security deposits relate to funds held in banks or with other third parties as security against property lease obligations. As such, the funds are unavailable for use by the Consolidated Entity until such time as those obligations are extinguished.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 13: Financial assets

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

Note 14: Plant and equipment

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Leasehold improvements at cost	76	76
Accumulated amortisation	(69)	(66)
	7	10
Plant and equipment at cost	2,512	2,887
Accumulated depreciation	(1,192)	(2,603)
	1,320	284
Total plant and equipment	1,327	294

Movements in carrying amounts

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

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Leasehold improvements		
Carrying amount at beginning of year	10	19
Additions	-	11
Disposals	-	(11)
Amortisation	(3)	(9)
Carrying amount at end of year	7	10
Plant and equipment		
Carrying amount at beginning of year	284	168
Additions	1,222	245
Disposals	(17)	(7)
Depreciation	(169)	(122)
Carrying amount at end of year	1,320	284
Total plant and equipment	1,327	294

Note 15: Intangible assets

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill		
At cost	15,363	15,363
Accumulated impairment	(4,542)	(4,542)
Total goodwill	10,821	10,821

Goodwill relates to the acquisitions in 1991 of the Lockie Computer business by Pharmasol Pty Limited and the Amfac business by Amfac Pty Limited. Goodwill is allocated to the Health Services cash generating unit.

Review of carrying values

The recoverable value of each cash-generating unit is determined on a value-in-use calculation. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years being represented by a terminal value of 6.5 times (2015: 6.5 times) EBITDA. Specific growth rates of between 1.5% and 7.5% per annum have been applied to revenue for the years beyond the 2017 financial year, in line with business planning scenarios (2015: EBITDA growth at 1.5% for all periods). Research and development tax benefits are excluded for the purpose of EBITDA based calculations. Cash flows are discounted at a rate of 12% (2015: 12%) per annum which incorporates an appropriate risk premium.

Management has based the value-in-use calculations on budgets and forward estimates for each cash generating unit. These budgets incorporate management's best estimates of projected revenues using growth rates based on historical experience, anticipated market growth and the expected 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 value-in-use calculation is most sensitive to assumptions relating to growth, discount rates and terminal values.

Note 16: Trade and other payables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Current		
Trade creditors	297	548
Sundry creditors and accruals	1,987	2,519
Deferred rent expense	166	54
eCommerce payments awaiting clearance	2,293	2,203
	4,743	5,324

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 17: Deferred revenue

Deferred revenue is Corum eCommerce card subscriptions received in advance.

Note 18: Provisions

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Current		
Employee benefits	767	887
Make good provision for leased premises	83	291
	850	1,178
Non-current		
Employee benefits	245	275
Make good provision for leased premises	41	55
	286	330
Total provisions	1,136	1,508

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

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

Movement in provisions	**Annual leave $'000**	**Long service leave $'000**	**Make good $'000**	**Total $'000**
Consolidated				
Balance at 1 July 2015	497	665	346	1,508
Arising during the year	595	111	24	730
Utilised	(587)	(269)	(246)	(1,102)
Balance at 30 June 2016	505	507	124	1,136

Note 19: Issued capital

	2016 $'000	2015 $'000
Issued capital		
255,917,592 fully paid ordinary shares (2015: 255,190,151)	86,283	86,283

Movement in ordinary share capital	**$'000**	**Number**
Balance at 1 July 2014	86,223	254,440,151
Share options exercised	60	750,000
Balance at 30 June 2015	86,283	255,190,151
Share issue employee share scheme - 1 July 2015	-	481,000
Share options exercised – 23 October 2015	-	246,441
Balance at 30 June 2016	86,283	255,917,592

a) Ordinary shares

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

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b) Share options

Movement in share options	**2016 Number**	**2015 Number**
Balance at the beginning of the financial year	-	1,800,000
Options exercised	-	(750,000)
Options lapsed or expired	-	(1,050,000)
Balance at the end of the financial year	-	-

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 19: Issued capital continued

c) Performance rights

Movement in performance rights	2016 Number	2015 Number
Balance at the beginning of the financial year	2,228,642	14,782,985
Performance rights granted	-	1,266,450
Performance rights vested	(246,441)	-
Performance rights lapsed	(1,732,201)	(13,820,793)
Balance at the end of the financial year	250,000	2,228,642

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

d) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital supported by financial assets.

Note 20: Reserves

	Consolidated 2016 $'000	Consolidated 2015 $'000
Share options reserve	-	-
Performance rights reserve	90	251
	90	251

Performance rights reserve	2016 $'000	2015 $'000
Balance at the beginning of the financial year	251	1,079
Performance rights expense	36	124
Transfer to accumulated losses on issuance of shares to satisfied performance rights vested and exercised	(41)	-
Reversal of expense associated with performance rights which have lapsed	(156)	(952)
Balance at the end of the financial year	90	251

Note 20: Reserves continued

	Consolidated	
	2016	2015
	$'000	$'000
Share options reserve		
Balance at the beginning of the financial year	-	34
Reversal of options expense associated with options which lapsed or expired	-	(20)
Transfer to accumulated losses on issuance of shares to satisfy options exercised	-	(14)
Balance at the end of the financial year	-	-

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

Note 21: Cash flow information

	Consolidated	
	2016	2015
	$'000	$'000
Reconciliation of profit after tax to net cash generated by operating activities:		
Profit from ordinary activities after tax	27	4,630
Adjustments for non-cash items:		
Depreciation and amortisation of non-current assets	172	131
Disposal of non-current assets	17	18
Share-based payments	(50)	(828)
Changes in operating assets and liabilities:		
Decrease / (increase) in trade debtors	22	(181)
Decrease / (increase) in inventories	67	(39)
Decrease / (increase) in deferred tax asset	79	(753)
(Increase) in other assets	(307)	(57)
(Decrease) / increase in trade creditors and accruals	(671)	775
(Decrease) in provisions	(564)	(24)
(Decrease) in deferred revenue	(62)	(139)
Net cash (used) / generated by operating activities	(1,270)	3,533

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 22: Financial risk management

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries. The totals for each category of financial instrument are measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements.

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

Specific financial risk exposure and management

a) Credit risk

The credit risk of financial assets, excluding investments, of the Consolidated Entity, which has been recognised in the Statement of Financial Position, is the carrying amount net of any provision for impairment. The Consolidated Entity minimises the concentration of credit risk by undertaking transactions with a large number of customers. Trade and other receivables that are neither past due nor impaired are considered to be high credit quality.

b) Foreign exchange risk

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

c) Interest rate risk

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

	Weighted average interest rate	Floating interest rate	1 year or less	1-5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2016							
Financial Assets							
Cash	0.1	153	-	-	-	-	153
Cash on deposit	3.08	6,424	3,000	-	-	-	9,424
Trade and other receivables		-	-	-	-	361	361
Total Financial Assets		6,577	3,000	-	-	361	9,938
Financial Liabilities							
Trade and other payables		-	-	-	-	2,450	2,450
Total Financial Liabilities		-	-	-	-	2,450	2,450

Note 22: Financial risk management continued

Specific financial risk exposure and management continued

c) Interest rate risk continued

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

d) Liquidity risk

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

	Within 1 Year		1 to 5 Years		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities due for payment						
Trade and other payables	2,450	3,121	-	-	2,450	3,121
Total Financial Liabilities	2,450	3,121	-	-	2,450	3,121

Net fair values of financial assets and liabilities

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at the reporting date approximate their carrying amounts.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 22: Financial risk management continued

Sensitivity analysis

Interest rate risk

The Consolidated Entity has performed sensitivity analysis relating to its exposure to interest rate risk, at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At the reporting date the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2016	2015
	$'000	$'000
Change in profit		
Increase in interest rate by 10.0%	29	37
Decrease in interest rate by 10.0%	(29)	(37)
Change in equity		
Increase in interest rate by 10.0%	29	37
Decrease in interest rate by 10.0%	(29)	(37)

Note 23: Commitments

Non-cancellable operating lease expense commitments payable:

	Consolidated	
	2016	2015
	$'000	$'000
Not later than 1 year	959	947
Later than 1 year but not later than 5 years	1,174	1,836
Minimum lease payments	2,133	2,783

The Consolidated Entity leases property under non-cancellable operating leases expiring within five years. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent or fixed rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Note 24: Events subsequent to reporting date

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

Note 25: Share-based payments

a) Share-based payments

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

b) Share option plan

The directors may, at their sole discretion, issue options to selected eligible employees or associates of the Consolidated Entity under the terms and conditions of the Corum Group Option Plan. Together, the maximum number of share options and performance rights which may be issued by the directors pursuant to the respective plans shall not exceed 5% of the number of shares on issue. The right to exercise options is subject to a number of conditions, including the option holder remaining an eligible participant during the exercise period. Options are forfeited 30 days after the holder ceases to be employed by the Consolidated Entity, unless the Board determines otherwise (usually only in the case of retirement, redundancy, death or disablement).

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

Grant date	Vested	Expiry date	Exercise price	Opening Balance 1 July	Options issued	Options exercised	Options lapsed	Closing Balance 30 June
Consolidated 2016				-	-	-	-	-
Consolidated 2015								
15/12/2009	Yes	15/12/2014	$ 0.08	1,800,000	-	750,000	1,050,000	-
Number of options				1,800,000	-	750,000	1,050,000	-
Weighted average exercise price				$0.08	-	$ 0.08	$ 0.08	-

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

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 25: Share-based payments continued

(c) Performance rights plan

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

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

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

Grant date	Vesting date	Exercise price	Opening Balance 1 July	Rights issued	Rights vested	Rights lapsed	Closing Balance 30 June
Consolidated 2016							
27 Nov 2013	26 Nov 2016	$0	750,000	-	-	500,000	250,000
			750,000	-	-	500,000	250,000
Consolidated 2015							
21 Nov 2012	20 Nov 2015	$0	292,568	-	-	292,568	-
27 Nov 2013	26 Nov 2016	$0	750,000	-	-	-	750,000
			1,042,568	-	-	292,568	750,000

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

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

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

The weighted average remaining contractual life of the performance rights is 0.4 years (2015: 1.4 years).

Note 25: Share-based payments continued

(d) Other performance rights

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

Grant date	Vesting date	Exercise price	Opening Balance 1 July	Rights issued	Rights vested	Rights lapsed	Closing Balance 30 June
Consolidated 2016							
21 Nov 2012	Jul to Dec 2015	$0	492,881	-	246,441	246,440	-
17 Jul 2013	Jul to Dec 2016	$0	985,761	-	-	985,761	-
			1,478,642	-	246,441	1,232,201	-
Consolidated 2015							
21 Nov 2012	Jul to Dec 2015	$0	6,336,255	-	-	5,843,374	492,881
17 Jul 2013	Jul to Dec 2016	$0	7,404,162	-	-	6,418,401	985,761
16 Jul 2014	Jul to Dec 2017	$0	-	1,266,450	-	1,266,450	-
			13,740,417	1,266,450	-	13,528,225	1,478,642

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

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

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

(e) 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.

Unless prior shareholder approval is obtained, the number of shares which may be granted under this Plan must not at any time exceed in aggregate 5% of the total shares on issue. 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.

On 1July 2015 a total of 481,000 shares were issued at no cost to 74 employees under the Plan.

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 26: Related party transactions

Transactions with Directors or their associates

Director's fees attributable to the Hon. Michael Cleary A.O. of $22,500 (2015: $90,000) were paid to his associate Clear Marketing.

Director's and Management fees attributable to David Tonuri of $177,616 (2015: $243,771) were paid to his associate Lagotto Investments Pty Ltd. Director fees were paid only until such time as his appointment as an executive of the Company in January 2015.

Director's and consultancy fees attributable to Gregor Aschoff of $68,321 (2015: $36,818) were paid to his associate Cumas International Pty Ltd. Consultancy fees were paid in the 2015 financial year and relate to work completed prior to his appointment as a director.

Director's and consultancy fees attributable William Paterson of $126,911 (2015: $28,725) were paid to his associate Paterson Wholohan Grill Pty Ltd. Consultancy fees were paid in the 2015 financial year and relate to work completed prior to his appointment as a director.

Director's and consultancy fees attributable Matthew Bottrell of $83,333 (2015: nil) were paid to his associate Creideas Asset Management Pty Ltd. Consultancy fees relate to services provided to the Board in addition to those of a director.

Summary of key management personnel remuneration

	Consolidated	
	2016	2015
	$	$
Short term employee benefits	1,628,436	1,899,245
Post-employment benefits	96,996	150,052
Share-based payments	14,496	100,086
Termination Benefits	-	1,011,366
Total compensation	1,739,928	3,160,749

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

Note 27: Parent entity information

	2016 $'000	2015 $'000
Current assets	9,894	11,021
Total assets	**16,558**	**19,876**
Current liabilities	1,078	2,152
Total liabilities	**12,694**	**14,252**
Issued capital	86,283	86,283
Reserves	90	251
Accumulated losses	(82,509)	(80,909)
Total Equity	**3,864**	**5,625**
Profit after tax	(1,710)	2,864
Total comprehensive income	**(1,710)**	**2,864**

The parent entity has no contingent liabilities or capital commitments as at 30 June 2016 (2015: nil).

Accounting policies of the parent entity are consistent with those of the Consolidated Entity.

Note 28: Prior period restatement

The research and development tax offset of $310,000 calculated for the year ended 30 June 2015 was classified as an income tax benefit and offset against current tax expense in the 30 June 2015 financial report.

In the current period, it has been determined that a more appropriate application of the relevant accounting standard is for the amount of the research and development tax offset to be recognised as a Research and development tax benefit and disclosed separately from income tax expense in the Statement of Profit or Loss and Other Comprehensive Income.

For the purpose of the restatement of comparatives in the Statement of Profit or Loss and Other Comprehensive Income, the extracts of those items affected are as follows:

	2015 Reported $'000	Adjustment $'000	2015 Restated $'000
Research and development tax benefit	-	310	310
Profit before income tax	4,105	310	4,415
Income tax benefit	525	(310)	215

Notes to the Consolidated Financial Statements for year ended 30 June 2016

Note 29: Controlled entities

	Country of incorporation	2016 % owned	2015 % owned
Amfac Pty Ltd	Australia	100%	100%
Pharmasol Pty Ltd (i)	Australia	100%	100%
Corum eCommerce Pty Ltd	Australia	100%	100%
Corum Systems Pty Ltd	Australia	100%	100%
Corum Training Pty Ltd	Australia	100%	100%

(i) On July 4, 2016 Pharmasol Pty Ltd was renamed Corum Health Pty Ltd

Note 30: Company details

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

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

The principal place of business:

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

Directors' Declaration

The Directors of Corum Group Limited ("the Company") declare that:

1. In the opinion of directors:

   (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including

      (i) giving a true and fair view of the Company and Consolidated Entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and in this regard directors refer to Note 5;

   (b) the financial statements and notes thereto also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in Note 1; and

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

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

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

On behalf of the Board

Bill Paterson Chairman	Matthew Bottrell Director

31st day of August 2016

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Corum Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Corum Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in page 12 to 17 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Corum Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

Grant Saxon
Partner

Sydney, 31 August 2016

Additional Shareholder Information

Distribution of equity securities

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current as at 25 August 2016.

ASX Code: COO

The distribution of shareholders by size of holding:

Range of shareholding	No. of ordinary share holders	No. of ordinary shares held	% of ordinary shares
1 - 1,000	692	245,645	0.1
1,001 - 5,000	447	1,269,247	0.5
5,001 - 10,000	273	2,128,777	0.8
10,001 - 100,000	386	13,239,360	5.2
100,001 – over	112	239,034,563	93.4
Total	1,910	255,917,592	100.0
The number of shareholders holding less than a marketable parcel of shares are:	1,166	1,666,996	0.7

Twenty largest shareholders of quoted equity securities:

Holders Name	No. of ordinary shares held	% of ordinary shares
Lujeta Pty Ltd (The Margaret Account)	140,053,379	54.7
Link Enterprises (International) Pty Ltd	13,090,345	5.1
Ginga Pty Ltd (Thomas G Klinger Family A/C)	10,810,866	4.2
HSBC Custody Nominees (Australia) Limited	6,020,001	2.4
Anacacia Pty Ltd	5,884,174	2.3
RM O'Shannassy Pty Ltd (RM O'Shannassy Family A/C)	5,762,951	2.3
Mr Michael John Farrelly	4,524,379	1.8
Ginga Pty Ltd	4,284,540	1.7
Mr Robert Martin O'Shannassy	4,029,592	1.6
Atlas Holdings Pty Ltd (The Atlas A/C)	2,891,214	1.1
Mr Michael John Farrelly + Ms Madeline Zappia (Farrelly Fund)	2,271,984	0.9
Connaught Consultants (Finance) Pty Ltd (Super Fund A/C)	2,060,000	0.8
Mr David Klinger	1,630,000	0.6
BNP Paribas Noms Pty Ltd (DRP)	1,516,404	0.6
Mr Malcolm John Badgery	1,500,000	0.6
Chavoo Pty Ltd (Midhurst Super Fund Account)	1,500,000	0.6
Mr Geoffrey John Paul (G&J super fund account)	1,456,200	0.6
Mr William Ian Michie + Mrs Elizabeth Shehadie (Family A/C)	1,200,000	0.5
Layuti Pty Ltd (The Mouatt Super Fund A/C)	1,029,303	0.4
Mr John Richard Snell	1,000,200	0.4
	212,515,532	83.2

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

Holder Name	No. of ordinary shares held	% of ordinary shares
LUJETA PTY LTD	140,053,379	54.7
GINGA PTY LTD	17,277,812	6.8
LINK ENTERPRISES (INTERNATIONAL) PTY LTD	15,333,806	6.0

Voting Rights

All ordinary shareholders carry one vote per share without restriction.

Unquoted Securities

	No. of securities	No. of holders
Employee incentive schemes:		
Performance rights to acquire ordinary shares	250,000	1

Stock exchange listing

Quotation has been granted for all ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.

Additional Shareholder Information continued

COMPANY PARTICULARS

Directors

Mr William Paterson (Chairman)
Mr Gregor Aschoff
Mr Matthew Bottrell

Company Secretary

Mr David Clarke

Registered Office

Level 20
347 Kent Street
Sydney NSW 2000 Australia

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Facsimile +61 2 9299 3276

www.corumgroup.com.au

Auditor

BDO East Coast Partnership
Level 10
1 Margaret Street
Sydney NSW 2000

Share Registry

Computershare Registry Services
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone +61 2 8234 5222
Facsimile +61 2 8234 5050

Shareholders with questions regarding their shareholdings should contact the Share Registry on:

Within Australia 1300 850 505

Outside Australia +61 3 9415 4000

Shareholders who have changed address should advise the Share Registry in writing at the address above.

Stock Exchange Listing and Share Price

The ordinary shares of Corum Group Limited are listed on the Australian Securities Exchange.

The share price is quoted daily in national newspapers as well as on a number of information services and websites including www.asx.com.au.

CORUM GROUP LIMITED

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