

Praemium Limited Annual Report

2013



Contents

Chairman's Letter to Shareholders	3
CEO's Report.....	4
Key Facts & Figures	5
Directors' Report	6
Who We Are & What We Do	6
Review of Operations - Australia.....	7
Review of Operations – United Kingdom & International	8
The year ahead	9
Overview of 2013 Financial Position	9
Praemium Limited Board	9
Praemium Australia Board	10
Praemium UK Board.....	11
Praemium International Board.....	11
Praemium Asia Board.....	11
Disclosures Relating to Directors and Senior Management	12
Remuneration Report	13
Directors' Declaration.....	19
Praemium FY2013 Corporate Governance Statement	20
Financial Report.....	23
Consolidated Statement of Profit & Loss and Other Comprehensive Income	24
Statement of Financial Position.....	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Notes the Financial Statements	28
Auditor's Independence Declaration	60
Independent Audit Report.....	61
Additional Disclosures required or recommended by the Listing Rules & Corporations Act	64

Chairman's Letter to Shareholders



Dear Praemium Shareholder,

The financial year ended 30 June 2013 has been a very important one for the Company. Compared to the position 12 months ago, Praemium has been transformed in a number of very important ways. While we have not yet achieved operating profitability across the group, we are much closer to that objective and the management team has created a number of exciting and potentially very valuable opportunities that the Company will pursue in the coming years:

- By becoming the Responsible Entity for what is now called the Praemium Customised Portfolio Service, Australia's leading Separately-Managed Account (SMA) platform, we have become a major participant in what will be one of the fastest-growing segments of the Australian managed funds industry.
- The acquisition of WealthCraft in Hong Kong has given the Company an important presence in the international marketplace. Closer to home, this acquisition has enabled management to fast track the expansion of our portfolio administration (V-Wrap) functionality, which is already adding measurable value to our Australian business.
- Improving the customer service and operational efficiency of Praemium's UK business has been substantially advanced during 2012/13; while further value-adding improvements will be made over the coming year, the Company believes it is well placed to deliver service excellence to its clients in the UK and internationally.
- The opening of Praemium International, based in Jersey, will enable us to provide our core services to the large and growing expatriate community. In its first year of operations Praemium International has captured an encouraging number of financial advice intermediary firms. Praemium International is able to leverage much of our UK cost base and is also well positioned to service clients of WealthCraft.

During the year Praemium completed a successful capital raising via a placement and a non-renounceable rights issue; these two initiatives raised a total of \$4.2 million. As at the end of 2012/13 Praemium had cash on hand of

\$8.1 million, which the Board believes puts the Company in a strong position to support current operations and pursue future growth options.

Importantly, Praemium's core Australian business has performed well and has been profitable for the second year in a row. This is an important achievement in its own right, and the Board is now of the view that the Australian business will likely remain profitable.

Because of this expected continuing profitability the Board has decided that the accumulated losses generated by the Australian business can now be recognized in the Company's accounts as a Deferred Tax Asset, which will reduce over time if the Australian business continues to generate the expected taxable income.

Praemium has recognized the Deferred Tax Asset in its accounts for 2012/13, and this decision has caused the Company to report net profit after tax of \$4.4 million. While the reported profit is in accordance with all relevant accounting standards, it is important for shareholders to be aware that the reported result does not represent operating profitability.

All in all, Praemium has come a long way from being "just" a software provider. Technological excellence will remain at the heart of our business, but the efforts of management have transformed the Company to enable it to be repositioned as a participant in the global wealth management industry.

On behalf of the Board, I would like to publicly acknowledge the results achieved and the optionality created by our CEO Michael Ohanessian and the entire team at Praemium. There remains much to do to realise our potential, but I am convinced that we have the management team to do just that and I look forward to reporting further progress to shareholders in coming years.

I look forward to seeing as many shareholders as possible at the Annual General Meeting.

Bruce Loveday
Chairman

CEO's Report



Dear Praemium Shareholder,

Financial year FY2013 has been another big year at Praemium. Having successfully restructured the Company in the previous year, this year we turned our attention to strategies for growth.

On the financial side we made excellent progress with sales up 8% for the year. Our profit before tax delivered a small loss of \$353,006 which compares favourably to a loss of \$3.9 million for the prior year. The Australian standalone operations achieved an EBITDA profit of \$3.9 million, a 33% EBITDA margin to revenue with further margin improvement expected in FY2014. We are very pleased with the underlying profitability of the Australia business compared to where we were two years ago and expect the Australia business to generate significant shareholder value in the years to come.

Similarly we see great potential upside to our UK operation where we have continued to invest in developing our client service and platform proposition. The Praemium International service went live in FY2013 and significantly increases the available market for the UK service; by the end of the first year of operation we have over a dozen firms on the platform with a very healthy pipeline from these and other prospective clients. While it will take time for the international opportunity to generate returns like our Australia business, we see a huge opportunity for Praemium to leverage our unique technology as a truly global platform.

During the year we fitted out 3 new offices and invested in critical IT infrastructure to improve performance. To prepare for growth we increased the size of the global organisation significantly from 76 to 126 over the year while ensuring that we maintained a modest operating cash outflow of just \$245,000. Cash at 30 June 2013 was \$8.1 million, which is a healthy buffer over our prudential capital requirements.

A key highlight was the completion of the first two acquisitions in the history of the Company: we acquired the WealthCraft business in September 2012 and then took over the role of Responsible Entity for the BlackRock Customised Portfolio Service (CPS). These bolt-on acquisitions were completed with a mixture of equity and cash and have already been fully integrated with the Praemium business. With relatively small capital outlays, the synergies expected from both acquisitions have easily been met and exceeded. I am delighted with both and am very pleased with the quality of people who have joined us in Hong Kong, Shenzhen and Melbourne.

The acquisition of the BlackRock CPS has been a noteworthy achievement. I give credit to the Praemium team for transitioning the regulated scheme without losing a single day of trading. The BlackRock CPS team has

come across and the synergies with the broader Praemium team are clearly evident. The CPS itself continues to grow strongly with FUA reaching almost \$900 million by the end of the financial year compared to \$504 million at the same time last year. We are continuing to invest in this market-leading product and are committed to ensuring it remains the best-in-class SMA in the local market.

The addition of WealthCraft's customer relationship management (CRM) software to our product suite has been a significant strategic development for our Company. The team has developed a version that is suitable for the Australia market and that complies with the new Future of Financial Advice (FoFA) regulations. The formal Australian launch in June 2013 followed a beta trial program with existing V-Wrap clients. The response from those firms has been very positive and they have all now adopted the product. We have continued to sign up new firms in Australia and internationally and are very encouraged by the client feedback.

This year we announced that we were developing SMSF compliance and reporting functionality as an enhancement to our flagship portfolio investment product, V-Wrap. I'm happy to report that beta trials for the first phase of this development are now under way. This first phase enables clients to start capturing member-related information for the current financial year so that as we progressively release functionality they will be able to use it for FY2014 tax year reporting. We are very excited by this project and believe that it will significantly improve the productivity of our SMSF administrator clients.

Our timing and our product positioning are opportune. The UK and Australia have now implemented regulatory reforms that require wealth managers to fully disclose commissions and fees and demonstrably treat their customers fairly and appropriately. Praemium's transparent, fee-based technology satisfies regulatory requirements and is well placed in the international sphere as we expect regulators in other markets to make similar reforms. We welcome the changes and believe that we can help wealth managers comply with these new requirements and run a commercially viable business.

Finally, I want to thank our shareholders for their support, especially in relation to the successful placement and rights issue that we completed during the year. I believe we have put together some important building blocks that position us well in our local and international markets. We still have plenty of work to do and I'm excited by the prospects for our Company.

Michael Ohanessian
Chief Executive Officer

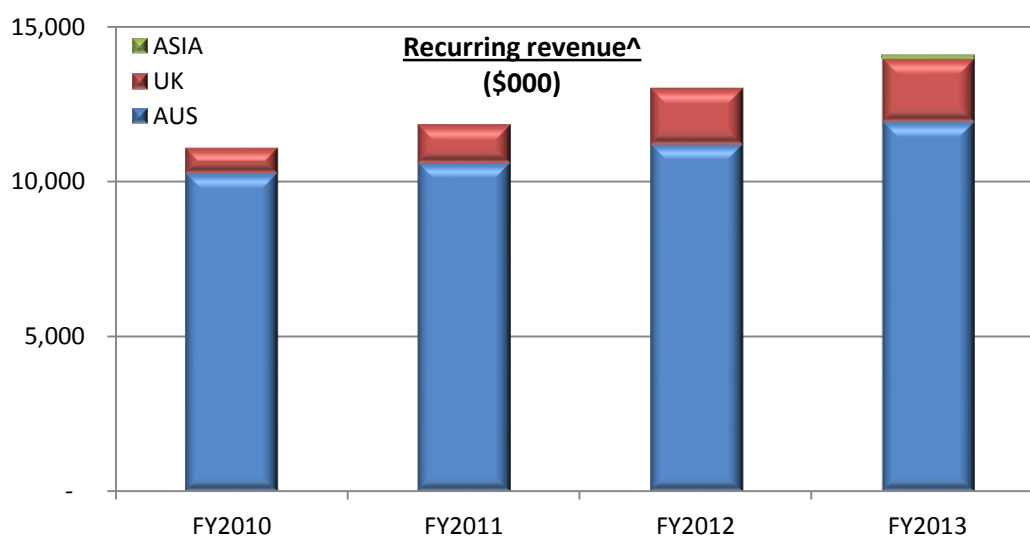
Key Facts & Figures

Financial Metrics

RESULTS SUMMARY	FY2013 \$000	FY2012 \$000	Change \$000	Change %
Revenue	14,095	13,045	1,050	8%
Expenses	14,387	16,713	(2,326)	(14%)
EBIT	(292)	(3,668)	3,376	92%
Net Profit / (Loss) after Tax	4,359	(3,945)	8,304	210%
Earnings per Share	1.2	(1.4)	2.6	186%
Cash	8,061	4,713	3,348	71%
Net Assets	15,912	6,592	9,320	141%
Operating Cashflow	(245)	(4,400)	4,155	94%

Service Metrics

	FY2013	FY2012	Change	Change
Portfolio administration services (V-Wrap)	45,081	44,678	403	1%
Separately Managed Account (Australia)	A\$0.89bn	A\$0.50bn	A\$0.39bn	76%
Separately Managed Account (UK)	£0.45bn	£0.42bn	£0.03bn	7%



^Excludes revenue received share issues in FY10 and FY11

Directors' Report

Who We Are & What We Do

Who we are

Founded in 2001, Praemium offers a range of portfolio management services used by accountants, financial advisors, stockbrokers, self-managed superannuation fund administrators and large institutions who usually rebrand and package the services for their own customers.

Praemium launched in the UK in 2006, shortly after the Company was listed on the Australian Stock Exchange. Its first UK product, Smartfund, was delivered to market in November 2008. In the UK today Praemium offers both Smartfund and Discretionary Platform Service (*dps*). In 2012 Praemium International was launched: Praemium International offers a discretionary platform service to the global expatriate community.

Also in 2012 Praemium completed its first acquisitions, of WealthCraft Systems Limited and BlackRock's Customised Portfolio Service (CPS). The WealthCraft acquisition added customer relationship management (CRM) functionality to Praemium's existing product suite. With the acquisition of BlackRock's CPS, of which Praemium was already the technology provider, Praemium now offers a regulated managed investment scheme to the financial services sector.

For further detail on CRM, please refer the **Customer Relationship Management (CRM)** section below.

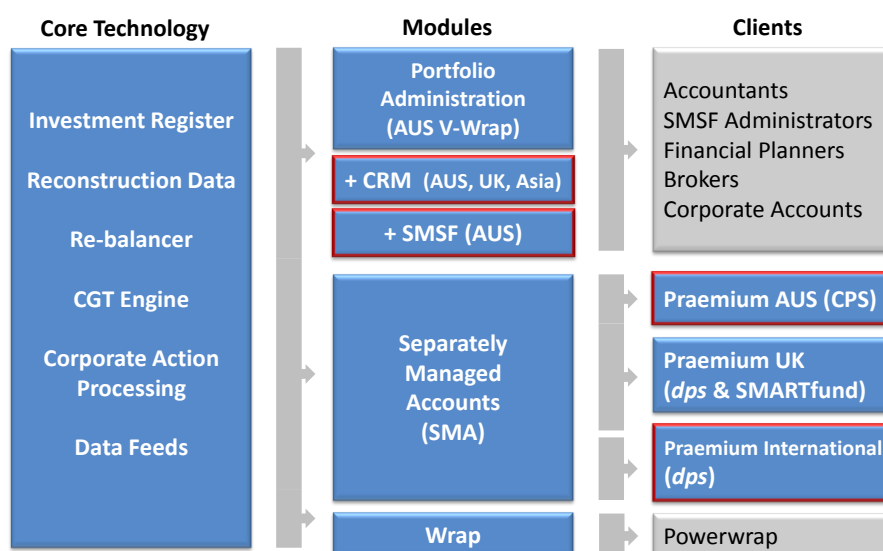
What we do

Praemium is a software provider of investment portfolio technology with strengths in multi-asset administration, particularly direct equities. Our technology specialises in corporate action processing, CGT optimisation, and sophisticated tax and investment reporting. In Australia this is branded as V-Wrap.

WealthCraft's cloud-based CRM is powered by Microsoft Dynamics CRM and fully integrates with V-Wrap. WealthCraft allows advisors to seamlessly manage their client, practice and campaign data and assists with FoFA requirements.

V-Wrap's core technology also underpins our wrap platform service and our Separately Managed Account (SMA) technology. For further detail on SMA, please refer the **Separately Managed Account Technology** section below. In Australia, this is branded as Praemium's Customised Portfolio Service (CPS).

In the UK and internationally, our core *dps* product (also utilising our proprietary SMA technology) provides advisors and wealth managers with a transparent end-to-end discretionary investment management solution for their clients. The *dps* service allows financial advisers to select investment models from a broad list of fund managers and to either use models already created or work with a fund manager to create a custom model for their clients. Client portfolios can be invested in one or more of these models without having to transfer their money into a managed fund. We also provide the SMA in Authorised Unit Trusts (AUTs) called Smartfunds, which deliver a cost-efficient and transparent retail fund via an online investment platform.



New in FY13

Review of Operations - Australia

The Australian business has continued to improve its productivity and efficiency during the year. As a direct result the Australian business has delivered improved profitability (see graph below), especially in the second half of FY2013 following the acquisition of the Customised Portfolio Service (CPS), which generated incremental revenue of \$0.7 million within that period.

Principal activities

While the primary focus last year was on stabilising cashflow and improving product usability, this year's focus was on growth. V-Wrap portfolio numbers were up by 1%, with 25 new clients and a 35% increase in retention rate. Now, with the addition of the CPS and WealthCraft, we have strengthened our market position and set the company up for continued expansion. This year we have:

- Become the Responsible Entity for and fully acquired the BlackRock CPS. FUA has grown by 25% in the 6 months since Praemium took over the Scheme.
- Acquired the WealthCraft CRM, readied and released the product to the Australian market, and fully integrated it into the Australian business. We continue to support its sales internationally.
- Created a Report Builder with customisable features that allows clients to create reports under their own branding and to insert external documents (such as market reviews).
- Begun beta trials for our Self-Managed Superannuation Fund (SMSF) capability. The trial will be rolled out in stages and we are on track to have it fully operational so users can use it to prepare their clients' 2014 tax returns.
- Signed up our first investor to the Significant Investor Visa (SIV) scheme. The SIV scheme is designed to fast track wealthy visa applicants to Australia and requires that they invest a minimum of \$5m into complying investments.

Separately Managed Account (SMA) Technology

Developed in 2005 in collaboration with the U.S.' market leading provider, Praemium's Separately Managed Accounts (SMA) technology supports the Customised Portfolio Service and the Powerwrap SMA Service. These SMAs are retail-managed investment schemes, where investors are able to participate directly in the stock market whilst still benefitting from professional investment management advice. Importantly, the investor owns the underlying securities rather than just units in a fund.

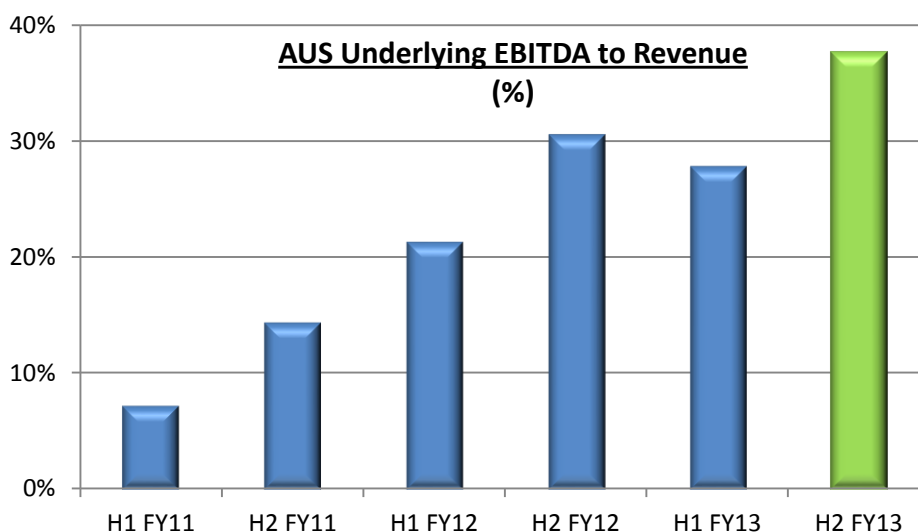
Unlike a managed fund, the SMA provides full visibility of the underlying assets. Because it removes a layer of custody and administration, investing in a "portfolio model" in an SMA structure is generally lower cost than a conventional managed fund, wrap or master trust.

The technology also enables the blending of two or more portfolio models, which gives financial advisers the ability to create unique portfolios that reflect the individual risk-and-return needs of the investor.

SMAs are completely compliant with the new Future of Financial Advice (FoFA) requirements and they offer a level of transparency in investments and fees that is far superior to conventional platforms. We believe that the market's appetite and demand for SMA solutions will grow over the coming years, and we are uniquely placed to satisfy this demand.

Future of Financial Advice (FoFA) reforms

Adviser interest continued during the financial year as the 30 June 2013 FoFA deadline approached. Many advisers are looking to re-engineer their businesses to accommodate the ban on commissions and we expect advisers to increasingly explore the use of V-Wrap as an alternative to traditional platforms.



Review of Operations – United Kingdom & International

This year we have focussed on operational efficiency and client service, and on attracting and implementing services for the International platform. Several adviser firms have begun putting client money on the International platform and the positive effect on FUM should be significant in the coming months. We have now opened accounts for investors from jurisdictions including Oman, Israel, South Africa, Brazil and Hong Kong.

At the start of the period we were pleased to appoint Sarah Jouhal as Managing Director of Praemium International. With over 20 years' experience in investment management and having run discretionary managed portfolios for major banks, Sarah is ideally suited to lead Praemium International in this growth phase.

The UK and International services now have 77 Adviser Firm clients between them (compared with 57 as at end of June 2012).

Principal activities

This year we increased our product offering, made some significant platform improvements and implemented new client service and communication initiatives.

In particular, we:

- Rolled out several platform developments, including:
 - A dashboard that allows each adviser to view a summary of their assets and fees.
 - Batch Reporting functionality for advisers to easily produce reports for multiple clients.
 - More detailed asset allocation reporting
 - Greater reporting on underlying investment strategies available to advisers.
- Continued to roll out the US taxpayer service. Working with some excellent specialists we have tailored a niche product to attract this highly underserved market.
- Began developing a fully automated Group Scheme functionality that will open up significant opportunities in several jurisdictions.
- Launched our *Smartindex* range; these low-cost index tracking strategies are ideal for investors wishing to preserve capital.
- As part of our focus on client service, we recruited a Relationship Manager who conducts regular meetings with each adviser firm to discuss needs and issues.
- Began sending out quarterly newsletters to update clients on products and services of interest to them.

We were pleased to be recognised at the Aberdeen Platform Awards this year, having received the Highly Commended award in the Best Investment Management Platform category. We are also pleased that one of our clients won the award for Leading Adviser Business (ten or more advisers).

Customer Relationship Management (CRM)

On 30 September 2012, Praemium acquired WealthCraft Systems Limited, a Hong Kong -based company with a subsidiary based on Shenzhen, China. We were pleased that the employees of WealthCraft have all joined Praemium, as has its CEO Kelly Tallas. Mr Tallas has joined Praemium as Managing Director – Asia.

WealthCraft's principal business solution, WealthCraft Advisor 5.0, gives financial professionals the tools and services to develop and expand their wealth management business, greatly improve client service levels and adapt quickly to multi-jurisdictional regulatory changes. Its key modules include CRM, financial planning, commissions management, investment research, portfolio management and unit trust trade automation. WealthCraft's best-in-class cloud-based CRM is built upon the industry-leading Microsoft Dynamics CRM Online and Office 365 systems.

The integration of WealthCraft with our core V-Wrap product strengthens our offering by providing customers with a more complete, integrated and efficient solution. WealthCraft is currently being sold across Asia and was launched in Australia in June 2013. The next step is to integrate with our SMA platform in Australia, the UK and internationally.

Going forward

In the coming year we plan to:

- Launch our first Group Schemes.
- Integrate the WealthCraft system into our own business for best practice client and practice management.
- Continue to support our partners as the US service gains traction.
- Build the number of firms using the International platform.
- Continuously improve our service and implementation and increase adoption.
- Seek CRM opportunities across Asia.
- Continue R&D to improve our core product.

Retail Distribution Review (RDR)

On 1 January 2013 new rules from the UK Financial Conduct Authority (formerly the Financial Services Authority) came into effect. These rules are designed to protect investors by requiring financial service providers to be transparent about fees and be able to demonstrate the appropriateness of advice.

Praemium's platform is RDR compliant. We are able to help adviser firms meet these new compliance requirements and are now starting to see increased interest from firms who need to make changes to their business models.

The year ahead

Praemium as a financial services software company competes on the basis of our superior technology. When it comes to providing a cost-effective platform experience that offers great functionality; technology matters. We are continuing to expand our investment in technology development and are adding significant new capabilities to widen our available market.

We are focussing on the following growth areas:

- **Praemium CPS:** We expect Praemium's Customised Portfolio Service to continue to add further funds on platform from existing customers and we are adding increased functionality to attract new customers.
- **WealthCraft:** The launch of WealthCraft CRM in Australia has attracted a lot of attention. With the ability to fully integrate with V-Wrap we expect not only to gain new customers but for existing V-Wrap customers to be stickier.
- **SMSF Compliance:** Beta trials have begun and we are soon to launch our Self-Managed Super Fund (SMSF) compliance functionality within V-Wrap. Once complete Praemium's investment platform will provide real-time SMSF management, and users will be able to produce all financial statements, member statements and annual tax returns in accordance with Superannuation Industry Supervision requirements.
- **V-Wrap:** We are investing in continued development for Praemium's best-of-breed, non-custodial portfolio administration software in Australia; as a consequence of this and of the WealthCraft and SMSF enhancements we expect to see an increase in portfolio subscriptions.
- **UK and International:** We believe the UK and International markets have great potential for accelerated growth. For a business that commenced in the post-GFC period, Praemium UK did well to be a fast-growing platform in the UK market. With the business now well established, UK regulatory reform is expected to provide a further impetus.

Overview of 2013 Financial Position

Results

The consolidated profit attributable to the members of the Group was \$4,358,792 (FY12: loss of \$3,945,140), due to an 8% increase in revenue across all regions, a decrease in expenses of 14% following the Group's restructure in FY2012 and the recognition of a deferred tax asset. The Group's net asset position at 30 June 2013 was \$15,911,637 with \$8,061,090 held in cash or cash equivalents, following a successful capital raising in October 2012 for \$4.2 million. The Group is debt free.

Significant Change in the State of Affairs

Other than the acquisitions noted earlier in this report, there were no other significant changes in the state of affairs during the year.

After Balance Date Events

No matters or circumstances, other than noted, have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future Developments

A detailed review of the Group's activities and prospects is contained within the Directors Report. The company will continue its activities as outlined in its initial prospectus and subsequent disclosures to the ASX, including a detailed investor presentation on this year's results. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Dividend Recommended, Declared or Paid

The Company has not recommended, declared or paid a dividend in respect of the full year result.

Praemium Limited Board

The qualifications, experience and special responsibilities of each current director of the Company are provided below.

Non-executive Chairman – Mr Bruce Loveday

Mr Loveday was appointed as non-executive director on 31 July 2012 and as Chairman of the Board on 7 November 2012. Mr Loveday is currently Chairman of Bennelong Funds Management, having served in this role since July 2010. Mr Loveday brings a wealth of Australian and international financial services experience. His previous executive roles include Head of Fund Services / Head of Sales and Marketing with Intech Financial Services, Director of Hopkins Partners Funds Management, Head of Institutional Broking with HSBC Securities Australia and Director of Marketing with Colonial Investment Management. Mr Loveday is also a member of the Group's Audit, Risk & Compliance Committee and Remuneration Committee.

Non-executive Director – Mr Bruce Parncutt

Mr Bruce Parncutt was appointed to the board as a non-executive director on 8 August 2011 and was Chairman of from 18 August 2011 to 7 November 2012. Mr Parncutt chairs the Group's Audit, Risk & Compliance Committee and is a member of the Remuneration Committee.

His career spans almost 40 years in investment management, investment banking and stockbroking including seven years as Chief Executive of listed securities firm McIntosh Securities and three years as Senior Vice President of Merrill Lynch.

Mr Parncutt is Chairman of the investment and corporate advisory firm Lion Capital, President of the National Gallery of Victoria, Board Member NGV Foundation and The Australian Ballet and director of Acrux Limited. He was previously a director of McIntosh Securities Limited, Australian Stock Exchange Ltd, Vision Systems Ltd and Stuart Petroleum Limited.

Non-executive Director – Mr Robert Edgley

Mr Edgley holds a Bachelor's degree in Economics from Monash University together with a second degree in Japanese language and is a fluent speaker of Japanese. His career has been predominately focused in International Finance and Investment Banking in Australia, the UK and throughout Asia, most notably in Japan.

Mr Edgley previously held the position of Director & Head of Sales, Asia Pacific Region, Royal Bank of Scotland, and was a Director of Royal Bank of Scotland Australia Pty Ltd. Mr Edgley is also a non-executive director of EVZ Limited an ASX Listed company. Mr Edgley chairs the Group's Remuneration Committee and is also a member of the Audit, Risk & Compliance Committee.

Non-executive Director – Mr Peter Mahler

Mr Mahler was appointed as a non-executive director on 20 December 2011. Mr Mahler brings significant experience as a business and IT professional, specialising in program transformations and the mobilisation of IT organisations. He has held key roles in leading organisations including recently as Chief Information Officer (CIO) of AXA and previously as CIO at Coles Group and CIO of Belgacom, Belgium's incumbent Telco. Mr Mahler has worked across a number of industries including Aviation, Financial Services, Media, Telecommunications and Retail.

Mr Mahler holds an MBA in Operations Research and Marketing, and a Bachelor of Mathematics majoring in Statistics. Mr Mahler is also a member of the Group's Audit, Risk & Compliance Committee.

Managing Director / CEO– Mr Michael Ohanessian

In August 2011, Mr Michael Ohanessian was appointed as Chief Executive Officer to lead the next phase in the Company's growth. Mr Ohanessian was appointed as Managing Director on 20 March 2012.

Mr Ohanessian's executive experience in technology-related businesses brings a mixture of operational, strategic and leadership capabilities to this role. Following a ten-year career at Mobil Oil, Mr Ohanessian joined the Boston Consulting Group where he consulted to clients in industries such as banking, airlines, mining, packaging, sports, oil and gas, retailing and biotechnology.

As the CEO of Vision BioSystems, a division of the publicly listed Vision Systems, he transformed the business over seven years from a small unprofitable contract manufacturer into a vertically integrated, profitable and growing medical diagnostics business with distribution to over 60 countries. More recently, he has served as Chief Executive of Genetic Technologies Limited and has been

involved in investment management and corporate advice with Lion Capital. As CEO, Mr Ohanessian is working particularly closely with Praemium's UK team to expand its presence in the burgeoning market for financial services in the United Kingdom.

Praemium Australia Board

The Board of Praemium Australia Limited is responsible for the oversight and operation of the Group's Australian business. In addition to Michael Ohanessian (Executive Director & Group CEO), Praemium Australia's board consists of:

Executive Director / Group Chief Operating Officer– Christine Silcox

Ms Silcox has extensive experience in project management, product development and back-office administration. Chris brought her expertise into the financial service industry over 15 years ago. Immediately prior to joining Praemium in 2002 she served as Administration Manager in the Australian operation of a large international broking firm; she was in charge of their retail portfolio management products, including superannuation. At Praemium, Chris is responsible for the operations for development and support services of both the Australian & UK regions. She also oversees the implementation of Risk activities for these regions.

Group Chief Financial Officer / Company Secretary– Paul Gutteridge

Mr Gutteridge joined Praemium in 2011 and brings significant experience from finance roles across Australia, UK and Canada over the past 15 years. Following his early career at Ernst & Young, he has held senior finance roles at Damovo (Australia), Telstra Business Systems and Netspace, where he led the company's divestment to iiNet Limited in 2010.

Within Praemium, Mr Gutteridge's responsibilities include overseeing the financial strategies of the Group and managing the areas of accounting, tax, corporate governance, compliance, company secretary and treasury. Mr Gutteridge is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne.

Executive Director / Head of Product – James Maramis

Mr Maramis entered the financial services industry in the early 1990s working in Superannuation Administration with VicSuper then Portfolio Administration with Austrust. Further roles in Portfolio Administration followed with Bell Potter before he joined the Advent software in various consulting, product sales and distribution roles.

James initially joined Praemium in 2003 as a distributor before joining full time in 2005 as Strategic Sales Manager. James is currently Head of Product, overseeing the company's product development.

Praemium UK Board

The Board of Praemium Portfolio Services Limited is responsible for the oversight and governance of the group's UK and Jersey incorporated subsidiaries. In addition to Michael Ohanessian (Executive Director & Group CEO), Praemium UK's board consists of:

Non-executive Director - David Harrison

David Harrison MA, FCA was formerly a partner in Harrison Son Hill & Co, Chartered Accountants and Chairman and Chief Executive of Harrison Brothers, an Underwriting Agency at Lloyd's of London. He is currently Chairman of Harrison Son Hill & Co Ltd, Insurancewide.com Services Ltd and deputy Chairman of Argenta Private Capital Ltd. Mr Harrison has more than 30 years' experience in the insurance industry. Mr Harrison is a member of the Group's Audit, Risk & Compliance Committee (on rotation with Mr Ward).

Non-executive Director - Roland Ward

Roland Ward has 30 years operational experience in the financial services industry in the UK, continental Europe and the United States. The positions he has held include Chairman of HBOS Financial Services (Europe); Finance Director, Clerical Medical Investment Group; Chief Executive Laurentian Financial Service; and Deputy Chief Executive of The Mortgage Corporation, 1989-1992. He has also been the Executive Assistant to the President of Bank of America, a non-executive director of financial distribution companies in Europe and chairman of an offshore venture capital firm. Mr Ward is a member of the Group's Audit, Risk & Compliance Committee (on rotation with Mr Harrison).

Executive Director / UK CEO – John Martin

John Martin joined Praemium with over 20 years' experience in running IFA businesses. Mr Martin has held senior management positions in national IFAs and established two IFA businesses. Mr Martin was appointed as Managing Director in April 2008. Through an enormous wealth of industry experience, Mr Martin provides valuable thought leadership to the development of our products and services and drives development to ensure that our service offerings can be differentiated by their practical usefulness for our target markets.

Executive Director / UK Head of Legal & Regulatory – William Brewis

Mr Brewis acts as Company Secretary for each of the UK incorporated subsidiaries, as well as Head of Legal & Compliance.

At Praemium Mr Brewis is responsible for legal compliance of Praemium's Financial Services Authority (FSA) authorised activities, as well as overseeing legal and regulatory aspects of product development for UK markets. Mr Brewis oversees Praemium's UK Compliance and Money Laundering Reporting and is also responsible for Client Money and Assets oversight, in accordance with FSA regulations. Prior to Praemium, Mr Brewis was Director at Wragge & Co, specialising in FSA regulatory consulting for corporate clients.

Praemium International Board

The Board of Praemium International Limited is responsible for the oversight and governance of the group's Jersey incorporated subsidiary. In addition to Michael Ohanessian (Executive Director & Group CEO) and John Martin (UK CEO), Praemium International's board consists of:

Non-executive Director – Steve Wilderspin

Mr Wilderspin has provided independent directorship services since April 2007 and is a Class G TCB licence-holder. He serves on several boards including 3i Infrastructure plc, a Jersey-regulated and London-listed fund, and Saville Consulting Group Limited. Mr Wilderspin was previously a director of fund administrator Maples Finance Jersey Limited and Head of Accounting at Perpetual Fund Management (Jersey) Limited. Mr Wilderspin is a qualified Chartered Accountant and holds the Investment Management Certificate.

Executive Director / Managing Director International – Sarah Jouhal

Sarah has worked in the private client investment management industry since 1991, when she joined a stock broking firm in Toronto, Canada. She has run discretionary managed portfolios in Jersey for major banks and latterly acted as an investment gatekeeper for a Jersey based Trust Company. Sarah started her career in the UK, working for a software development company on mid-range computers. She also enjoyed developing financial planning software in Belgium, during the 'dotcom' boom.

Sarah is a Chartered Fellow of the Securities Institute, a Charter holder of the Chartered Association of Alternative Investments and holds the Diploma in Financial Services, from the Chartered Insurance Institute

Praemium Asia Board

The Board of Praemium Asia Limited is responsible for the oversight and governance of the group's Asian incorporated subsidiaries. In addition to Michael Ohanessian (Executive Director & Group CEO) and Paul Gutteridge (Group CFO), Praemium Asia's board consists of:

Executive Director / Managing Director Asia – Kelly Tallas

Mr Tallas has over 15 years' experience in financial information technology across Canada and Asia. His career includes co-founding InterconX Communications which provided specialist IT consulting and as Head of Information Technology at Morningstar Asia, a provider of mutual fund research and ratings.

In 2003, Mr Tallas co-founded WealthCraft and has served as President, Chief Executive Officer and Chairman of the Board of WealthCraft until its acquisition by Praemium in September 2012. Mr Tallas has joined Praemium as Managing Director – Asia to drive sales global opportunities of WealthCraft CRM. Mr Tallas holds a Bachelor of Commerce degree from the University of Calgary and is fluent in Mandarin Chinese.

Disclosures Relating to Directors and Senior Management

The number of Board Meetings and number of meetings of each board committee held during the financial year, and the number of meeting attended by each of the Company's Directors were:

	Board of Directors 12 Meetings		Audit Risk, & Compliance Committee 6 Meetings		Remuneration Committee 2 Meetings	
	Eligible to Attend as member	Attended	Eligible to Attend as member	Attended	Eligible to Attend as member	Attended
Mr Bruce Loveday	12	12	6	6	2	1
Mr Bruce Parncutt	12	11	4	4	2	2
Mr Robert Edgley	12	12	6	6	2	2
Mr Peter Mahler	12	12	6	6	-	-
Mr Michael Ohanessian	12	12	-	-	-	-

Directors & Executives Relevant Interests in Shares, Options and Performance Rights

Details of the interests of the Company's Directors and senior executives in the shares of the Company are set out in Note 18(d) to the Financial Statements and the Remuneration Report. The long-term incentive for the Company's Non-executive Directors is membership of the Praemium Directors & Employees Benefits Plan, which was approved by shareholders on 11 November 2008 (the "Current Plan").

This plan has also been amended and updated at the Company's 2009 and 2011 AGM's. Details of the securities issued under the Current Plan and shares issued on the exercise of options or vesting of performance rights are set out in Notes 18(b) & (c) and 24(a) and (b) of the Financial Statements and, to the extent that they relate to options or performance rights issued since the end of the 2012 financial year, in the Remuneration Report.

Indemnification and Insurance of Directors, Officers and Auditors

The Company has executed a deed of access, indemnity and insurance in favour of each officer, including Directors and past directors, of the Company and in accordance with applicable laws. Under the deeds, Praemium indemnifies the officers and previous officers in respect of liabilities incurred in connection with holding office, to the extent permitted by the Corporations Act (or, where relevant, the UK Companies law). The Company is also obliged to carry insurance cover for the Directors and previous directors and provide them with access to Board and Committee papers. Such insurance also extends to cover directors and officers of the group subsidiaries.

Under its Constitution, Praemium must, subject to certain exceptions, indemnify each of its Directors to the extent permitted by law against liability that did not arise out of a lack of good faith. Total premiums paid in respect of all Directors' and Officers' liability insurance in this reporting period was \$55,437 (ex GST). In addition, \$149,850 (ex GST) paid in the prior reporting period relates to Directors' and Officers' liability insurance that covers the Company's Initial Public Offering for the period up to 11 April 2013.

Further Disclosures

No performance rights have been issued under the Current Plan since the end of the financial year. Other than as set out in this report:

- No directors have any other rights or options over shares in, debentures of, or interests in a registered scheme made available by the company or a related body corporate; or
- No directors have any relevant interest in debentures of, or interest in a registered scheme made available by the company or a related body corporate.
- There are no contracts to which any director is a party or under which any director is entitled to a benefit; and
- There are no contracts that confer a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate.

Remuneration Report

During the financial year the following people served as directors of the Company:

- Mr Bruce Loveday (appointed 31 July 2012);
- Mr Bruce Parncutt;
- Mr Robert Edgley;
- Mr Peter Mahler; and
- Mr Michael Ohanessian.

Remuneration philosophy and principles

The Company's performance is dependent upon the quality of its people. To this end, the company applies the following principles in its remuneration framework:

- Provide competitive rewards to attract high-calibre executives;
- Link executive rewards to shareholder value; and
- Provide for a significant proportion of the executive remuneration to be 'at risk' – that is, dependent upon meeting pre-determined performance indicators.

Remuneration policies

The Board has established a Remuneration Committee, which is currently chaired by non-executive director Mr Robert Edgley. The members of that committee during the financial year were the non-executive directors: Mr Robert Edgley, Mr Bruce Loveday and Mr Bruce Parncutt. The Remuneration Committee was established to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

The Company's Remuneration Policy, which is reviewed annually, is available from the Company's website. The policy is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The policy is designed for:

- Decisions in relation to executive and non-executive remuneration policy;
- Decisions in relation to remuneration packages for Executive Directors and senior management;
- Decisions in relation to merit recognition arrangements and termination arrangements; and
- Ensuring that any equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

The Remuneration Committee is authorised by the Board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current year and the previous four financial years:

	2013	2012	2011	2010	2009
EBIT* (\$000)	(0.3)	(2.0)	(5.6)	(5.5)	(11.0)
NPAT^ (\$000)	4.4	(3.9)	(5.5)	(5.7)	(10.9)
EPS (cents)	1.2	(1.4)	(2.5)	(3.0)	(6.7)

*FY2012 excludes organisational restructure costs.

^FY2013 includes booking of deferred tax asset.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary. It has exercised this right when it has considered it appropriate to do so.

The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's Charter. A copy of the Charter can be found on the Company's website. No remuneration consultant has been used during the financial year.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The non-executive directors are paid fixed fees in accordance with a determination of the Board but within an aggregate limit fixed by the Shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. At the 2012 AGM the members approved the aggregate remuneration for directors as \$300,000.

During 2012 securities were issued to two non-executive directors who joined the Board. These issues received shareholder approval at the 2012 AGM and are detailed within the Director's Remuneration table of this report.

The Company does not operate any schemes for retirement benefits for any non-executive Director other than the contributions that it makes to superannuation in accordance with statutory requirements.

The names and positions of each person who held the position of Director of Praemium Limited at any time during the financial year is provided within the Remuneration Report and information about each of those persons (including their qualifications and experience) is set out on pages 9-11.

Key Management Personnel

In addition to directors noted earlier, the details of the following executives are disclosed within this report as Key Management Personnel:

- Paul Gutteridge - Group Chief Financial Officer & Company Secretary;
- Christine Silcox - Group Chief Operating Officer;
- Andrew Varlamos – Commercial Director (Australia);
- John Martin - UK Managing Director;
- William Brewis - UK Head of Legal & Compliance

The remuneration of Key Management Personnel, including Executive Directors of the Consolidated Entity, comprises:

- Fixed remuneration;
- Variable remuneration: short-term incentives; and
- Variable remuneration: long-term incentives.

Fixed Remuneration

Total fixed remuneration comprises base salary, any relevant allowances and statutory superannuation guarantee contributions. Fixed remuneration is set with reference to market data, reflecting the scope of the role, skills, qualifications and experience of the relevant executive and the performance of the employee in the role. Remuneration is reviewed annually, with recommendations made to the Remuneration Committee. Annual reviews include using market surveys as benchmarks to ensure competitive remuneration is set to reflect the market for comparable roles.

Short Term Incentives

A short-term incentive (STI) is currently only applicable to the CEO & CFO. Achievement of this annual STI is directly linked to the performance of the Group against the Board's budgets and plans. Unless Board-set budgets are achieved, no bonus payment will be made. Over-achievement of budgets will result in an increase to the amount of the bonus payable, subject to capped levels. At the discretion of the Board the STI may be paid in cash or by the issue of securities.

Long Term Incentives

Long-term incentives (LTI) are based on participation within Praemium's Directors & Employee Benefits Plan. LTI incentives, based on equity remuneration (being either the issue of securities, issue of performance rights or issue of options), are made in accordance with thresholds set out in this plan. By using the Group's Directors & Employees Benefits Plan to offer shares and options to employees, the interests of employees are aligned with shareholder wealth. A copy of the plan can be found on the Company's website.

LTI Measures - CEO

The CEO's employment contract provides a combination of long-term incentives, namely performance rights and options. The vesting of performance rights are directly linked to achieving targeted EBIT per share as set by the Board. Assessment of performance targets commences in the 2013 financial year for a period of 3 years. Provided targets are achieved, performance rights are weighted 50%

in year one, 25% in year two and 25% in year three. No entitlements will be issued if baseline targets are not met.

Options granted are valid until August 2016. The exercise price for the options granted to Mr Ohanessian represents a substantial premium to the share price at the time of issue. The options have been granted on terms that provide the exercise price increases over the time that the options are vested and capable of exercise. This was designed to further align the interests of shareholders with that of the CEO.

LTI Measures – Executive & key contributors

Rules for executives or key staff contributors to achieve entitlements (currently the issue of performance rights) under the Praemium Directors & Employee Benefits Plan are such that:

- Vesting hurdles are based on group profitability (EBIT) targets set by the Board;
- Entitlements issued are based on individual annual performance;
- Entitlements vest over 3 years; and
- Entitlements expire upon cessation of employment.

The test of group financial performance targets is absolute and therefore 100% of entitlements are either achieved or not achieved. An individual's annual performance is based on rating measures, applied consistently across the Company. The Board, on the recommendations of the CEO and the Remuneration Committee, considers the individual performance of the executives and their contributions to the Company's performance.

Provided LTI measures are met, firstly for Company financial performance and then for individual performance, entitlements then vest over 3 years based on 30% in year one, 30% in year two and 40% in year three.

LTI Measures - UK (prior to 2012)

Key performance targets for the UK business were set and agreed with the UK Board during FY2010. Enterprise Management Incentives (EMI) Option, being the equivalent of performance rights under UK regulations are subject to achievement of milestones and upon achievement are capable of conversion on exercise to fully paid ordinary shares in the capital of the company. The first milestone (achievement of £250m funds on platform) was achieved in April 2011, with one-third of EMI Options vesting at this point.

The remainder of the EMI options will, subject to vesting conditions, vest (and accordingly be capable of conversion to ordinary shares) on achievement of milestones. Vesting conditions include continuity of employment and time thresholds. Vesting milestones are the date on which the UK subsidiary group achieves a financial quarter of profitability or positive cash flow, and when the value of client assets (investments and cash) recorded on Praemium UK's *dps*, *dps* Select, Smartfund and offshore services are first capable of generating an annualised positive cash flow for Praemium UK.

In respect to future performance criteria, which relate to the extent to which the UK group is either cash-flow positive or sustainably profitable, the Board intends to assess the achievement of milestones by reference to audited reports.

Any unvested EMI options, or vested but unexercised options, will expire on 1 December 2020. Further information of outstanding rights under this plan is detailed at note 21 of the financial statements.

LTIs – Subsequent to Reporting Date

Since the end of the financial year the Board has not issued any shares or performance rights.

Executive Remuneration policies and contracts

All Group Executives, including Executive Directors, are employed under employment contracts. Those contracts do not have a fixed term and are terminable on between one and nine months' notice (as set out below) by the executive or by the Company or, in the event that the Executive materially breaches the contract of employment in a way that involves dishonesty, fraud, a breach of any law affecting the company or a breach of certain of the Group's policies, the executive may be summarily dismissed.

To the extent that elements of the remuneration of key executives consists of securities in the Company, the Board, in considering whether to grant those securities and negotiating the terms of remuneration with the key executive, requires the key executive to obtain their own advice in respect to their exposure to risk in relation to the securities and relies on the undertakings of the key executives that they have obtained such advice prior to accepting the offer of securities as the method of enforcing that policy. No securities were issued to new employees as an incentive or sign on bonus during the 2013 financial year.

The Company may elect, on the giving or receipt of notice from any executive, to pay out the balance of the term with or without requiring the executive to 'go on garden leave' for the remaining term. The notice periods and amounts payable in lieu of notice for each of the key members of the Group Executive required to be disclosed are:

Mr Michael Ohanessian, CEO, is currently employed pursuant to an on-going contract. Mr Ohanessian's maximum entitlement on termination in lieu of notice would be equal to the value of 9 months total employment package (TEP).

Mr Paul Gutteridge, Group Chief Financial Officer & Company Secretary, Ms Chris Silcox, Executive Director Praemium Australia Pty Ltd and Group Chief Operating Officer and Mr Andrew Varlamos, Commercial Director (Australia) are all employed on an on-going basis. Each has a maximum entitlement on termination in lieu of notice equal to the value of 3 months TEP.

Messrs John Martin and William Brewis, each Executive Directors of the Group's UK subsidiaries, are employed on an on-going basis subject to the terms of their agreements.

Their respective entitlements on termination in lieu of notice would be 3 months TEP.

Voting and comments made at the company's last Annual General Meeting

Praemium Limited received 89.9% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2012. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Directors' Remuneration

2013 Directors' Remuneration

Short Term Employee Benefits				Share Based Payments	Post Employment Benefits			
Director	Salary, fees & Commissions	Non-Cash Benefits	Bonus by way of Shares ¹	Performance Rights ²	Super-annuation	Long Service Leave	Total	Performance related %
Mr Bruce Loveday	61,515	-	-	15,000	-	-	76,515	0%
Mr Bruce Parncutt	63,485	-	-	-	-	-	63,485	0%
Mr Michael Ohanessian	400,000	-	172,000	190,999	25,000	1,006	789,005	46%
Mr Robert Edgley	50,459	-	-	-	4,541	-	55,000	0%
Mr Peter Mahler	45,872	-	-	15,000	4,128	-	65,000	0%

¹ *Bonus by way of shares* relates to achievement of the CEO's short-term incentive, due to FY13's annual result exceeding target by 67%. This amount has been accrued in FY13's financial results, but not yet issued at the date of the report.

² *Performance rights* relates to entitlements under the Praemium Directors & Employee Benefits Plan, with amounts recognised over the life of the vesting period in accordance with AASB 2: Share Based Payments.

2012 Directors' Remuneration

Director	Short Term Employee Benefits			Share Based Payments		Post Employment Benefits		Total	Performance related %
	Salary, fees & Commissions	Termination ¹	Non-Cash Benefits	Bonus by way of Cash ²	Performance Rights ³	Super-annuation	Long Service Leave		
Mr Bruce Loveday	-	-	-	-	-	-	-	-	0%
Mr Bruce Parncutt	57,081	-	-	-	-	5,137	-	62,218	0%
Mr Michael Ohanessian	359,488	-	-	150,000	88,938	20,833	-	619,260	39%
Mr Robert Edgley	46,289	-	-	-	-	4,166	-	50,455	0%
Mr Peter Mahler	24,499	-	-	-	-	2,205	-	26,704	0%
Dr Don Stammer*	36,141	-	-	-	-	3,189	-	39,330	0%
Mr John Bryson*	41,284	-	-	-	-	3,716	-	45,000	0%
Mr Arthur Naoumidis*	46,207	326,354	2,618	-	-	9,566	-	384,745	0%
Ms Cathryn Nolan*	81,910	254,783	-	-	3,229	11,831	-	351,754	0%

¹ *Termination* comprises payments for notice in lieu and employee entitlements (annual leave and long service leave, where applicable).

² *Bonus by way of cash* relates to achievement of the CEO's short-term incentive, due to FY12's annual result exceeding target by 43%. This amount has been accrued in FY12's financial results, but not yet paid at the date of the report.

³ *Performance rights* relates to entitlements under the Praemium Directors & Employee Benefits Plan, with amounts recognised over the life of the vesting period in accordance with AASB 2: Share Based Payments.

* Denotes directors no longer serving. Dr Donald Stammer resigned 20 March 2012 and Mr John Bryson resigned 28 June 2012. Executive directors Mr Arthur Naoumidis resigned 8 August 2011 and Ms Cathryn Nolan resigned 18 August 2011.

Executive Remuneration

2013 Executive Remuneration

Short-term Employee Benefits			Share Based Payments		Post Employment Benefits			
Executive	Salary, fees & Commissions	Bonus by way of Cash	Bonus by way of Shares	Performance Rights	Super-annuation	Long Service Leave	Total	Performance related %
Mr John Martin*	243,495	-	-	40,714	21,914	-	306,123	13%
Mr William Brewis*	243,495	-	-	21,094	21,914	-	286,503	7%
Mr Paul Gutteridge	207,979	-	40,000	24,052	18,718	913	291,662	22%
Ms Christine Silcox	199,332	-	-	8,361	17,940	7,045	232,678	4%
Mr Andrew Varlamos^	123,948	-	-	4,330	11,155	-	139,433	3%

^Mr Andrew Varlamos (Commercial Director, Australia) commenced as a full time employee of Praemium on 21 November 2012.

* Mr Martin and Mr Brewis are employees of the UK subsidiary group. The exchange rate of 0.6533 was used for the purpose of this table.

2012 Executive Remuneration

Short-term Employee Benefits			Share Based Payments	Post Employment Benefits				
Executive	Salary, fees & Commissions	Bonus by way of Cash	Bonus by way of Shares	Performance Rights	Super-annuation	Long Service Leave	Total	Performance related %
Mr John Martin*	241,010	-	33,600	59,574	21,691	-	355,875	26%
Mr William Brewis*	241,010	-	-	26,688	21,691	-	289,389	9%
Mr Paul Gutteridge	211,271	-	-	25,565	16,791	538	254,165	10%
Ms Christine Silcox	168,987	-	-	8,234	15,209	6,069	198,499	4%

* Mr Martin and Mr Brewis are employees of the UK subsidiary group. The exchange rate of 0.6535 was used for the purpose of this table.

LTI Allocations to Key Management Personnel

The following tables detail the movement during the reporting period in the fair value of performance rights over issued ordinary shares in Praemium held directly, indirectly or beneficially by Key Management Personnel:

Performance Rights	Grant date	Expiry date	Granted during the year	Granted during the year	Exercised during the year	Forfeited / Lapsed during the year	Total Fair Value in Year
			Number	\$	\$	\$	\$
Paul Gutteridge	6-Sep-12	30-Sep-15	400,000	25,600	-	-	25,600
Christine Silcox	6-Sep-12	30-Sep-15	400,000	25,600	-	-	25,600
Andrew Varlamos	21-Nov-12	30-Sep-15	300,000	18,000	-	-	18,000
John Martin	6-Sep-12	30-Sep-15	300,000	19,200	-	-	19,200
William Brewis	6-Sep-12	30-Sep-15	300,000	19,200	-	-	19,200

Performance rights noted in the table above are upon vesting conditions being met, exercisable over a 3 year period to September 2015. Since performance rights are issued at zero exercise price their minimum value is nil, on the basis they may not vest.

ASX Listed Company

As at the date of this report, the Company's securities are not quoted on any stock exchange other than ASX. There is not currently any on-market buy back in progress.

Unquoted Securities

The only unquoted securities in the capital of the Company currently on issue are EMI options and performance rights referred to above. All unquoted securities were issued or acquired under an employee incentive scheme.

Use of Cash and assets readily convertible to cash since admission to ASX Official List

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period (being 30 June 2006) in a way that is consistent with its business objectives.

Corporate Governance

A corporate governance statement is set out on pages 20 -22 of this document.

Environmental Issues

The Group's operations are not presently subject to significant environmental regulations under the law of the Commonwealth or State.

Proceedings on behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity. The Company was not a party to any such proceedings during the year.

Non-Audit Services / Auditor's Independence Declaration

A copy of the Auditor's Independence declaration in relation to the audit for the financial year is provided with this report. The auditor of the Australian and UK subsidiary entities is Grant Thornton. Non-audit services of approximately \$102,441 have been provided by the Group's Parent Entity audit firm for internal controls review and income tax compliance services and similarly approximately \$444 have been provided by the Group's subsidiary's audit firm for UK compliance services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors, and that the nature of non-audit services means that auditor independence was not compromised.

Signed in accordance with a resolution of Directors.



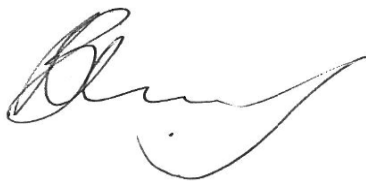
Bruce Loveday
Chairman
4 September 2013

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 23 to 59, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated entity;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.



Bruce Loveday
Chairman
4 September 2013

Praemium FY2013 Corporate Governance Statement

The policies and practices of the company are in accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (2nd Edition)" (ASX Guidelines) unless otherwise stated. The Company has provided a comprehensive statement of its approach to corporate governance in each Annual Report since 2006. A copy of the Company's annual reports since ASX listing remains available on the Company's or the ASX's websites.

In this section there are a number of references to documents being available on the Company's website. These documents are linked to this page: <http://www.praemium.com.au/about-us/investor-relations/corporate-governance> or are otherwise available under the "Investor Relations" section (under "About Us") of the Praemium website.

The Corporate Governance Statement below has been set out using the same headings used in the ASX Guidelines.

Principle 1 – Lay solid foundations for management and oversight

Principle 1.1 recommends that entities should formalise functions reserved to the board and those delegated to senior executives, and should disclose those functions.

The Company has adopted a Board Charter, a copy of which it makes publicly available on its website, which outlines the principle functions of the Company's board (see Section 2). The Charter makes it clear that it is the role of the Board to govern the Company, and in particular to set policy direction, whilst it is the role of the executive to manage the Company's operations. Newly appointed directors are also advised of their responsibilities in their letter of appointment.

The Company's Board comprise a majority of non-executive directors. The Company has also appointed boards to oversee the operations of both its UK, Asian and Australian subsidiaries. These boards, which comprise a combination of non-executive and executive directors, liaise closely with the Board of the parent company. Mr Michael Ohanessian, Praemium's Group CEO is a member of each of the boards to ensure continued communications between the boards.

In accordance with Principle 1.2 Praemium's processes require that reviews be undertaken in respect to all staff at least annually for the purpose of reviewing activities and setting key focus areas, goals and targets for the coming year. All Senior Executives participated in the review process in the financial year in accordance with the process. Evaluation of the CEO's performance is a specific function under the Company's Board charter, which is also performed annually.

Principle 2 – Structure the Board to add value

Skills & Experience

Information about the skills and experience of the Company's Directors is set out on pages 9-11.

Directors' Independence (Principle 2.1)

The Company has a majority of non-executive directors. Using the criteria recommended by the ASX Guidelines, all four of the Company's non-executive directors (Mr Loveday, Mr Parncutt, Mr Edgley, and Mr Mahler) are independent directors.

A number of directors are shareholders in the Company, however are not substantial shareholders. Any change in director's interest is disclosed in accordance with ASX Listing Rules. The Company's policies allow directors to seek independent advice at the Company's expense.

Independence of Chairman / Division of responsibility (Principle 2.2 – 2.3)

During the financial year the Chairman of the Board was a non-executive director. Both Mr Loveday, who was appointed to the position of Chairman on 7 November 2012 and Mr Bruce Parncutt who held the role of Chairman from the start of the reporting period until 7 November 2012, were an independent non-executive Chairman.

The Chairman of each Board Committee is an independent non-executive director and there is a clear division of responsibility between the Chairman and the CEO.

Nomination Committee (Principle 2.4)

The Board does not have a separate nomination committee, recognising that selection and appointment of directors is ultimately the responsibility of the board as a whole. As a smaller company it considers, consistent with ASX Guidelines, that the same efficiencies may not be derived from a formal committee structure for this function. There is no documented procedure for the selection and appointment of new directors or the re-election of incumbent directors, other than as outlined in the Company's Constitution (noted below). The Board however seeks independent external advice in regard to its composition, when there is a required change (such as retirement or resignation).

Term of appointment

All non-executive Directors have been elected to their positions for a term of not more than three years. At the next annual general meeting, as required by the Company's constitution or the listing rules, two of the remaining directors, excluding the Managing Director or any newly appointed directors, must retire from office by rotation.

Board Performance (Principle 2.5)

The Chairman conducts a review of Board Performance at least once each calendar year. The process involves the preparation of a questionnaire, to which directors and nominated senior executives respond anonymously, addressing matters relating to the conduct of meeting, the content of board papers and other matters relevant to Board performance. The results of the survey are collated and discussed by the Board, with any recommendations implemented to improve Board performance where appropriate.

Principle 3 – Provide ethical and responsible decision making

Code of Conduct (Principle 3.1)

The Company has a code of conduct which is published on its website. The Code is reviewed annually and updated where appropriate.

Diversity Policies (Principle 3.2 – 3.4)

Listing Rule amendments require the Company to report on matters relating to diversity, in particular board diversity. The Company has a formal diversity policy, setting out a number of broad objectives:

- Introduce processes to ensure that diversity commitments are implemented appropriately,
- Implement processes to ensure transparency in respect of the selection of qualified employees, senior management and Board candidates with regard to the importance of Company's diversity profile and objectives,
- Ensure that recruitment strategies allow the Company to maximise its opportunities to target appropriately qualified employees who may have diversity attributes and encourage this by appointing selection committee members who either have diversity attributes or recognise the importance of such attributes,
- Develop clear criteria on behavioural expectations in relation to promoting diversity,
- Recognise and cater for employees that may have special requirements such as family member responsibilities, as part of the Company's overall diversity objectives,
- Consider whether the work environment is likely to attract individuals with diversity attributes, and
- Facilitate a corporate culture that embraces diversity and recognises employees at all levels have responsibilities outside of the workplace.

The Board has set the following measurable objectives for achieving gender diversity:

- Increase gender diversity on the board and senior executive positions and throughout the Group, aiming for at least 20% female representation on a fulltime equivalent basis on the board by 30 June 2015 and in executive management positions and the entire group by 30 June 2017;

- Promote flexible work practices to provide managers and staff with the tools to tailor flexible work options that suit both the business and the individual's personal requirements;
- Select new staff, development, promotion and remuneration to be based solely on performance and capability; and
- An annual assess is undertaken of gender diversity performances against objectives by the Remuneration Committee.

The Company's current performance against its diversity policy objectives is as follows:

Gender Representation (%)	30 June 2013		30 June 2012	
	Female	Male	Female	Male
Board	0%	100%	0%	100%
Senior executive	20%	80%	11%	89%
Group	32%	68%	30%	70%

Principle 4 – Safeguard integrity in financial reporting

Audit Committee (Principle 4.1 – 4.3)

The Company has established an Audit, Risk & Compliance Committee, which comprised during the year Mr Bruce Parncutt (Chairman), Mr Bruce Loveday, Mr Robert Edgley and Mr Peter Mahler. All members are independent and non-executive. Six Committee meetings were held during the financial year, and all meetings were attended by all Committee members and on two occasions by the Company's Auditor. The Audit, Risk & Compliance Committee has a formal charter, a copy of which is available on the Company's website. The Charter is reviewed annually and updated where appropriate.

Principle 5 – Make timely and balanced disclosure

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. The key policy, Praemium's Continuous Market Disclosure Policy, and corresponding procedures are published on the Company's website.

Principle 6 – Respect the rights of shareholders

The Company has developed a framework for communicating with shareholders (set out on the Company's website), which has been followed during the Financial Year.

Where possible and practical, the Company communicates with Shareholders using its website and email. For this purpose it maintains a list of email addresses for shareholders and others interested in hearing from the Company and provides regular updates by email – in particular, links to market sensitive announcements and financial filings.

Praemium strongly encourages all shareholders to assist it to reduce costs and be mindful of the environment by opting to receive annual reports, notices of meeting, proxy forms and other formal communications electronically. Praemium's constitution allows for direct online voting.

Principle 7 – Recognise and manage risk

Risk Oversight (Principle 7.1)

The Company's Audit, Risk & Compliance Committee is responsible for internal control, risk oversight and risk management for the Company. During the year the Committee comprised Mr Bruce Parncutt (Chairman), Mr Bruce Loveday, Mr Robert Edgley and Mr Peter Mahler. All members are independent and non-executive. Six Committee meetings were held during the financial year and all meetings were attended by all Committee members. The Audit, Risk & Compliance Committee has a formal charter, a copy of which is available on the Company's website. The Charter is reviewed annually and updated where appropriate.

Risk Management & Internal Control (Principle 7.2)

The Audit, Risk & Compliance Committee has required management to design and implement a risk management and internal control system to identify and manage the Group's material business risks and to report to it on whether those risks are being managed effectively; management has been meeting this requirement and managing risks effectively.

The Group does not currently have any internal audit function. The Board considers that at the Company's current stage of growth and size there is no particular benefit to appointing internal audit and in the alternative seeks independent advice as it considers appropriate. In all other respects, the Company complies with the recommendations set out in Principle 7.

Risk Assurance (Principle 7.3)

The Board has received assurance from the CEO and CFO that in relation to financial reporting risks, the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee (Principle 8.1 – 8.3)

The Company's approach to remuneration and this principle is set out in its Remuneration Report on page 13 and following. The Company's approach to the remuneration of non-executive directors is clearly distinguished from that of executive directors and senior executives.

The Company's Remuneration Committee during the financial year comprises Mr Robert Edgley (Chairman), Mr Bruce Parncutt and Mr Bruce Loveday. The Committee met twice during the financial year and all members of the Committee attended each meeting (other than one apology for one meeting). A copy of the Remuneration Committee Charter is published on the Company's website.

Financial Report

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2013

		Consolidated	
	Note	2013 \$	2012 \$
Revenue	3	14,094,851	13,045,198
Other income	4	1,942,089	126,562
Employee costs		(11,793,878)	(10,137,829)
Depreciation, amortisation and impairments	5	(319,631)	(390,562)
Legal, professional, advertising and insurance expense		(1,782,636)	(2,154,604)
IT support		(790,983)	(692,358)
Commissions expense		(91,834)	(117,459)
Travel expenses		(469,178)	(400,963)
Occupancy costs		(851,308)	(848,866)
Net foreign exchange gains / (losses)		396,298	43,378
Telecommunication costs		(164,741)	(161,062)
Other expenses	5	56,419	(113,146)
Restructure and acquisition costs		(517,559)	(1,359,816)
Impairment of available for sale financial assets	1(g)	-	(500,000)
Finance costs	5	-	(6,137)
Withholding tax not recoverable		(60,915)	(277,476)
Profit (Loss) before income tax expense		(353,006)	(3,945,140)
Income tax benefit	6	4,711,798	-
Profit (Loss) for the year		4,358,792	(3,945,140)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		40,613	(16,351)
Exchange differences on translation of foreign operations		211,226	(27,110)
Tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		251,839	(43,461)
Other comprehensive income/(loss) for the period, net of tax		251,839	(43,461)
Total comprehensive income/(loss) for the period		4,610,631	(3,988,601)
Profit for the year attributable to Owners of the parent		4,610,631	(3,988,601)
Total comprehensive income attributable to Owners of the parent		4,610,631	(3,988,601)

Earnings per share

Basic earnings/(loss) per share (cents per share)	25	1.2	(1.4)
Diluted earnings/(loss) per share (cents per share)	25	1.2	(1.4)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2013

		Consolidated	
	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	8,061,090	4,713,179
Trade and other receivables	8	3,208,758	2,468,411
Total current assets		11,269,848	7,181,590
Non-current assets			
Other Financial assets	9	1,259,218	1,212,951
Property, plant and equipment	10	864,477	661,831
Goodwill	11	553,802	-
Intangible Assets	12	305,678	-
Deferred Tax Assets	13	4,821,285	-
Total non-current assets		7,804,460	1,874,782
TOTAL ASSETS		19,074,308	9,056,372
Current liabilities			
Trade and other payables	14	2,380,118	1,892,514
Provisions	15	673,480	490,469
Total current liabilities		3,053,598	2,382,983
Non-current liabilities			
Provisions	15	109,073	81,378
Total non-current liabilities		109,073	81,378
TOTAL LIABILITIES		3,162,671	2,464,361
NET ASSETS		15,911,637	6,592,011
EQUITY			
Share capital	16	60,014,229	55,522,531
Reserves	17	(380,689)	(849,825)
Accumulated losses		(43,721,903)	(48,080,695)
TOTAL EQUITY		15,911,637	6,592,011

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Period ending 30 June 2013

	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	55,522,531	(48,080,695)	(1,493,344)	654,940	(11,421)	6,592,011
Profit attributable to members of the parent entity	-	4,358,792	-	-	-	4,358,792
Other comprehensive income /(loss)	-	-	211,226	-	40,613	251,839
Total comprehensive income/(loss) for the year	-	4,358,792	211,226	-	40,613	4,610,631
Transactions with owners in their capacity as owners						
Issue of shares	4,360,823	-	-	-	-	4,360,823
Option expense	-	-	-	348,663	-	348,663
Exchange difference on option reserve	-	-	-	(491)	-	(491)
Transfer on exercise of options	130,875	-	-	(130,875)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
	4,491,698	-	-	217,297	-	4,732,318
Equity as at 30 June 2013	60,014,229	(43,721,903)	(1,282,118)	872,237	29,192	15,911,637

Period ending 30 June 2012

	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	50,498,731	(44,179,573)	(1,466,234)	635,912	4,930	5,493,766
Loss attributable to members of the parent entity	-	(3,945,140)	-	-	-	(3,945,140)
Other comprehensive income /(loss)	-	-	(27,110)	-	(16,351)	(43,461)
Total comprehensive income/(loss) for the year	-	(3,945,140)	(27,110)	-	(16,351)	(3,988,601)
Transactions with owners in their capacity as owners						
Issue of shares	4,835,750	-	-	-	-	4,835,750
Option expense	-	-	-	250,378	-	250,378
Exchange difference on option reserve	-	-	-	718	-	718
Transfer on exercise of options	188,050	-	-	(188,050)	-	-
Transfer on lapsing of options	-	44,018	-	(44,018)	-	-
	5,023,800	44,018	-	19,028	-	5,086,846
Equity as at 30 June 2012	55,522,531	(48,080,695)	(1,493,344)	654,940	(11,421)	6,592,011

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2013

		Consolidated	
	Note	2013 \$	2012 \$
Cash from operating activities:			
Receipts from customers		16,379,147	12,706,629
Payments to suppliers and employees		(17,635,159)	(17,245,482)
Interest received		62,757	121,685
Borrowing costs		-	(6,137)
Unit trust distributions received		15,032	23,161
Income tax received		933,646	-
Net cash (used by) /provided from operating activities	23	(244,577)	(4,400,144)
Cash flows from investing activities:			
Payments for property, plant and equipment		(460,625)	(62,031)
Payment for Intangible assets		(253,950)	-
Payment for loans to other entities		-	(202,502)
Acquisition of subsidiaries, net of cash		(351,437)	-
Net cash used in investing activities		(1,066,012)	(264,533)
Cash flows from financing activities:			
Proceeds from the issue of share capital		4,464,207	5,000,200
Share issue transaction costs		(301,818)	(231,450)
Net cash provided by financing activities		4,162,389	4,768,750
Net cash increase (decrease) in cash and cash equivalents		2,851,800	104,073
Cash and cash equivalents at beginning of year		4,713,179	4,643,958
Effect of exchange rates on cash holdings in foreign currencies		496,111	(34,852)
Cash and cash equivalents at end of year	7	8,061,090	4,713,179

The accompanying notes form part of these financial statements.

Notes the Financial Statements

1. Notes to the Financial Statements

(a) General information

The financial report is a general-purpose financial report that covers the consolidated entity consisting of Praemium Limited and its subsidiaries. Praemium Limited is a listed public company, incorporated and domiciled in Australia. Separate financial statements for Praemium Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Praemium Limited as an individual entity are included in Note 26. The Group is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of preparation

The financial report of Praemium Limited and controlled entities has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards (IFRS).

(i) Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Praemium Limited ("parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Praemium Limited and its subsidiaries are referred to in

this financial report as the "Group" or the "consolidated entity".

A subsidiary is any entity over which Praemium Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the Group, 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 policies adopted by the Group.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are de-consolidated from the date control ceases.

(d) Segment reporting

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position.

(e) Property, plant and equipment

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

(i) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised in the statement of comprehensive income. To ensure that costs are not recognised in the statement of financial position in excess of their recoverable amounts, the recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposals discounted to their net present value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit & loss during the financial period in which they are incurred.

Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

(ii) Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Method
Plant, Furniture and equipment	10 - 20%	Straight-line
Computer equipment	20%	Straight-line
Buildings & Leasehold Improvements	15%	Straight-line

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to the statement of profit & loss as part of the profit or loss on disposal.

(f) Intangible assets

Customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables are generally due for settlement within 30 days.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities depending on the purpose for which the liability was acquired. The Group's financial liabilities include trade and other payables.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in

profit or loss are included in the statement of profit & loss and comprehensive income line items “finance costs” or “finance income”.

(iv) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. These amounts are unsecured and are usually paid within 45 days of recognition.

(v) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(vi) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and notes to the financial statements. Fair value is defined as the amount that could be exchanged for an asset between knowledgeable willing parties in an arm's length transaction.

(vii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally units in unlisted registered schemes, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included as non-current assets unless management intends to dispose of the investment within 12 months of reporting date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in fair value are recognised directly in equity in an available-for-sale assets revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit & loss and comprehensive income as gains and losses.

The group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit & loss. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. For assets where such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and 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 & loss and, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation reserve relates to that asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income in the statement of profit & loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal is recognised as a revaluation increase.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Equity-settled compensation

The Group operates a share-based compensation scheme.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's estimate, for the effects of non-

transferability, exercise restrictions and behavioural considerations.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

(k) Income tax

The charge for current income-tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by reporting date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, which at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of profit & loss and comprehensive income except where it relates to items that are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The directors have elected for those entities within the consolidated entity that are wholly-owned Australian resident entities to be taxed as a single entity from July 1 2005. The head entity within the tax-consolidated group for the purposes of tax consolidation is Praemium Ltd.

Praemium Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Praemium Limited and each of the entities within the tax consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Praemium 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.

Entities within the tax-consolidated group have entered into a tax funding agreement with the head entity. Under the terms of this agreement, each of the wholly-owned entities within the tax consolidated group has agreed to fully compensate Praemium Limited for any current tax payable assumed and are compensated by Praemium Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Praemium Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(l) Leases

Leases of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

The interest expense is recognised in the statement of profit & loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Leased assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the statement of comprehensive income on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services is recognised in the accounting period in which the services are rendered. When revenue is received but services not rendered at balance date the receipt is recorded in the statement of financial position as unearned income.

Interest revenue is recognised on a proportional basis using the effective interest rate in relation to the outstanding financial asset. Dividends are recognised as revenue when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST), returns, trade allowances and other duties and taxes paid. Revenue in the form of grant income is recognised when earned and receivable.

(n) Foreign currency translation

(i) Functional and presentation currency

The functional currency of each of the Group's entities is identified as the currency of the primary economic environment in which that entity operates, and is used in the recognition of transactions and balances for that entity. Where the functional currency of a group entity is different from the parent's functional currency, the entity has been translated for consolidation using the method described below for 'Group entities'.

The United Kingdom subsidiaries' functional currency is GBP which is translated to the presentation currency at the end of each reporting period.

The Hong Kong and Shenzhen subsidiaries' functional currency are HKD and CNY respectively, which are translated to the presentation currency at the end of each reporting period.

The consolidated financial statements are presented in Australian dollars which is the Parent's functional and presentation currency.

(ii) Group entities

The financial results and position of all Group entities whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at reporting date;
- Income and expenses are translated at the rate on the date of the transaction, or an average exchange rate for the period (if the average approximates the actual rate for that period); and
- Retained earnings are translated at the respective historical exchange rate.

Exchange differences arising on translation of Group entities from a different functional currency are recognised directly in a foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit & loss in the period in which the entity is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the spot rate on reporting date. Non-monetary items measured at historical cost are not retranslated. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit & loss. Exchange differences on translation of non-monetary items are recognised directly in equity.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

1. Where the amount of the GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an

asset or as part of an item of expense; or

2. For receivable and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(t) Going concern

The financial report has been prepared on a going-concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business even though the Company has experienced operating losses before tax of \$353,006 during the financial year ended 30 June 2013 (June 2012 \$3,945,140) with accumulated losses amounting to \$43,721,903 as at 30 June 2013. Cash reserves were \$8,061,090 at 30 June 2013.

The Directors are of the opinion that the existing cash reserves will provide the Company with adequate funds to ensure its continued viability and operate as a going concern. The Company is actively enhancing its profile in the Australian, UK and Asian markets. Moreover, internal control processes in place will facilitate close monitoring of expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon product development or revenue opportunities.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the financial report as at 30 June 2013. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary.

(u) Accounting standards and interpretations issued but not yet effective and not yet adopted

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2013. They may impact the Consolidated Entity in the period of initial application. They are available for early adoption, but have not been applied in preparing this financial report:

AASB 12 Disclosure of Interests in Other Entities

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial

statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

AASB 13 Fair Value Measurement

The entity is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

AASB 119 Employee Benefits (September 2011)

The entity does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the entity.

AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures

When these revised standards are adopted for the first time for the financial year ending 30 June 2014, there will be no impact on the financial statements because they introduce no new requirements.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the entity.

(v) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 group.

Impairment of available-for-sale financial assets

The Group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement in determining when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

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 at the date at which they are granted. The fair value is determined using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. 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.

Fair value and hierarchy of financial instruments

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore the category in which the financial instrument is placed can be subjective.

The fair value of financial instruments classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and definitive life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(w) Business combinations

The acquisition method of accounting is used to account for business combinations.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquire. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net

assets. All acquisition costs are expensed as incurred to the profit or loss.

On the acquisition of the business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in the existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognized in the profit or loss.

Contingent consideration to be transferred by the acquirer is recognized at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognized in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets and liabilities during the period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(x) Change in Accounting Policies

From 1 July 2012 the Group applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items in Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

2. Financial Risk Management

The Praemium Group is exposed to risks that arise from the use of its financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group's Audit, Risk & Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash at bank and on deposit
- Trade and other payables
- Intercompany receivables
- Investments in unlisted unit trusts

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk arises from the Group's trade receivables, other receivables, receivables from subsidiaries and cash at bank and on deposit. The maximum amount of credit risk is the statement of financial position carrying values.

Trade receivables

Clients of the Group range from financial advisors and brokers to accountants. In the majority of new client 'sign-

ons', clients are required to prepay their first years' service before they can start utilising the Group's products. The reduction of risk concentration is due principally to the number of independent operators who have entrenched the Praemium system within their everyday business process.

Clients who subsequently fail to meet their credit terms are at risk of having their services "switched off".

The Board receives monthly reports summarising trade receivables balances, and aging profiles of the total trade receivables. There have been no changes from previous periods.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months. The Group also seeks to reduce liquidity risk by ensuring that its cash deposits are earning interest at the best rates.

At balance date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. There have been no changes from previous periods.

As at 30 June 2013, financial liabilities have contractual maturities, which are summarised below:

2013	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 year
	\$	\$	\$	\$
Trade payables	451,847	-	-	-
Accrued expenses	1,311,458	-	-	-
Other payables	207,600	-	-	-
Total	1,970,905	-	-	-

2012	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 year
	\$	\$	\$	\$
Trade payables	427,712	-	-	-
Accrued expenses	177,446	-	-	-
Other payables	925,636	-	-	-
Total	1,530,794	-	-	-

The contractual amounts of financial liabilities in the tables above are equal to their carrying values. Differences from the statement of financial position amounts reflect the exclusion of statutory charges from the definition of financial liabilities.

Market risk

Market risk arises from the Group's use of financial instruments, including interest bearing and foreign currency financial deposits and investment in unlisted trusts. It is the risk that the fair value or future cash flows of the financial instruments will fluctuate as a result of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group invests surplus cash in major Australian and UK banks and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. The company and Group have no borrowings.

The Group's interest rate risk arises from:

- Bank balances which give rise to interest at floating rates; and
- Cash on term deposit, which are at floating rates.

The amounts subject to cash flow interest rate risk are in the statement of financial position carrying amounts of these items.

The Group's policy is to minimise interest rate cash flow risk exposures on surplus funds by ensuring deposits attract the best available rate. There have been no changes from previous periods.

Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-100 basis points (2012: +/-100 basis points), with effect from the beginning of the year. These changes are considered reasonably possible based on observation of current market conditions.

The calculations are based on the Group's financial instruments held at each reporting date.

	2013 \$		2012 \$	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Cash and cash equivalents	80,611	(80,611)	47,132	(47,132)
Net result	80,611	(80,611)	47,132	(47,132)

Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the geographical region's cash balances, commitments and receipts, converted to the Group's main functional currency, Australian Dollars (AUD).

The Group is exposed to currency risk on cash at bank and on deposit in British Pound (GBP) to fund its UK operations and Hong Kong dollars (HKD) and Chinese Yuan (CNY) for its Asian operations. The Group is also exposed to currency risk on sterling denominated loans to its UK entities.

Exposure to currency risk

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

Nominal amounts	Consolidated	
	2013 GBP	2012 GBP
Cash at bank and on term deposit	4,810,659	797,032

Currency risk sensitivity analysis – Other currencies

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the GBP and AUD exchange rate.

It assumes a +/- 5% change in the AUD/GBP sterling exchange rate for the year ended at 30 June 2013 (2012: 5%). This percentage has been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013 and 2012.

If the Australian dollar had strengthened against the GBP sterling by 5 % (2012: 5%) then this would have had the following impact on profit and other equity:

Consolidated		
	2013	2012
	\$	\$
Profit after tax	(229,079)	(37,954)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2012: 5%) then this would have had the following impact on profit and other equity:

Consolidated		
	2013	2012
		\$
Profit after tax	253,193	41,949
Other equity	-	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Other price risk

The Group is exposed to other price risk on its investments in listed unit trusts.

These investments are classified on the statement of financial position as available for sale financial assets. As these investments are carried at fair value with changes in fair value recognised in equity, all changes in market conditions, except for impairment, will directly affect equity, but have no effect on profit.

The investments are in a number of different unit trusts with a dominant emphasis on balanced funds that have exposures to a wide range of asset classes and geographical locations. The assets and liabilities within these unit trusts indirectly expose the company and Group to interest rate risk, currency risk and equity price risks. It is not considered practicable to 'look through' the unit trusts to analyse these risks in detail. There have been no changes from previous periods.

Other price risk sensitivity analysis

If the fair value of investments in unit trusts increased by 10% (2012: 10%) this would have increased equity for both the company and Group by \$25,922 (2012: \$21,295). A decrease of 10% would have reduced equity by the same amount. There would be no effect on profit.

Fair value hierarchy

The following table classifies financial instruments recognised in the statement of financial positions of the Group according to the hierarchy stipulated in AASB 7 as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is applied using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is applied using inputs that are not based on observable market data (unobservable inputs).

2013	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Available for sale financial assets:				
- Listed unit trusts	259,218	-	-	259,218
- Shares in unlisted entity	-	-	1,000,000	1,000,000
	259,218	-	1,000,000	1,259,218

2012	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Available for sale financial assets:				
- Listed unit trusts	212,951	-	-	212,951
- Shares in unlisted entity	-	-	1,000,000	1,000,000
	212,951	-	1,000,000	1,212,951

3. Revenue

	2013 \$	2012 \$
Revenue from:		
Sales of services	14,017,062	12,900,350
Interest income from other parties	62,757	121,688
Unit trust distributions	15,032	23,160
Total revenue	14,094,851	13,045,198

4. Other Income

	Consolidated	
	2013 \$	2012 \$
Sub-lease rental	15,258	62,331
R&D Incentive received	1,323,620	-
Fund Recoveries	518,108	-
Other	85,103	64,231
	1,942,089	126,562

5. Expenses

	Consolidated	
	2013 \$	2012 \$
Finance costs	-	6,137
Defined contribution superannuation expense	727,915	660,764
Net foreign exchange (gains) / losses	(396,298)	(43,378)
Depreciation of plant and equipment	285,665	390,562
Amortisation of Intangible assets	33,966	-
Impairment of available-for-sale financial assets	-	500,000
Other expenses	(56,419)	-
Rental expense relating to operating leases – minimum lease payments	594,099	664,749
Impairment losses – trade receivables	18,000	15,366

Other expenses comprise costs and expense recoveries relating to the operation of a managed investment scheme, which is held by a subsidiary company of the Group.

6. Income Tax Expense

(a) Numerical reconciliation of income tax expenses to prima facie tax payable

	Consolidated	
	2013 \$	2012 \$
Profit/(loss)	(353,006)	(3,945,140)
Prima facie tax expense/ (income) on loss before income tax at 30% (2012: 30%)	(105,902)	(1,183,542)
Add:		
Tax effect of:		
Entertainment	8,721	12,557
Director and employee option expense	104,599	75,113
UK intercompany interest	182,525	170,619
UK withholding tax	18,275	83,243
Other	2,818	-
	211,036	(842,010)
Tax Effect of:		
Difference in overseas tax rates	198,778	185,298
Current year tax losses not brought to account	(308,540)	534,640
Current year temporary differences not brought to account	(101,274)	122,072
Prior year tax losses brought to account	(4,184,235)	-
Current year temporary differences brought to account	(1,928,295)	-
Recoupment of prior year's tax losses not previously brought to account	1,400,732	-
Income Tax Expense/(Benefit)	(4,711,798)	-

Deferred tax assets recognised relate to tax losses and temporary differences of the Company's Australian operations, on the basis it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(b) Deferred tax assets not brought to account

	Consolidated	
	2013 \$	2012 \$
Unused tax losses for which no deferred tax asset has been recognised	32,841,310	44,534,306
Deductible temporary differences for which no deferred tax asset has been recognised	337,581	9,571,210
	33,178,891	54,105,516
Potential tax benefit @ 30%	9,953,667	16,231,655

The benefit of the tax losses, which relate to the Company's UK operations will only be realised if:

- (i) The Group derive future assessable income of a nature and amount sufficient to enable the benefit of the taxation deductions to be realised;
- (ii) The Group continue to comply with the conditions for deductibility imposed by law; and
- (iii) There are no changes in taxation legislation adversely affecting the Group in realising the benefit.

7. Cash and Cash Equivalents

	Consolidated	
	2013	2012
	\$	\$
Cash on hand	35	659
Bank balances	8,061,055	4,712,520
	8,061,090	4,713,179

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 3.0% (2012: 4.5%), and deposits on call held in Australia and denominated in GBP, which bears a weighted average effective interest rate of nil% (2012: nil%). Cash on term deposit relates to GBP, which matures on a monthly rolling basis. Cash on hand is non-interest bearing.

	Consolidated	
	2013	2012
	\$	\$
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	8,061,090	4,713,179
	8,061,090	4,713,179

8. Trade and Other Receivables

	Consolidated	
	2013	2012
	\$	\$
Current		
Trade receivables	2,137,081	1,603,885
Allowance for impairment of receivables	(65,314)	(57,750)
	2,071,767	1,546,135
Prepayments	870,147	459,835
Deposits receivable	266,844	260,140
Other receivables	-	202,301
	1,136,991	922,276
	3,208,758	2,468,411
Non-Current		
Other receivables	-	-

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial statements. The Group does not hold any collateral as security over any receivable balance. Refer to Note 2 for the policies and processes for credit risk on trade receivables.

The average credit period on trade receivables is 30 days. No interest is charged on trade or other receivables.

Impaired receivables

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of \$65,314 (2012: \$57,750) has been recorded accordingly. The impaired trade receivables are mostly due from Praemium Australia Ltd.'s smaller customers that are experiencing financial difficulties. There are no other impaired trade receivables in any of the Group's subsidiaries.

The aging of these impaired receivables is:

	Consolidated	
	2013 \$	2012 \$
Not more than 3 months	6,614	29,741
More than 3 months but not more than 6 months	58,700	28,009
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	65,314	57,750

In addition, some of the unimpaired trade receivables are past due as at the reporting date. These relate to clients who have a good credit history with Praemium Australia Ltd.

The age of trade receivables past due but not impaired is as follows:

	Consolidated	
	2013 \$	2012 \$
Not more than 3 months	2,053,586	1,542,990
More than 3 months but not more than 6 months	18,181	3,145
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	2,071,767	1,546,135

A reconciliation of the movement in the provision for impairment of receivables is shown below:

	Consolidated	
	2013 \$	2012 \$
At 1 July 2012	57,750	55,224
Provision for impairment recognised in the year	18,000	15,366
Receivables written off as uncollectible	(10,436)	(12,840)
Balance at 30 June 2013	65,314	57,750

There are no other impaired assets within other receivables and it is expected that other receivable balances will be received when due.

9. Financial Assets

	Consolidated	
	2013 \$	2012 \$
Available-for-sale financial assets	1,259,218	1,212,951
	1,259,218	1,212,951

(a) Available-for-sale Financial Assets comprise

	Consolidated	
	2013	2012
	\$	\$
Listed Investments		
Units in unit trust	259,218	212,951
Unlisted Investments		
Shares in unlisted entity	1,000,000	1,000,000
Total available-for-sale financial assets	1,259,218	1,212,951

10. Property, Plant and Equipment

	Consolidated	
	2013	2012
	\$	\$
Buildings & leasehold improvements at cost	206,243	-
Accumulated depreciation	(30,966)	-
Total buildings and improvement	175,277	-
Furniture and equipment at cost	805,790	675,174
Accumulated depreciation	(493,590)	(376,888)
Total furniture and equipment	312,200	298,286
Computer equipment at cost	3,140,076	2,606,919
Accumulated depreciation	(2,763,076)	(2,243,374)
Total computer equipment	377,000	363,545
Total property, plant and equipment	864,477	661,831

	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Buildings & Leasehold Improvements \$	Total \$
30 June 2013				
Balance at 1 July 2012	298,286	363,545	-	661,831
Additions	65,620	188,762	206,243	460,625
Disposals	-	-	-	-
Depreciation expense	(65,806)	(188,893)	(30,966)	(285,665)
Exchange differences	14,100	13,586	-	27,686
Balance at 30 June 2013	312,200	377,000	175,277	864,477

	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Buildings & Leasehold Improvements \$	Total \$
30 June 2012				
Balance at 1 July 2011	357,535	624,904	-	982,439
Additions	2,406	59,625	-	62,031
Disposals	-	-	-	-
Depreciation expense	(65,996)	(324,566)	-	(390,562)
Exchange differences	4,341	3,582	-	7,923
Balance at 30 June 2012	298,286	363,545	-	661,831

11. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	Consolidated	
	2013	2012
	\$	\$
Gross carrying amount		
Balance at 1 July 2012	-	-
Acquisition through business combination	499,352	-
Net exchange differences	54,450	-
Balance at 30 June 2013	553,802	-
Accumulated Impairment		
Balance at 1 July 2012	-	-
Impairment loss recognised	-	-
Net exchange differences	-	-
Balance at 30 June 2013	553,802	-
Carrying amount 30 June 2013	553,802	-

(a) Impairment testing

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating unit, which is the unit expected to benefit from the synergies of the business combination in which the goodwill arises.

	2013	2012
	\$	\$
WealthCraft Systems Limited	553,802	-
Goodwill allocation at 30 June	553,802	-

The recoverable amounts of the cash generating unit was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units remaining useful life using the growth rate determined by management. The present value of the expected cash flows of each segment is determined by using a suitable discount rate.

(b) Growth rates

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available). The growth rate for WealthCraft is 3.0%. Goodwill was acquired during the financial year ended 30 June 2013 therefore there are no comparative growth rates for the prior period.

(c) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit. The discount rate for WealthCraft is 14.71%. Goodwill was acquired during the financial year ended 30 June 2013 therefore there are no comparative discount rates for the prior period.

(d) Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

12. Other Intangible Assets

	Customer Contracts \$	Total \$
Gross carrying amount		
Balance at 1 July 2012	-	-
Addition, separately acquired	339,643	339,643
Balance at 30 June 2013	339,643	339,643
Amortisation and impairment		
Balance at 1 July 2012	-	-
Amortisation	(33,965)	(33,965)
Impairment losses	-	-
Balance at 30 June 2013	(33,965)	(33,965)
Carrying amount 30 June 2013	305,678	305,678

Intangibles were acquired during the financial year ended 30 June 2013 therefore there are no comparatives for the prior period.

Additions to Customer contracts include consideration for 1) transfer of management rights of the Scheme to Praemium, 2) enabling Praemium to be appointed as RE and receive revenue.

With Praemium acquiring the right to take-over the Customised Portfolio Service (CPS) Scheme, the consideration given is for operational knowledge and recurring revenue of the CPS's customer contracts. These contracts were novated as part of the transfer. Despite no contract term for either the dealer group or underlying investor, Praemium has assessed that the customer contract intangible has a finite useful period of 5 years. This is based on a conservative estimate of customer's future term using CPS, which is dependent on an individual's investment strategy, risk profile and asset selection. The customer contracts intangible will therefore be amortised on a straight line basis over 5 years.

All amortisation charges are included within depreciation and amortisation of non-financial assets.

13. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	1 July 2013 \$	Recognised in other comprehen- sive income \$	Recognised in business combination \$	Recognised in profit and loss \$	30 June 2013 \$
Deferred Tax Assets					
Non-current assets					
Property, plant and equipment	-	-	-	59,152	59,152
Current assets					
Trade and other receivables	-	-	-	19,594	19,594
Non-current liabilities					
Pension and other employee obligations	-	-	-	302,406	302,406
Current liabilities					
Provisions	-	-	-	40,318	40,318
Related parties	-	-	-	1,506,825	1,506,825
Unused tax losses	-	-	109,487	2,783,503	2,892,990
	-	-	109,487	4,711,798	4,821,285
Recognised as:					
Deferred tax asset	-				4,821,285

Deferred tax assets were recognised during the financial year ended 30 June 2013 therefore there are no comparatives for the prior period. All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

14. Trade and Other Payables

	Consolidated	
	2013	2012
	\$	\$
Unsecured liabilities		
Trade payables	451,847	427,712
Accrued expenses	1,311,458	177,446
Good and Services Tax	230,642	183,220
Other payables	207,600	925,636
Unearned income	178,571	178,500
	2,380,118	1,892,514

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

15. Provisions

	Consolidated	
	2013	2012
	\$	\$
Current		
Employee benefits	673,480	490,469
	673,480	490,469
Non-Current		
Employee benefits	109,073	81,378
	109,073	81,378

16. Issued Capital

	Consolidated	
	2013	2012
	\$	\$
2013: 372,938,117 (2012: 294,127,445) fully paid ordinary shares	60,014,229	55,522,531

Movement in ordinary share capital

Date	Details	Number of shares	Issue price \$	Total \$
30 June 2012	Balance	294,127,445		55,522,531
24-September-2012	Share Placement	33,333,333	0.060	2,000,000
25-September-2012	Transaction costs			(86,950)
30-September-2012	Issue under employee share plan	712,500	0.120	85,500
	Issue under employee share plan	50,000	0.145	7,250
	Issue under employee share plan	87,500	0.150	13,125
	Issue under employee share plan	250,000	0.100	25,000
24-October-2012	Shares issues for acquisition of subsidiary	2,000,000	0.060	120,000
	Share Placement	41,070,107	0.060	2,464,207
	Transaction costs			(210,355)
07-November-2012	Employee share bonus issue	250,000	0.060	15,000
	Employee share bonus issue	250,000	0.060	15,000
	Employee share bonus issue	807,232	0.060	48,434
15-November-2012	Transaction costs			(4,513)
30 June 2013	Balance	372,938,117		60,014,229

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group considers its capital to be total equity, which comprises ordinary share capital, available-for-sale financial assets revaluation reserve, foreign currency translation reserve, option reserve and accumulated retained earnings/losses.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In making decisions to adjust its capital structure, for instance by issuing new shares, the Group considers not only its short-term position but also its long-range operational and strategic objectives.

	Consolidated	
	2013 \$	2012 \$
Share capital	60,014,229	55,522,531
Available-for-sale financial assets revaluation reserve	29,192	(11,421)
Foreign currency translation reserve	(1,282,118)	(1,493,344)
Option reserve	872,237	654,940
Accumulated losses	(43,721,903)	(48,080,695)
Total equity	15,911,637	6,592,011

(c) Options and performance rights

Information is set out in note 24 relating to options and performance rights issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year.

17. Reserves

	Consolidated	
	2013 \$	2012 \$
Reserves		
Available-for-sale financial assets revaluation reserve	29,192	(11,421)
Foreign currency translation reserve	(1,282,118)	(1,493,344)
Option reserve	872,237	654,940
Total	(380,689)	(849,825)

(a) Movement in reserves

Movements in reserves are detailed in the statements of changes in equity.

(b) Nature and purpose of reserves

Foreign Currency Translation Reserve - Exchange differences arising on translation of the foreign-controlled entity are taken to the foreign currency translation reserve, as described in note 1(n). The reserve is recognised in profit and loss when the net investment is disposed of.

Option Reserve - The option reserve records the fair value of options issued.

Revaluation Reserve - The revaluation reserve records the revaluation of available-for-sale financial assets.

18. Key Management Personnel Disclosures

The following disclosures should be read in conjunction with Remuneration Report contained in the Directors' Report. Details of Key Management Personnel are disclosed in the Remuneration Report.

(a) Key management personnel compensation (including non-executive directors)

	Consolidated	
	2013 \$	2012 \$
Short-term employee benefits	1,639,580	1,721,556
Post-employment benefits	125,310	150,629
Long-term benefits	8,963	13,584
Share-based payments	531,550	404,063
Termination payments	-	581,138
	2,305,403	2,870,970

(b) Option holdings

The number of options held over ordinary shares in the company during the financial year by each director of Praemium Limited and other key management personnel of the Group are set out in the Directors' Report.

2013	Balance 30 June 2012	Granted as compensation	Options exercised	Options lapsed	Options forfeited	Balance 30 June 2013
Parent entity directors						
Michael Ohanessian	1,000,000	-	-	-	-	1,000,000
	1,000,000	-	-	-	-	1,000,000

2012	Balance 30 June 2011	Granted as compensation	Options exercised	Options lapsed	Options forfeited	Balance 30 June 2012
Parent entity directors						
Michael Ohanessian	-	1,000,000	-	-	-	1,000,000
John Bryson	135,000	-	-	(135,000)	-	-
	135,000	1,000,000	-	(135,000)	-	1,000,000

(c) Performance rights holdings

The number of performance rights held over ordinary shares in the company during the financial year by each key management personnel of the Group is set out in the Directors' Report. As at the date of this report no performance rights have vested.

	Allotted Date	Balance 1 July 2012	Granted as compensation	Vested / Exercised	Lapsed	Balance 30 June 2013
Parent entity directors						
Bruce Loveday	9-Nov-12	-	500,000	(250,000)	-	250,000
Peter Mahler	9-Nov-12	-	500,000	(250,000)	-	250,000
Michael Ohanessian	9-Sep-11	5,000,000	-	-	-	5,000,000
Other key management personnel						
Paul Gutteridge	6-Sep-12	500,000	400,000	(250,000)	-	650,000
Christine Silcox	6-Sep-12	125,000	400,000	(125,000)	-	400,000
Andrew Varlamos	21-Nov-12	-	300,000	-	-	300,000
John Martin	6-Sep-12	980,000	300,000	-	-	1,280,000
William Brewis	6-Sep-12	450,000	300,000	-	-	750,000
		7,055,000	2,700,000	(875,000)	-	8,880,000

2012	Allotted Date	Balance 1 July 2011	Granted as compensation	Vested / Exercised	Lapsed	Balance 30 June 2012
Parent entity directors						
Michael Ohanessian	9-Sep-11	-	5,000,000	-	-	5,000,000
Other key management personnel						
Paul Gutteridge	9-Sep-11	-	500,000	-	-	500,000
Christine Silcox	5-Mar-10	250,000	-	(125,000)	-	125,000
John Martin	23-Dec-10	980,000	-	-	-	980,000
William Brewis	23-Dec-10	450,000	-	-	-	450,000
		1,680,000	5,500,000	(125,000)	-	7,055,000

(d) Shareholdings directly and indirectly beneficially held

2013	Balance 1 July 2012	Received as compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2013
Parent entity directors					
Bruce Parncutt	12,105,000	-	-	4,384,419	16,489,419
Michael Ohanessian	5,132,900	-	-	2,346,755	7,479,655
Robert Edgley	1,800,000	-	-	1,225,000	3,025,000
Bruce Loveday	-	250,000	-	1,666,667	1,916,667
Peter Mahler	-	250,000	-	333,333	583,333
Other key management personnel					
Christine Silcox	2,864,900	-	125,000	333,333	3,323,233
Andrew Varlamos	-	-	-	1,432,244	1,432,244
Paul Gutteridge	1,000,000	-	250,000	-	1,250,000
John Martin	414,269	-	-	-	414,269
William Brewis	10,000	-	-	-	10,000
	23,327,069	500,000	375,000	11,721,751	35,923,820

2012	Balance 1 July 2011	Received as compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2012
Parent entity directors					
Bruce Parncutt	-	-	-	12,105,000	12,105,000
Michael Ohanessian	-	-	-	5,132,900	5,132,900
Robert Edgley	1,800,000	-	-	-	1,800,000
Other key management personnel					
Christine Silcox	2,239,900	-	125,000	500,000	2,864,900
Paul Gutteridge	-	-	-	1,000,000	1,000,000
John Martin	174,269	240,000	-	-	414,269
William Brewis	-	-	-	10,000	10,000
	4,214,169	240,000	125,000	18,747,900	23,327,069

(e) A salary advance of £11,570 has been provided to a member of key management personnel.

19. Auditor's Remuneration

	2013 \$	2012 \$
Remuneration of the auditor of the consolidated entity for:		
Audit Services		
Auditors of Praemium Limited: Grant Thornton		
- Audit and review of financial reports	78,000	73,582
Overseas Grant Thornton firm		
- Audit and review of financial reports	98,877	60,061
Overseas Non-Grant Thornton firm		
- Audit and review of financial reports	3,168	-
Audit services remuneration	180,045	133,643
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	65,100	108,150
- Taxation services	22,600	27,701
- Other services	14,741	10,406
Overseas Non-Grant Thornton firm		
- Taxation services	444	-
Total other services remuneration	102,885	146,257
Total Auditors' remuneration	282,930	279,900

20. Capital and Leasing Commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	Consolidated	
	2013 \$	2012 \$
Payable - minimum lease payments		
Not later than 12 months	561,437	594,229
Between 12 months and 5 years	1,839,561	1,936,408
	2,400,998	2,530,637

Operating lease commitments relate to rental commitments for office premises in Melbourne, Sydney, London, Shenzhen and Hong Kong expiring within three to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

21. Segment Information

a) Description of segments

Management has determined the operating segments that are used to make strategic decisions. It considers performance on a geographic basis and has identified 3 reportable segments, being Australia, the United Kingdom and Asia.

b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2013 is as follows:

2013	Australia	United Kingdom	Asia	Total
Revenue				
Total segment revenue	12,036,666	2,062,561	97,418	14,196,645
Inter-segment revenue	(179,583)	-	-	(179,583)
Revenue from external customers	11,857,083	2,062,561	97,418	14,017,062
EBITDA (loss) excluding Group Overheads *	3,912,016	(2,657,688)	(600,337)	(653,991)
EBITDA (loss)	3,329,037	(2,657,688)	(600,337)	71,012
Interest	64,964	(2,008)	(199)	62,757
Interest Intercompany and Margin	622,616	(622,616)	-	-
Depreciation and amortisation	(231,141)	(83,507)	(4,983)	(319,631)
Unrealised FX	396,298	-	-	396,298
Unit Trust Income	15,032	-	-	15,032
Restructure and acquisition costs	(339,128)	(134,351)	(44,080)	(517,559)
Impairment of available for sale financial assets	-	-	-	-
Withholding Tax	(60,915)	-	-	(60,915)
Net Profit / (Loss) Before Tax	3,796,763	(3,500,170)	(649,599)	(353,006)
Segment assets	15,540,779	2,745,889	787,641	19,074,308
Segment liabilities	(2,126,562)	(1,055,717)	19,608	(3,162,671)
Employee benefits expense	6,484,258	4,723,246	586,374	11,793,878
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	349,292	83,098	28,234	460,625

* Group overheads relate to costs associated with operating a public company, including Board of Directors, share registry and public relations costs as well as a percentage allocation for the CEO, Group CFO and General Counsel on investor relations.

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2012 is as follows:

2012	Australia	United Kingdom	Asia	Total
Revenue				
Total segment revenue	11,311,231	1,831,092	-	13,142,323
Inter-segment revenue	(241,973)	-	-	(241,973)
Revenue from external customers	11,069,258	1,831,092	-	12,900,350
EBITDA (loss) excluding Group Overheads *	3,549,043	(4,400,479)	-	(851,436)
EBITDA (loss)	2,794,967	(4,400,479)	-	(1,605,512)
Interest	114,557	7,131	-	121,688
Interest Intercompany and Margin	587,379	(587,379)	-	-
Depreciation and amortisation	(262,945)	(127,617)	-	(390,562)
Unrealised FX	43,378	-	-	43,378
Unit Trust Income	23,160	-	-	23,160
Restructure and acquisition costs	(1,156,613)	(203,203)	-	(1,359,816)
Impairment of available for sale financial assets	(500,000)	-	-	(500,000)
Withholding Tax	(277,476)	-	-	(277,476)
Net Profit / (Loss) Before Tax	1,366,407	(5,311,547)	-	(3,945,140)
Segment assets	6,684,706	2,371,666	-	9,056,372
Segment liabilities	(1,639,446)	(824,915)	-	(2,464,361)
Employee benefits expense	5,460,733	4,677,096	-	10,137,829
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	36,650	25,381	-	62,031

(c) Reconciliations**(i) Revenue**

A reconciliation of segment revenue to entity revenue is provided as follows:

	Consolidated	
	2013	2012
	\$	\$
Segment revenue	14,017,062	12,900,350
Interest income from other parties	62,757	121,688
Unit trust distributions	15,032	23,160
Total revenue	14,094,851	13,045,198

(ii) EBITDA

A reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	2013	2012
	\$	\$
EBITDA (loss)	71,012	(1,605,512)
Depreciation and amortisation	(319,631)	(390,562)
Interest revenue	62,757	121,688
Unrealised FX	396,298	43,378
Unit trust income	15,032	23,160
Restructure and acquisition costs	(517,559)	(1,359,816)
Impairment of available for sale financial assets	-	(500,000)
Withholding tax	(60,915)	(277,476)
Net profit/(loss) before tax	(353,006)	(3,945,140)

(iii) Segment assets

The amounts provided to the board of directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	2013	2012
	\$	\$
Segment assets	19,074,308	9,056,372
Total assets as per the statements of financial position	19,074,308	9,056,372

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is \$834,794 (2012: \$379,996) and the total of these non-current assets located in other countries is \$889,164 (2012: \$284,834). Segment assets are allocated to countries based on where the assets are located.

(iv) Segment liabilities

The amounts provided to the board of directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total liabilities as follows:

	Consolidated	
	2013	2012
	\$	\$
Segment liabilities	3,162,671	2,464,361
Total liabilities as per the statements of financial position	3,162,671	2,464,361

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$11,857,083 (2012: \$11,069,258) and the total revenue from external customers in other countries is \$2,159,979 (2012: \$1,831,092). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of \$1,384,411 (2012: \$1,185,976) are derived from a single external customer. These revenues are attributable to the Australian segment.

22. Events After the Reporting Date

- (a) Directors have not become aware of any other matter or circumstance not otherwise dealt with in the financial statements that since 30 June 2013 has significantly affected or may significantly affect the operations of the company or the consolidated entity, the results of those operations or the state of affairs in subsequent financial years.
- (b) The financial report was authorised for issue on 4 September 2013 by the board of directors.

23. Cash Flow Information

	Consolidated	
	2013	2012
	\$	\$
Net income/loss for the period	4,358,792	(3,945,140)
Issue of financial assets	-	-
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	319,631	390,562
Option expense	427,099	250,378
Bad Debt expense	18,000	-
Shares issued as employee bonus	-	67,200
Unrealised foreign exchange loss	(396,558)	(43,378)
Loss on disposal of plant and equipment	-	-
WHT receivable write off	60,915	-
Impairment of available for sale financial assets	-	500,000
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(842,788)	(266,534)
Increase/(decrease) in trade payables and accruals	406,605	(965,854)
Increase/(decrease) in employee provisions	145,175	(387,378)
Increase/(decrease) in deferred tax asset / payable	(4,741,448)	-
Net cash (used by) /provided from operating activities	(244,577)	(4,400,144)

24. Share-based Payments

(a) Director and specified executive option plan

Praemium Limited has in prior years offered options to directors and specified executives. The options may only be exercisable after the relevant vesting date and prior to the expiry date if the volume weighted average price at which the company's shares are traded on market for a period of 10 trading days or more is greater than the exercise price.

There are no participating rights or entitlements inherent in the options or performance rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options or performance rights. However, the company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option and performance right holders the opportunity to exercise their options or performance rights prior to the date for determining entitlements to participate in any such issue assuming they have vested at that time. If at any time the issued capital of Praemium Limited is reconstructed, all rights of an option or performance right holder are to be changed in a manner consistent with the ASX Listing Rules. Set out below are summaries of unvested options granted under the plan:

2013

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited / Lapsed during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
9-Sep-11	9-Aug-16	\$0.15	1,000,000	-	-	-	1,000,000	-
			1,000,000	-	-	-	1,000,000	-
Weighted average exercise price			\$0.15	\$0.00	\$0.00	\$0.00	\$0.15	\$0.00

The weighted average remaining contractual life of options outstanding at the end of the year was 3.11 years (2012: 4.11 years).

2012

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited / Lapsed	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
7-Aug-07	6-Aug-11	\$1.67	135,000	-	-	(135,000)	-	-
31-Dec-08	30-Dec-11	\$0.35	62,286	-	-	(62,286)	-	-
31-Dec-09	30-Sep-10	\$0.165	440,000	-	-	(440,000)	-	-
15-Mar-10	30-Sep-11	\$0.155	720,000	-	-	(720,000)	-	-
9-Sep-11	9-Aug-16	\$0.15	-	1,000,000	-	-	1,000,000	-
			1,357,286	1,000,000	-	(1,357,286)	1,000,000	-
Weighted average exercise price			\$0.32	\$0.15	\$0.00	\$0.32	\$0.15	\$0.00

(b) Performance rights

Performance rights are granted to key employees and will be vested in the respective employee on the vesting date upon the employee successfully meeting the following criteria: 1) the employee must still be an employee as at the vesting date, 2) the Company's group EBIT target (as agreed by the Board) is achieved and 3) the employee must successfully deliver upon certain measurable key performance indicators.

2013

Grant date	Vesting date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
5-Mar-10	30-Sep-12	712,500	-	(712,500)	-	-	-
		712,500	-	(712,500)	-	-	-
25-May-10	30-Oct-12	50,000	-	(50,000)	-	-	-
		50,000	-	(50,000)	-	-	-
12-Oct-10	30-Oct-12	100,000	-	(87,500)	(12,500)	-	-
		100,000	-	(87,500)	(12,500)	-	-
22-Dec-10	27-Apr-11	400,000	-	-	-	400,000	400,000
	Milestone	266,666	-	-	-	266,666	-
	Milestone	266,666	-	-	-	266,666	-
		933,332	-	-	-	933,332	400,000
23-Dec-10	27-Apr-11	543,334	-	-	-	543,334	543,334
	Milestone	443,334	-	-	-	443,334	-
	Milestone	443,332	-	-	-	443,332	-
		1,430,000	-	-	-	1,430,000	543,334
9-Sep-11	30-Sep-12	250,000	-	(250,000)	-	-	-
	30-Sep-13	2,625,000	-	-	-	2,625,000	-
	30-Sep-14	1,375,000	-	-	-	1,375,000	-
	30-Sep-15	1,250,000	-	-	-	1,250,000	-
		5,500,000	-	(250,000)	-	5,250,000	-
6-Sep-12	30-Sep-13	-	975,000	-	(15,000)	960,000	-
	30-Sep-14	-	975,000	-	(15,000)	960,000	-
	30-Sep-15	-	1,300,000	-	(20,000)	1,280,000	-
		-	3,250,000	-	(50,000)	3,200,000	-
9-Nov-12	30-Nov-12	-	500,000	(500,000)	-	-	-
	30-Nov-13	-	500,000	-	-	500,000	-
		-	1,000,000	(500,000)	-	500,000	-
		8,725,832	4,250,000	(1,600,000)	(62,500)	11,313,332	943,334

2012

Grant date	Vesting date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
5-Mar-10	30-Sep-10	1,783,777	-	(1,783,777)	-	-	-
	30-Sep-11	975,000	-	(712,500)	(262,500)	-	-
	30-Sep-12	975,000	-	-	(262,500)	712,500	-
		3,733,777	-	(2,496,277)	(525,000)	712,500	-
25-May-10	30-Oct-10	100,000	-	(100,000)	-	-	-
	30-Oct-11	50,000	-	(50,000)	-	-	-
	30-Oct-12	50,000	-	-	-	50,000	-
		200,000	-	(150,000)	-	50,000	-
12-Oct-10	30-Oct-11	225,000	-	(100,000)	(125,000)	-	-
	30-Oct-12	225,000	-	-	(125,000)	100,000	-
		450,000	-	(100,000)	(250,000)	100,000	-
22-Dec-10	27-Apr-11	466,667	-	(66,667)	-	400,000	400,000
	Milestone	366,666	-	-	(100,000)	266,666	-
	Milestone	366,666	-	-	(100,000)	266,666	-
		1,199,999	-	(66,667)	(200,000)	933,332	400,000
23-Dec-10	27-Apr-11	870,001	-	(326,667)	-	543,334	543,334
	Milestone	770,001	-	-	(326,667)	443,334	-
	Milestone	769,999	-	-	(326,667)	443,332	-
		2,410,001	-	(326,667)	(653,334)	1,430,000	543,334
9-Sep-11	30-Sep-12	-	250,000	-	-	250,000	-
	30-Sep-13	-	2,625,000	-	-	2,625,000	-
	30-Sep-14	-	1,375,000	-	-	1,375,000	-
	30-Sep-15	-	1,250,000	-	-	1,250,000	-
		-	5,500,000	-	-	5,500,000	-
		7,993,777	5,500,000	(3,139,611)	(1,628,334)	8,725,832	943,334

(c) Shares issued as employee bonus

Shares were issued during the period as an employee bonus; these were measured at the quoted market price of the shares.

	Number issued	Value \$	Weighted average fair value \$
Consolidated - 2013	NIL	NIL	NIL
Consolidated - 2012	480,000	67,200	0.14

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee costs were as follows:

	Consolidated	
	2013 \$	2012 \$
Options issued under employee option plan	36,314	36,560
Shares issued as employee bonus	-	67,200
Performance rights	312,349	213,818
	348,663	317,578

25. Earnings per Share

(a) Reconciliation of earnings to profit or loss

	Consolidated	
	2013	2012
	\$	\$
Profit / (loss) attributable to the parent entity	4,358,792	(3,945,140)
Earnings used to calculate basic EPS	4,358,792	(3,945,140)
Earnings used in calculation of diluted EPS	4,358,792	(3,945,140)

(b) Weighted average number of ordinary shares (diluted):

	Consolidated	
	2013	2012
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	350,806,160	278,184,812
Number used in calculating diluted EPS	351,749,494	279,128,146

2013: 11,369,998 (2012: 8,782,498) options / performance rights outstanding are not included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended 30 June 2013 and 2012.

26. Parent Entity Information

The following details information related to the parent entity, Praemium Limited, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2013	2012
	\$	\$
Current assets	26,567,776	28,572,087
Non-current assets	11,882,855	6,152,863
Total assets	38,450,630	34,724,950
Current liabilities	21,144,347	23,341,097
Non-current liabilities	316,079	287,186
Total Liabilities	21,460,426	23,628,283
Contributed equity	60,014,229	55,522,531
Accumulated losses	(43,909,955)	(45,066,826)
Option reserve	872,237	654,940
Available-for-sale financial assets revaluation reserve	13,693	(13,978)
Total equity	16,990,204	11,096,667
Profit / (loss) for the year	1,156,871	(5,656,837)
Other Comprehensive income/(loss) for the year	-	(14,167)
Total comprehensive income/(loss) for the year	1,156,871	(5,671,004)

The comparative information of the parent entity for the prior period has been restated; due to the reclassification of a cash offset account from cash & cash equivalents (current assets) to related party payables (current liabilities). There is no impact on the consolidated statement of financial position.

27. Business Combination

WealthCraft Systems Limited

On 30 September 2012, Praemium acquired 100% of WealthCraft Systems Limited, a privately owned software provider based in Hong Kong. The primary reason for the acquisition was strategic, as WealthCraft's financial planning tools and CRM will complement Praemium's market leading portfolio administration system V-Wrap as well as the SMA investment platform.

Details of the purchase consideration, net assets and goodwill are as follows:

	\$
Purchase Consideration	745,000
Fair value of identifiable net assets acquired	(245,648)
Goodwill arising on acquisition	499,352

The purchase consideration was a combination of cash funding \$625,000 and shares issued (\$120,000, being 2,000,000 fully paid ordinary shares @ 0.06cents per share). Under the terms of the combination Praemium acquired 100% of the voting shares in WealthCraft Systems Limited and their subsidiary WealthCraft Systems (Shenzhen) Limited.

	\$
Consideration transferred settled in cash	625,000
Cash and cash equivalents acquired	(103,637)
Net cash outflow on acquisition	521,363
Acquisition costs charged as expenses	27,817
Net cash paid relating to acquisition	549,180
Loan converted to equity during the period	(197,743)
Net cash paid during the period	351,437

The fair value of the identifiable assets and liabilities of WealthCraft at the date of acquisition and the cash flow at acquisition were as follows:

	Recognised on acquisition \$	Carrying Value \$
Cash and cash equivalents	103,637	103,637
Trade and other receivables	25,012	25,012
Other current assets	133,499	84,003
Plant, equipment and leasehold improvements	5,669	5,669
Total	267,817	218,321
Trade and other payables	(22,169)	(70,873)
Provisions	-	-
Total	(22,169)	(70,873)
Fair value of identifiable net assets acquired	245,648	147,448

Direct costs relating to the acquisition were \$27,817. These were all expensed through the statement of profit & loss or comprehensive income.

Key factors contributing to the \$499,352 of goodwill are the synergies existing within the acquired group, and the synergies expected to be achieved as a result of combining WealthCraft with the rest of the Group. Included in the business acquired were receivables with a gross contractual and fair value of \$25,012 resulting from trade sales with customers. Management expects these amounts to be collected in full and converted to cash consistent with customer terms.

Customised Portfolio Service

On 17 September 2012 Praemium signed an agreement with BlackRock Investment Management (Australia) Limited to take over as Responsible Entity of BlackRock's Customised Portfolio Service (CPS). The Group took on as Responsible Entity of the scheme on 17 December 2012 (acquisition date). The Group has recognised the fair values of the identifiable assets and liabilities of the CPS based upon the best information available as at reporting date. An intangible asset, relating to customer contracts has been recognised for the favourable economic benefits expected to flow to the Group as a result of the acquisition.

Details of the purchase consideration, net assets and intangible assets are as follows:

	\$
Purchase Consideration	150,000
Employee liabilities transferred	189,642
Intangible assets arising on acquisition	339,642
	\$
Consideration transferred settled in cash	83,950
Net cash outflow on acquisition	83,950
Acquisition costs charged as expenses	170,000
Net cash paid relating to acquisition	253,950

The intangible asset will be amortised on a straight line basis over 5 years. Direct costs relating to the acquisition were \$120,000, which were all expensed through comprehensive income.

28. Group Entities

The consolidated financial statements include the financial statements of Praemium Limited and those entities detailed in the following table:

Subsidiaries	Country of Incorporation	Ownership Interest % 2013	Ownership Interest % 2012
Praemium Australia Limited	Australia	100	100
Praemium Portfolio Services Limited	UK	100	100
Praemium (UK) Limited	UK	100	100
SmartFund Administration Limited	UK	100	100
SmartFund Nominees Limited	UK	100	100
Praemium International Limited	Jersey	100	100
WealthCraft Systems Limited	Hong Kong	100	-
WealthCraft Systems (Shenzhen) Limited	PR China	100	-

Praemium Limited is the ultimate Australian parent entity and the ultimate parent entity of the Group.

29. Corporate Information

Registered office and principal place of business

The registered office of the Company is Praemium Limited, Level 3, 50 Queen Street, Melbourne, VIC 3000.

Phone: +61 3 8622 1222

Fax: +613 8622 1200

Website: www.praemium.com.au

Board of Directors

Bruce Loveday

Bruce Parncutt

Robert Edgley

Peter Mahler

Managing Director

Michael Ohanessian

Company Secretary

Paul Gutteridge

Share Registry

Link Market Services: Level 12, 680 George Street, Sydney, NSW 2000.

Phone: Within Australia: 1300 554 474

Outside Australia: +61 2 8280 7111

Auditor

Grant Thornton: The Rialto, Level 30, 525 Collins St, Melbourne, VIC 3000. Phone: +613 8663 6000

Auditor's Independence Declaration



Grant Thornton Audit Pty Ltd
ACN 130 913 594

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Melbourne Victoria 3001

Auditor's Independence Declaration To the Directors of Praemium Limited

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W www.grantthornton.com.au

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Praemium Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

A handwritten signature in blue ink, appearing to be "M. A. Cunningham".

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 4th September 2013

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Independent Audit Report



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Independent Auditor's Report

To the Members of Praemium Limited

Report on the financial report

We have audited the accompanying financial report of Praemium Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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. The Directors' responsibility also includes such internal controls 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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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.

Auditor's opinion

In our opinion:

- a the financial report of Praemium 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 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 13 to 17 of the directors' report for the year ended 30 June 2013. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Praemium Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

A handwritten signature in blue ink, appearing to be "M. A. Cunningham".

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 4th September 2013

Additional Disclosures required or recommended by the Listing Rules & Corporations Act

Information required to be disclosed by the Listing Rules and not disclosed elsewhere in this report is set out below:

Top 20 Shareholders

Rank	Name	28 Aug 13	% IC
1	NATIONAL NOMINEES LIMITED	22,368,025	6.03%
2	NELCAN PTY LTD	15,660,343	4.22%
3	CAMERON RICHARD PTY LTD	14,481,398	3.90%
4	EXCELSIOR HOLDINGS PTY LIMITED	13,949,418	3.76%
5	COWEN SUPERANNUATION FUND PTY LTD	12,348,617	3.33%
6	DR DONALD WILLIAM STAMMER	11,624,866	3.13%
7	EQUITAS NOMINEES PTY LIMITED	8,186,290	2.21%
8	PATCHEOAK PTY LTD	7,949,000	2.14%
9	MR MICHAEL BERNARD OHANESSIAN	7,479,655	2.02%
10	SMITHLEY SUPER PTY LTD	7,200,000	1.94%
11	THE TRUST COMPANY (SUPERANNUATION) LIMITED	6,785,000	1.83%
12	GINGA PTY LTD	6,728,229	1.81%
13	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	6,335,170	1.71%
14	LINWIERIK SUPER PTY LTD	5,718,928	1.54%
15	INVESTMENT HOLDINGS PTY LTD	5,617,145	1.51%
16	MEROMA PTY LIMITED	5,353,304	1.44%
17	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,988,406	1.34%
18	KITGROVE PTY LTD	4,700,000	1.27%
19	STUART ANDREW PTY LTD	4,018,602	1.08%
20	CITICORP NOMINEES PTY LIMITED	3,858,920	1.04%
TOTAL		175,351,316	47.27%
Balance of Register		197,586,801	52.73%
Grand TOTAL		372,938,117	100.00%

Substantial Holdings

As at the date of this report, the names of the substantial holders in the Company and the number of ordinary shares to which each substantial holder and its associates have a relevant interest as disclosed in substantial holding notices given to the Company are set out below:

Dr Donald W Stammer	19,488,460	5.2%
---------------------	------------	------

There are 372,938,117 ordinary shares on issue in the capital of the company at the date of this report. There are no other classes of shares currently on issue other than ordinary shares. Each holder of ordinary shares has the right to attend and vote at general meetings of the company in person, by representative or by proxy. On a show of hands, each member entitled to be present has one vote. If the shareholder is represented by more than one person, they will still only have one vote on a show of hands. On a poll, each ordinary share represents one vote.

Details of all options and performance rights on issue as at the end of the financial year are set out in Note 24 to the Accounts.

The following table shows the number of holders of each class of equity securities as at the date of this report and how those holdings are distributed:

Ordinary Shares

Range	Securities		No. of Holders	
	Number	%	Number	%
100,001 and Over	350,469,118	93.98	344	27.26
10,001 to 100,000	20,263,554	5.43	517	40.97
5,001 to 10,000	1,681,770	0.45	199	15.77
1,001 to 5,000	499,733	0.13	137	10.86
1 to 1,000	23,942	0.01	65	5.15
Total	372,938,117	100	1,262	100

Options (Vested and unvested)

Range	Securities		No. of Holders	
	Number	%	Number	%
100,001 and Over	1,000,000	100	1	100
10,001 to 100,000	-	0	-	0
5,001 to 10,000	-	0	-	0
1,001 to 5,000	-	0	-	0
1 to 1,000	-	0	-	0
Total	1,000,000	100	1	100

Performance Rights

(Includes EMI Options, including those that have vested but have not yet been exercised.)

Range	Securities		No. of Holders	
	Number	%	Number	%
100,001 and Over	11,180,000	99	14	82
10,001 to 100,000	133,333	1	3	18
5,001 to 10,000	0	0	0	0
1,001 to 5,000	0	0	0	0
1 to 1,000	0	0	0	0
Total	11,313,333	100	17	100

praemium