praemium

technology matters

Praemium Limited

2014

Annual Report

Praemium Limited
ACN: 098 405 826

Contents

OUR BUSINESS

Praemium Limited is a leading provider of portfolio administration, investment platforms, and financial planning tools to the wealth management industry.

Our clients are predominately firms that provide financial advice to investors, namely financial advisers, brokers, accountants, investment managers, banks and other financial providers such as superannuation administrators.

Founded in 2001 and listed on the ASX in 2006, the business is operated in Australia from our head office in Melbourne and internationally with offices in London, Jersey, Hong Kong and Shenzhen.

Praemium supports over 700 corporate firms, from small businesses up to large institutional clients. We manage or administer over 300,000 investor accounts covering over $80 billion in funds globally.

Praemium's value proposition is the provision of leading-edge technology to automate many routine, time-consuming activities. Wealth managers are continually seeking to improve productivity to address lower margins driven by regulatory change and consumer demand. Praemium helps with this journey.

Chairman's Letter to Shareholders

"I AM DELIGHTED TO BE ABLE TO REPORT THAT PRAEMIUM IS DEMONSTRABLY BEGINNING TO REALISE ITS POTENTIAL IN AUSTRALIA AND INTERNATIONALLY."

Dear Praemium Shareholder,

Last year, I commented on the transformation of Praemium and the potential that was emerging for the Company. This year, I am delighted to be able to report that Praemium is demonstrably beginning to realise its potential in Australia and internationally.

Some key highlights for the year ended 30 June 2014 are:

- Revenue growth across the Company of 28% compared to the previous financial year;
- Commencement of a number of important new customer relationships in Europe and Asia;
- Continuing growth in the Company's cash balances to $8.6 million;
- Considerable investment in people and product development, which has established a strong base for future growth.

Importantly, our International business, which has been a drain on our resources since its formation, has shown very healthy development in the past year. As at 30 June 2014, we had almost $1 billion on our International platform, which is 20% higher compared to twelve months earlier. This growth is especially pleasing for two reasons:

- A white-labelled Smartfund, which represented 15% of the funds on platform, was transferred to an alternate fund provider because the client wanted broader distribution options. Praemium has since addressed this issue with the creation of off-platform share classes that enable our clients to access alternate distribution channels;
- The securing of several important new clients during the year has resulted in a marked increase in the rate at which new business is being written compared to last year. The impact of this trend will be increasingly evident in the year ahead.

We are confident that, while competitive pressures will always remain, our International business is on a strong trajectory. In Asia, the acquisition of WealthCraft has continued to bear fruit, capped off during the year by the signing of a customer agreement with Dah Sing Bank in Hong Kong. We believe there is ongoing potential for Praemium in Asia.

The two aspects of our Australian business have also continued to thrive. The Praemium Customised Portfolio Service, our Separately Managed Account (SMA) product, grew to $1.48 billion at 30 June 2014, 67% higher than twelve months earlier, and the number of active V-Wrap accounts also continued to trend higher.

With further product enhancements being continually added, Praemium is addressing the challenges of an increasingly demanding marketplace.

Last year Praemium recognised a Deferred Tax Asset in its accounts with respect to our Australian business. This year the profitability of the Australian business has continued and, as a consequence, the value of the Deferred Tax Asset has been reduced by $2.7 million as an offset against the company tax that would otherwise have been payable by the Company.

I would like to touch on several important changes to Praemium's corporate governance structure:

- Mr. Bruce Parncutt, who was my predecessor as Chairman, retired from the Board in December 2013. Bruce made a huge contribution to commencing Praemium's transformation process and, on behalf of all shareholders, I thank him for that and acknowledge his considerable contribution.
- Mr. Andre Carstens was appointed to the Board in May 2014. Andre, who will present himself to shareholders for re-election at our upcoming Annual General Meeting, has a wealth of experience in the financial markets and as a senior corporate executive, and I am delighted he chose to join us.

Finally, I again want to recognise the outstanding effort of Michael Ohanessian and his management team for both the results achieved in the year just ended and the platform they have created for the future of our company.

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

Bruce Loveday
Chairman

CEO's Report

"PRAEMIUM TOOK ANOTHER STEP FORWARD IN 2014; OUR STRATEGY TO BUILD A SCALABLE, GROWING, GLOBAL BUSINESS STARTED TO BEAR FRUIT..."

Dear Praemium Shareholder,

Praemium took another step forward in FY2014; our strategy to build a scalable, growing, global business started to bear fruit as evidenced by a 28% increase in revenue over the prior year. We achieved our maiden year of positive operating cash flow this year, and our balance sheet remains strong with cash of $8.6 million and debt free.

Our cost base expanded by 22% over the last year as we continued to invest in the business. Most of this increase was driven by an 18% increase in head count in areas such as product development, client services and, in London, a new investment management team.

Looking at the business more closely, we have made excellent progress in all our core strategic areas:

V-Wrap, our core portfolio administration system, continued to deliver excellent service and strong operating earnings. We improved V-Wrap's reporting capability and are in beta testing with our SMSF compliance and reporting functionality; we believe that both of these investments will add considerable value to this market-leading solution. Our team successfully managed some very difficult corporate actions such as the Woolworths stapled property security and the spinout of Sydney Airport from Macquarie as well as international corporate activities such as the UK's Vodafone return of capital through the sale of its US group to Verizon. Our ability to deliver complete accuracy for investor portfolios, no matter how complex the corporate actions are for underlying holdings, remains a significant competitive advantage.

We were also very encouraged by the uptake of **WealthCraft** in Australia by a number of our existing V-Wrap clients. They are now able to view their client's portfolios from within WealthCraft, where they can effectively manage and record all client interactions in an efficient and seamless manner. In Asia we secured an important new client to WealthCraft with Hong Kong's Dah Sing Bank. Retail banks need efficient ways to manage lead generation and the provision of scalable financial advice - WealthCraft is the ideal solution.

Praemium's **SMA platform** has had an excellent year. Inflows into the Australia and international platform have reached new highs reaching almost $2.5 billion in funds on platform by June 30, 2014. The inflow rate grew strongly over the year with a record June quarter.

In Australia several platform providers are now trying to enter the SMA space, which is a major positive for Praemium. SMAs still make up only a tiny portion of Australia's $500 billion platform market, but this is growing rapidly as advice firms and platforms turn to SMAs to help deliver more efficient and transparent investment solutions in the post-FoFA world. Praemium, with the market-leading position and superior, proprietary technology, stands to benefit considerably from this trend.

Internationally (where we serve both the UK domestic and the global ex-pat market) we have also seen a strong increase in platform inflows. Our investments over the past 3 years in improving platform operations and the client experience are now starting to bear fruit. Importantly, separately managed account technology is still a relatively new idea in the international market, and we are well positioned as this segment of the platform market continues to evolve. We are also very pleased with the progress we have made with our in-house investment models run by Smart Investment Management. Several UK and international adviser firms have signed up to the service with the first investors coming on board in the June quarter.

We made great progress in FY2014 and we believe that the following strategic initiatives will further drive growth:

- Our new "investor portal" is a modern mobile interface that gives investors access to their investment information at any time and on any device.
- The release of the new SMSF compliance and reporting tools will be the most significant upgrade to V-Wrap since its original launch in 2002. We believe this major program will be a catalyst for long-term growth of V-Wrap.
- Integration of the SMA platform with our WealthCraft financial planning and CRM system will provide an "all-in-one" experience for financial advisers.

Looking forward, we are focused on building a growing, scalable and global wealth management services business.

Finally, I wish to thank the staff at Praemium for their hard work and professionalism. They continue to drive continuous improvements to client service and create innovative tools to increase wealth manager productivity.

Michael Ohanessian
Chief Executive Officer

OUR SERVICES

INVESTMENT PLATFORM

Praemium’s SMA provides custody, trade execution and V-Wrap administration.

The SMA provides a valuable alternative to the traditional “wrap” service used by many platforms. Wraps were built to provide a cost-effective means for retail investors to own managed funds and investment trusts; however, a more modern approach, broadly known as managed accounts platforms, are now growing strongly in Australia, mirroring an earlier trend in the USA.

SMAs work by matching client accounts with professionally constructed model portfolios. These model portfolios are often, although not necessarily, a mirror of the investment strategy built into a managed fund run by the same investment management firm. To invest in the strategy run by a particular investment firm, a financial advisor can either use a traditional wrap platform or invest in an equivalent model portfolio on an SMA platform, the advantages of which are outlined below.

The Praemium SMA is the market leader in the Australian SMA market. After almost 10 years of operation, it has earned a reputation for reliable, high-quality performance and its technology advantages remain unsurpassed. In addition to its superior CGT and income reporting engine, Praemium’s SMA has a unique “dynamic rebalancing” technology.

Dynamic rebalancing is important because it means that all investors in any given model are always in line, irrespective of when they invested. This ensures that investors are continually and automatically aligned with their investment strategies without unnecessary trading, which affords wealth managers a more productive and predictable business process. It also ensures that the model portfolios on the Praemium SMA always reflect the model manager’s latest thinking.

SO WHY IS SMA BETTER?

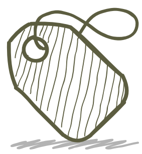
VISIBILITY

The investor has complete visibility on the underlying stocks (unlike the rather opaque view for managed funds).

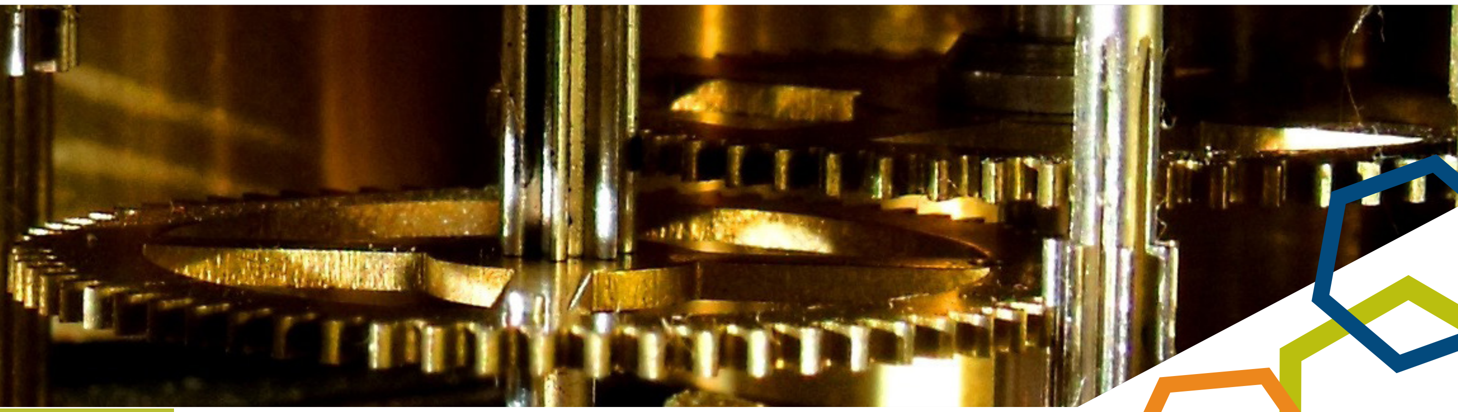
BENEFICIAL OWNERSHIP

The investor has beneficial ownership of the *underlying assets*, not just units in a fund.

LOWER COST



The investor doesn’t have to pay the administration costs of a managed fund if they invest in an equivalent equities model portfolio.



V|WRAP

PORTFOLIO ADMINISTRATION SERVICES

V-Wrap's core is its powerful portfolio reconstruction engine with a vast database of corporate actions across all listed equities on the Australian Stock Exchange as well as over 3,000 international equities, offering complete confidence in the preparation of CGT and income tax reports. This reconstruction engine also enables V-Wrap to accurately and seamlessly update investor accounts even if there is a post-corporate action event (such as an ATO ruling) that requires backdating.

V-Wrap underpins important services, such as tax tools for E*TRADE where all users get access to an accurate annual CGT and income tax report as well as an optional real-time what-if CGT optimisation service.

No matter how complex, V-Wrap is designed to get it right.

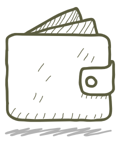
wealthcraft

FINANCIAL PLANNING & CRM

WealthCraft 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.

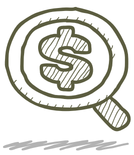
Built on cloud-based Microsoft Dynamics CRM and Office 365, WealthCraft financial planning tools are naturally client-centric, creating a compelling proposition that inherently mirrors wealth managers' business processes. Client communications integrate with the client's record, which in its turn holds all prior communications, risk assessments, previous statements of advice as well as live portfolio valuations. Advisers can seamlessly manage their client, practice and campaign data in a regulatory-compliant environment.

TAX EFFECTIVE



Investors have more control over the realisation of capital gains.

VIEWABLE TRANSACTIONS



Investors can view the complete transaction history of all stock trades as the model portfolio changes or as money is invested or withdrawn.

EASY TO SWITCH

As investor needs or market conditions change, advisers can easily switch from one model portfolio to another online. The switch is typically executed the next day.

TAILORED STRATEGIES

By investing in a model portfolio, advisers can craft investment strategies with an asset allocation that matches the risk profile and financial objectives of the investor.

Important Milestones

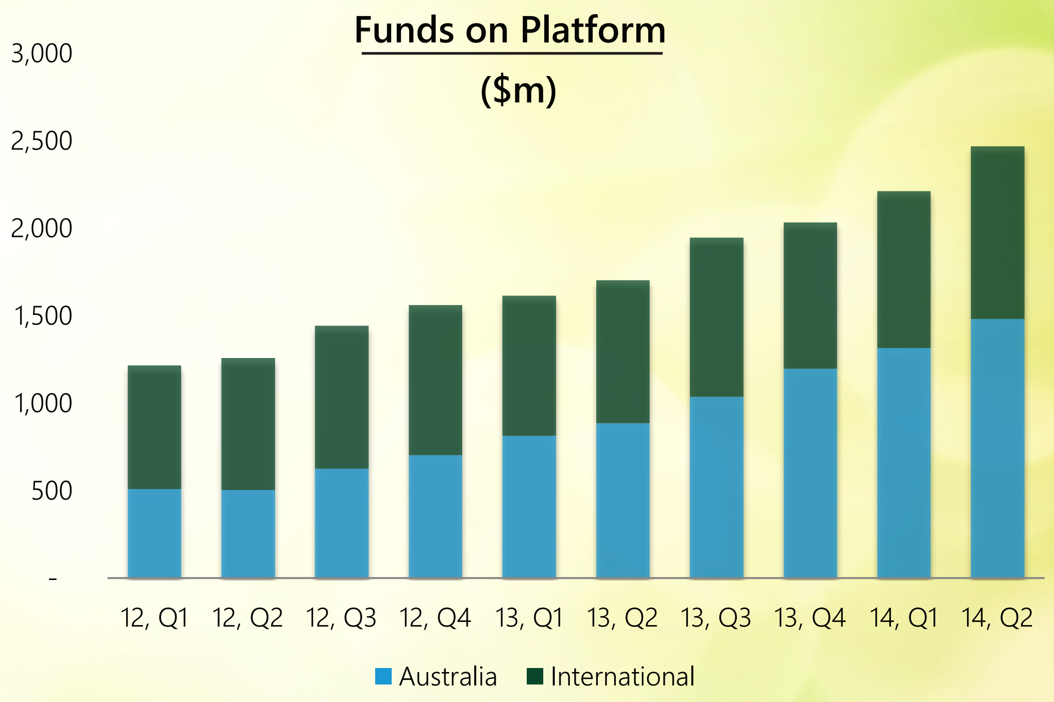
28%
increase in operating revenues

STRONG AND GROWING
SMA INFLOWS

FIRST YEAR OF POSITIVE
OPERATING CASHFLOW

FUNDS ON PLATFORM REACHED NEARLY
$2.5 BILLION

42%
increase in funds on platform


Funds on Platform
($m)
3,000
2,500
2,000
1,500
1,000
500
-
12, Q1
12, Q2
12, Q3
12, Q4
13, Q1
13, Q2
13, Q3
13, Q4
14, Q1
14, Q2
Australia
International

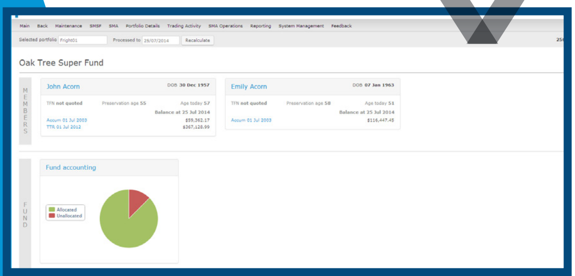
Review of Operations

V-Wrap

Continued our development program to embed SMSF compliance and reporting functions into V-Wrap. Rolled out a beta trial during the year, with a number of existing V-Wrap client firms taking part.

The team also processed several complex Australian and offshore corporate actions:

- Woolworths stapled property security
- Macquarie spinout of Sydney Airport
- Vodaphone return of capital



SuperSMA

Launched a streamlined retail superannuation product on the SMA platform with highly competitive pricing. Several prominent firms are now white-labelling and selling the SuperSMA to their clients.

The Praemium SuperSMA allows members to access a range of investments across multiple asset classes from within the SMA, an ASIC registered managed investment scheme. The Scheme offers members a choice of model portfolios which are designed and operated by experienced investment managers. Members' investments are held within the Praemium SMA Superannuation Fund, which is regulated by the Australian Prudential Regulation Authority (APRA).

WealthCraft

Praemium made excellent progress with the WealthCraft business acquired in 2012.

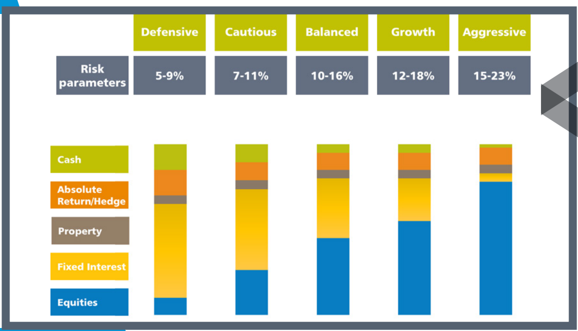
Sales were made to several existing Praemium clients in Australia, with live portfolio valuations in the WealthCraft system.

Executed an agreement with Dah Sing Bank Limited to provide customised software utilising WealthCraft's customer relationship management, workflow and financial planning modules. Established in 1947, Dah Sing Bank and its subsidiaries (Banco Comercial de Macau and Dah Sing Bank [China] Limited) provide banking and financial services through a network of around 70 branches across Hong Kong, Macau and the People's Republic of China.

International SMA Platform

The International platform achieved some very important milestones in FY2014, including the execution of an agreement with The Royal Bank of Scotland International (The RBS International) where Praemium International Ltd will provide RDR-compliant platform services for The RBS International's clientele based outside of the UK.

In addition to signing several important new clients during the year, the business also continued to invest in and improve its client services function. The business is now well placed and ready for growth.



Australia SMA Platform

Several dealer groups signed onto the SMA platform in Australia in FY2014 and have moved through the pre-launch implementation phase and are now active; this will drive higher fund inflows in the coming year.

The SMA transformed from an equities-centric solution to being able to run model portfolios based on a full strategic asset allocation across the risk-return spectrum. Investors can now have access to model portfolios across all the major asset classes in line with their particular risk and financial goal requirements.

Smart Investment Management (SIM)

In London in November 2013, Praemium established an in-house investment team with the recruitment of Ari Towli, Nick Stanhope and Rebecca Murphy (all formerly from North Investment Partners).

In early 2014 the SIM team launched its range of risk-weighted UK and international model portfolios covering investments in sterling, US dollars and euros. Portfolios are available in both actively managed and lower-cost passive models.

Initial investments to the new in-house models were processed in the June quarter.

The year ahead

KEY AREAS TO DRIVE GROWTH INTO 2015...

SMA

- Platform funds are expected to continue to grow strongly in Australia and internationally as clients secured in FY2014 move through the implementation phase.
- A simplified SMA account-opening process via Praemium's new applications interface will streamline client on-boarding.
- Praemium's newly launched SuperSMA for the retail superannuation market in Australia is now fully operational with inflows growing steadily. We expect SuperSMA to be a major driver of growth over the FY2015 year and beyond.
- The Smart Investment Management team have been appointed to manage the Smartfund Advantage range of funds covering $60 million in assets commencing from July 2014.
- The newly structured Smartfund range of risk-weighted multi-asset funds became available from mid-July for broader "off-platform" distribution. We have an international adviser firm now actively promoting their own white-labelled range of these funds to clients in Asia, the Middle East and Europe. We expect Smartfund funds under administration (FUA) to grow strongly in FY2015.

SMSF

- In Australia, the launch of the SMSF compliance and reporting capabilities will increase the appeal of V-Wrap as the most efficient, accurate and cost-effective tool for SMSF administrators.
- This program represents a significant upgrade to V-Wrap and is well advanced with several modules in beta trials.
- With SMSF functionality embedded in V-Wrap, administrators will have a complete one-stop-shop solution for SMSFs.

Investor Portal

- Due for release in late calendar year 2014, the new investor portal will provide investors with modern online access to their portfolio information across any device. It will also provide advisers a way to easily communicate with clients, and will be fully integrated with WealthCraft to easily track client communications and increase engagement effectiveness.
- The investor portal will be smartphone and tablet compatible so clients can access their important financial information anywhere, any time.

WealthCraft

- WealthCraft upgrades will include creation of client reports and financial recommendations with in-built risk profiling tools, automated platform account opening and portfolio valuations from various platform providers.
- Further integration of WealthCraft with the investment platform will drive adviser productivity and improve adviser-investor communications.
- An in-built risk profiling tool, based on research from Oxford Univesrity, will be launched in FY2015.
- After a successful launch in Australia in FY2014, WealthCraft will be launched in the UK in FY2015.

...AND BEYOND.

Key facts & figures

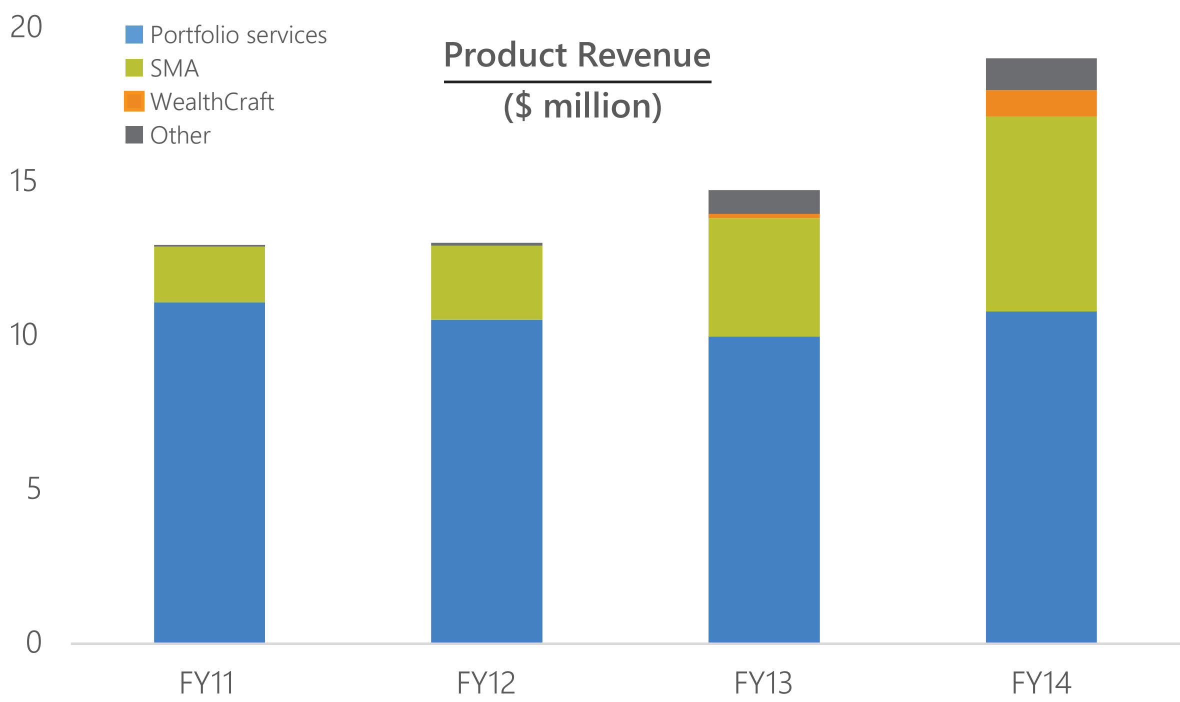
FINANCIAL METRICS

	FY2014 $000	FY2013 $000	CHANGE $000	CHANGE %
Revenue	18,032	14,095	3,937	28%
Expenses	18,780	15,366	3,414	22%
EBIT (underlying)*	**(748)**	**(1,271)**	**523**	**41%**
Net Profit/(Loss) after Tax	(3,487)	4,359	(7,846)	(180%)
Earnings per Share	(0.9)	1.2	(2.1)	(175%)
Cash	**8,562**	**8,061**	**501**	**6%**
Net Assets	13,998	15,912	(1,914)	(12%)
Operating Cashflow	**306**	**(245)**	**551**	**225%**

*Underlying EBIT excludes non-recurring items (+$0.3 million) and foreign exchange movements of currencies held on deposit (-$0.4 million).

SERVICE METRICS

RESULTS SUMMARY	FY2014 $000	FY2013 $000	CHANGE $000	CHANGE %
Portfolio administration services (V-Wrap)	45,566	45,081	485	1%
Separately Managed Account (Australia)	A$1.48bn	A$0.89bn	A$0.59bn	67%
Separately Managed Account (International)	A$0.99bn	A0.82bn	A$0.17bn	20%



Overview of 2014 financial position

RESULTS

The consolidated loss attributable to the members of the Group was $3,486,725 (FY13: $4,358,792 profit), due to a 28% increase in revenue across all regions, a 22% increase in expenses from a full year of entities acquired during FY13 and the utilisation of a deferred tax asset in Australia, which resulted in a $2.7 million tax expense. The Group's net asset position at 30 June 2014 was $13,998,072 with $8,562,422 held in cash or cash equivalents. The Group is debt free.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

Other than noted 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 with respect to the full-year result.

Praemium's Boards of Directors

Praemium Limited

Mr Bruce Loveday
Non-executive Chairman
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.

Mr Andre Carstens
Non-executive Director
Mr Carstens was appointed as a non-executive director on 20 May 2014, following the retirement of Mr. Bruce Parncutt during the financial year. Mr. Carstens has held senior executive positions, including directorships, with a number of major Australian businesses, including Chief Financial Officer (CFO) of Colonial First State Group, Group Director of Strategic Development at Aviva Australia, CFO of Spotless Group and CEO of The Gribbles Group.

With extensive financial experience as CFO of some major corporations, Mr Carstens, who is a Chartered Accountant and a Member of the Australian Institute of Company Directors, chairs the Group's Audit, Risk & Compliance Committee.

Mr Robert Edgley
Non-executive Director
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.

Mr Peter Mahler
Non-executive Director
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.

Mr Michael Ohanessian
Managing Director/CEO
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

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

Ms Chris Silcox
Executive Director/Group Chief Operating Officer
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.

Mr Robert Dixon
Executive Director/Head of Platform
Mr Dixon has extensive experience in the financial services industry, including senior roles at BlackRock Investment Management (Australia) Limited. During his 12-year tenure at BlackRock, Robert was Co-Head of BlackRock's Customised Portfolio Service, the country's market-leading Separately Managed Account (SMA) investment platform.

Robert joined Praemium in 2012 following the company taking over as Responsible Entity of BlackRock's Customised Portfolio Service (CPS). Robert is currently Head of Platform Operations and leads a team of experienced staff overseeing Australia's SMA platform.

Mr Paul Gutteridge
Company Secretary/Group Chief Financial Officer
Mr Gutteridge joined Praemium in 2011 and brings significant experience from finance roles across Australia, UK and Canada over the past 20 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.

Praemium UK

The Board of Praemium Portfolio Services Limited (Praemium UK parent company) 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:

Mr David Harrison
Non-executive Director
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).

Mr Roland Ward
Non-executive Director
Mr 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).

Mr William Brewis
Executive Director/UK Governance & Commercial Director
Mr Brewis acts as Company Secretary for each of the UK incorporated subsidiaries, as well as Head of Governance & Commercial. 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

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 and Group CEO) and William Brewis (Executive Director and UK Governance & Commercial Director), Praemium International's board consists of:

Mr Steve Wilderspin
Non-executive Director
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.

Ms Sarah Jouhal
Executive Director/Managing Director International
Ms Jouhal 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.

Ms Rebecca Barnes
Executive Director/Head of Compliance
Ms Barnes' career spans over 20 years in the offshore finance industry. She has extensive compliance experience with her career spanning Jersey to the Middle East, including establishing the Forensic & Integrity Department in Abu Dhabi, the first of its kind in the UAE. Ms Barnes was also instrumental in the implementation of a comprehensive Antifraud Framework across the Abu Dhabi Government. She is an active Board Member of the Association of Fraud Examiners in the UAE, and is a professionally qualified and experienced MLRO with a professional qualification in Financial Crime Prevention.

Praemium Asia

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

Mr Kelly Tallas
Executive Director/Managing Director Asia
Mr Tallas has over 15 years' experience in financial information technology across Canada and Asia. His career includes cofounding 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 cofounded 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 11 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	11	11	6	6	2	2
Mr Robert Edgley	11	11	6	6	2	2
Mr Peter Mahler	11	11	6	5	-	-
Mr Andre Carstens*	2	2	1	1	-	-
Mr Michael Ohanessian	11	10	-	-	2	2
Mr Bruce Parncutt*	6	6	3	3	1	-

*Mr Andre Carstens was appointed to the Board on 20 May 2014. Mr Bruce Parncutt resigned from the Board on 18 December 2013.

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 the Remuneration Report. The long-term incentive for the Company's 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 AGMs. 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 the Remuneration Report and 23(a) and (b) of the Financial Statements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has executed a deed of access, indemnity and insurance in favour of each officer of the Company, including current and past Directors, in accordance with applicable laws. Under the deeds, Praemium indemnifies the officers and previous officers with respect to 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 current and past 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 with respect to all Directors' and Officers' liability insurance in this reporting period was $47,745 (ex GST).

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;
- 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
- Mr Robert Edgley
- Mr Peter Mahler
- Mr Michael Ohanessian
- Mr Andre Carstens (appointed 20 May 2014)
- Mr Bruce Parncutt (resigned 18 December 2013)

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 predetermined 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 non-executive directors Mr Robert Edgley, Mr Bruce Loveday and Mr Bruce Parncutt and executive director Mr Michael Ohanessian. 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 with respect to the current year and the previous four financial years:

	2014	2013	2012	2011	2010
EBIT* ($m)	**(0.8)**	(0.3)	(2.0)	(5.6)	(5.5)
NPAT^ ($m)	**(3.5)**	4.4	(3.9)	(5.5)	(5.7)
EPS (cents)	**(0.9)**	1.2	(1.4)	(2.5)	(3.0)

^FY2013 includes booking of deferred tax asset.

*FY2012 excludes organisational restructure costs.

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. The second and final tranche of these issues received shareholder approval at the 2013 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 20-22.

KEY MANAGEMENT PERSONNEL

In addition to group 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)
- William Brewis – Governance & Commercial Director (UK)
- Kelly Tallas – Managing Director (Asia)

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 commenced in the 2013 financial year for a period of 3 years. Provided targets are achieved, performance rights are weighted 50% in year one (FY13), 25% in year two (FY14) and 25% in year three (FY15). 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 1) the date on which the UK subsidiary group achieves a financial quarter of profitability or positive cash flow, and 2) 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. These vesting milestones must be achieved prior to December 2015.

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 vested but unexercised options will expire on 1 December 2020. Further information of outstanding rights under this plan is detailed at note 23 of the financial statements.

LTIs – SUBSEQUENT TO REPORTING DATE

One million options were exercised after the reporting period, on 8 August 2014, to acquire ordinary shares in Praemium Limited pursuant to the CEO's employment contract dated 5 September 2011 and Praemium's Directors and Employee Benefits Plan.

Since the end of the financial year the Board has not issued any further 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. No securities were issued to new employees as an incentive or sign on bonus during the 2014 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 Management Personnel are:

Mr Michael Ohanessian, CEO, is currently employed pursuant to an ongoing 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 ongoing basis. Each has a maximum entitlement on termination in lieu of notice equal to the value of 3 months TEP.

Mr William Brewis and Mr Kelly Tallas are employed on an ongoing 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 97.3% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2013. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

DETAIL OF KEY MANAGEMENT PERSONNEL REMUNERATION

2014	Short-term employee benefits	Share based payments		Post-employment benefits			
	Salary, feels & commissions	Bonus by way of shares[1]	Performance Rights[2]	Super-annuation	Long service leave	Total	Performance related %
Non-executive Directors							
Mr Bruce Loveday	70,000	-	38,750	-	-	108,750	0%
Mr Robert Edgley	51,781	-	-	4,790	-	56,571	0%
Mr Peter Mahler	45,871	-	38,750	4,243	-	88,864	0%
Mr Andre Carstens^	6,449	-	-	597	-	7,045	0%
Mr Bruce Parncutt*	27,523	-	-	2,546	-	30,069	0%
Executive Directors							
Mr Michael Ohanessian	400,000	156,000	144,683	25,000	2,138	727,821	41%
Key Management Personnel							
Mr Paul Gutteridge	212,819	42,750	23,194	19,686	1,680	300,128	22%
Ms Christine Silcox	207,061	-	17,256	19,153	5,162	248,633	7%
Mr William Brewis*	294,487	-	16,668	26,504	-	337,660	5%
Mr Kelly Tallas*	278,060	-	4,416	4,286	-	286,762	2%
Mr Andrew Varlamos	206,484	-	12,212	19,100	441	238,237	5%
2014 Total	**1,800,535**	**198,750**	**295,929**	**125,905**	**9,421**	**2,430,540**	**23%**

1. *Bonus by way of shares* relates to achievement of the CEO's short-term incentive, due to FY14's annual result exceeding target by 49%. This amount has been accrued in FY14'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, and does not reflect actual remuneration received within the year.

^ Mr Andre Carstens joined the board on 20 May 2014, following the resignation of Mr Bruce Parncutt on 18 December 2013.

* Mr Brewis and Mr Tallas are employees of Praemium's overseas subsidiaries. The exchange rate of 0.5602 and 7.067 respectively were used for the purpose of this table.

2013	Short-term employee benefits	Share based payments		Post-employment benefits			
	Salary, feels & commissions	Bonus by way of shares[1]	Performance Rights[2]	Super-annuation	Long service leave	Total	Performance related %
Non-executive Directors							
Mr Bruce Loveday	61,515	-	15,000	-	-	76,515	0%
Mr Robert Edgley	50,459	-	-	4,541	-	55,000	0%
Mr Peter Mahler	45,872	-	15,000	4,128	-	65,000	0%
Mr Bruce Parncutt*	63,485	-	-	-	-	63,485	0%
Executive Directors							
Mr Michael Ohanessian	400,000	172,000	190,999	25,000	1,006	789,005	46%
Key Management Personnel							
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 William Brewis*	243,495	-	21,094	21,914	-	286,503	7%
Mr Kelly Tallas^	192,302	-	-	2,828	-	195,130	0%
Mr Andrew Varlamos^	123,948	-	4,330	11,155	-	139,433	3%
2013 Total	**1,588,387**	**212,000**	**278,836**	**106,224**	**8,964**	**2,194,411**	**22%**

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%.
2. See explanation in point 2 above.

^ Mr Andrew Varlamos (Commercial Director, Australia) commenced as a full-time employee of Praemium on 21 November 2012. Mr Kelly Tallas commenced with Praemium on 1 October 2012.

* Mr Brewis and Mr Tallas are employees of Praemium's overseas subsidiaries. The exchange rate of 0.6533 and 7.955 respectively were used for the purpose of this table.

BONUSES INCLUDED IN REMUNERATION

Details of the short-term incentive bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was vested in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

	Percentage vested in year	Percentage forfeited in year
Parent entity Directors		
Mr Michael Ohanessian	100%	-
Other key management personnel		
Mr Paul Gutteridge	100%	-

SHARE-BASED REMUNERATION

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	$	$	$	$
Parent entity Directors							
Mr Andre Carstens	20-May-14	30-Nov-15	193,548	30,000	-	-	30,000
Other key management personnel							
Mr Paul Gutteridge	11-Sep-13	30-Sep-16	225,000	24,750	-	-	24,750
Ms Christine Silcox	11-Sep-13	30-Sep-16	225,000	24,750	-	-	24,750
Mr William Brewis	11-Sep-13	30-Sep-16	150,000	19,500	-	-	19,500
Mr Kelly Tallas	11-Sep-13	30-Sep-16	150,000	16,500	-	-	16,500
Mr Andrew Varlamos	11-Sep-13	30-Sep-16	150,000	16,500	-	-	16,500

OTHER INFORMATION

(a) Option holdings

2014	Balance 1 July 2013	Granted as compensation	Options exercised	Options lapsed	Options forfeited	Balance 30 June 2014
Parent entity Directors						
Mr Michael Ohanessian	1,000,000	-	-	-	-	1,000,000
	1,000,000	**-**	**-**	**-**	**-**	**1,000,000**

These options were exercised after the reporting period, on 8 August 2014, to acquire ordinary shares in Praemium Limited pursuant to the CEO's employment contract dated 5 September 2011 and Praemium's Directors and Employee Benefits Plan.

(b) Performance rights holdings

2014	Allotted Date	Balance 1 July 2013	Granted as compensation	Vested/ exercised	Lapsed	Balance 30 June 2014
Parent entity Directors						
Mr Bruce Loveday	9-Nov-12	250,000	-	(250,000)	-	-
Mr Peter Mahler	9-Nov-12	250,000	-	(250,000)	-	-
Mr Michael Ohanessian	9-Sep-11	5,000,000	-	(2,500,000)	(625,000)	1,875,000
Mr Andre Carstens	20-May-14	-	193,548	-	-	193,548
Other Key Management Personnel						
Mr Paul Gutteridge	11-Sep-13	650,000	225,000	(245,000)	-	630,000
Ms Christine Silcox	11-Sep-13	400,000	225,000	(120,000)	-	505,000
Mr William Brewis	11-Sep-13	750,000	150,000	-	-	900,000
Mr Kelly Tallas	11-Sep-13	-	150,000	-	-	150,000
Mr Andrew Varlamos	11-Sep-13	300,000	150,000	(90,000)	-	360,000
		7,600,000	**1,093,548**	**(3,455,000)**	**(625,000)**	**4,613,548**

(c) Shareholdings directly and indirectly beneficially held

2014	Balance 1 July 2013	Received as compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2014
Parent entity Directors					
Mr Bruce Loveday	1,916,667	-	250,000	-	2,166,667
Mr Robert Edgley	3,025,000	-	-	2,350,000	5,375,000
Mr Peter Mahler	583,333	-	250,000	933,333	1,766,666
Mr Michael Ohanessian	7,479,655	1,109,677	2,500,000	-	11,089,332
Mr Bruce Parncutt^	16,489,419	-	-	(200,000)	16,289,419
Other Key Management Personnel					
Mr Paul Gutteridge	1,250,000	444,444	245,000	-	1,939,444
Ms Christine Silcox	3,323,233	-	120,000	-	3,443,233
Mr William Brewis	10,000	-	-	-	10,000
Mr Kelly Tallas	-	-	-	-	-
Mr Andrew Varlamos	1,432,244	-	90,000	(15,000)	1,507,244
	35,509,551	**1,554,121**	**3,455,000**	**3,068,333**	**43,587,005**

^Mr Bruce Parncutt resigned from the Board on 18 December 2013, with his final director's notice issued to the ASX at this date.

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 in a way that is consistent with its business objectives.

CORPORATE GOVERNANCE

A corporate governance statement is set out on pages 32-34 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 $84,600 have been provided by the Group's Parent Entity audit firm for internal controls review and income tax 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
27 August 2014

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 35-69, 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 2014 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
27 August 2014

Praemium FY2014 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 Principle 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 comprises 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 20-22.

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 Edgley, Mr Mahler and Mr Carstens) 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)

The Chairman of the Board, Mr Loveday who has held the role of Chairman since November 2012, is an independent non-executive director. 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. The 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 & COMMITTEE PERFORMANCE (PRINCIPLE 2.5)

The Chairman conducts a review of Board and Committee 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/committee papers and other matters relevant to Board/Committee performance. The results of the survey are collated and discussed by the Board, with any recommendations implemented to improve Board/Committee 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)

The Company is required 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 the selection of qualified employees, senior management and Board candidates with regard to Company's diversity profile and objectives;
- Ensure that recruitment strategies allow the Company to maximise its opportunities to target diverse and appropriately qualified employees and that selection committee members understand the importance of diversity;
- 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 a diversity of individuals; 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 based solely on performance and capability; and
- Annually assess gender diversity performance against objectives set by the Remuneration Committee.

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

Gender representation (%)	30 June 2014		30 June 2013	
	Female	Male	Female	Male
Board	0%	100%	0%	100%
Senior executive	21%	79%	20%	80%
Group	37%	63%	32%	68%

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 Andre Carstens (Chairman), Mr Bruce Loveday, Mr Robert Edgley, Mr Peter Mahler and Mr Bruce Parncutt (prior to his resignation). All members are independent and non-executive. Six Committee meetings were held during the financial year with meetings attended by Committee members (as disclosed in the Directors Report) 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 which has been followed during the financial year, as outlined in Praemium's Shareholder Communications Policy, as disclosed on the Company's website.

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 Andre Carstens (Chairman), Mr Bruce Loveday, Mr Robert Edgley, Mr Peter Mahler and Mr Bruce Parncutt (prior to his resignation). All members are independent and non-executive. Six Committee meetings were held during the financial year, with meetings attended by Committee members as disclosed in the Directors Report. 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 24 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 comprised Mr Robert Edgley (Chairman), Mr Bruce Loveday, Mr Michael Ohanessian and Mr Bruce Parncutt (prior to his resignation). The majority of the Committee consists of independent directors. The Committee met twice during the financial year, with meetings attended by Committee members as disclosed in the Directors Report. A copy of the Remuneration Committee Charter is published on the Company's website.

2014 Financial Report

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2014

	NOTE	Consolidated 2014 ($)	2013 ($)
Revenue	3	18,032,416	14,094,851
Other income	4	1,088,898	1,942,089
Employee costs		(15,097,373)	(11,793,878)
Legal, professional, advertising and insurance expense		(2,100,728)	(1,782,636)
IT support		(833,285)	(790,983)
Commissions expense		(89,119)	(91,834)
Travel expenses		(425,102)	(469,178)
Occupancy costs		(927,676)	(851,308)
Telecommunication costs		(220,358)	(164,741)
Other expenses	5	577,372	56,419
Restructure and acquisition costs		-	(517,559)
Depreciation, amortisation and impairments	5	(342,732)	(319,631)
Net foreign exchange gains / (losses)	5	(436,267)	396,298
Withholding tax not recoverable		(73,831)	(60,915)
Profit (Loss) before income tax expense		**(847,785)**	**(353,006)**
Income tax benefit (expense)	6	(2,638,940)	4,711,798
Profit (Loss) for the year		**(3,486,725)**	**4,358,792**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		78,551	40,613
Exchange differences on translation of foreign operations		882,314	211,226
Tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		**960,865**	**251,839**
Other comprehensive income/(loss) for the period, net of tax		**960,865**	**251,839**
Total comprehensive income/(loss) for the period		**(2,525,860)**	**4,610,631**
Profit for the year attributable to Owners of the parent		(2,525,860)	4,610,631
Total comprehensive income attributable to Owners of the parent		**(2,525,860)**	**4,610,631**
Earnings per share			
Basic earnings/(loss) per share (cents per share)	24	(0.9)	1.2
Diluted earnings/(loss) per share (cents per share)	24	(0.9)	1.2

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	NOTE	2014 ($)	2013 ($)
Current assets			
Cash and cash equivalents	7	8,562,422	8,061,090
Trade and other receivables	8	3,839,033	3,208,758
Total current assets		**12,401,455**	**11,269,848**
Non-current assets			
Other Financial assets	9	1,284,708	1,259,218
Property, plant and equipment	10	845,024	864,477
Goodwill	11	522,726	553,802
Intangible Assets	12	237,750	305,678
Deferred Tax Assets	13	2,179,583	4,821,285
Total non-current assets		**5,069,791**	**7,804,460**
TOTAL ASSETS		**17,471,246**	**19,074,308**
Current liabilities			
Trade and other payables	14	2,604,229	2,380,118
Provisions	15	796,391	673,480
Total current liabilities		**3,400,620**	**3,053,598**
Non-current liabilities			
Provisions	15	72,554	109,073
Total non-current liabilities		**72,554**	**109,073**
TOTAL LIABILITIES		**3,473,174**	**3,162,671**
NET ASSETS		**13,998,072**	**15,911,637**
EQUITY			
Share capital	16	60,728,603	60,014,229
Reserves	17	478,097	(380,689)
Accumulated losses		(47,208,628)	(43,721,903)
TOTAL EQUITY		**13,998,072**	**15,911,637**

The accompanying notes form part of these financial statements.

Period ending 30 June 2014

	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
Equity as at beginning of period	**60,014,229**	**(43,721,903)**	**(1,282,118)**	**872,237**	**29,192**	**15,911,637**
Profit attributable to members of the parent entity	-	(3,486,725)	-	-	-	(3,486,725)
Other comprehensive income /(loss)	-	-	882,314	-	78,551	960,865
Total comprehensive income/(loss) for the year	**-**	**(3,486,725)**	**882,314**	**-**	**78,551**	**(2,525,860)**
Transactions with owners in their capacity as owners						
Issue of shares	289,500	-	-	-	-	289,500
Option expense	-	-	-	323,969	-	323,969
Exchange difference on option reserve	-	-	-	(1,174)	-	(1,174)
Transfer on exercise of options	424,874	-	-	(424,874)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
	714,374	**-**	**-**	**(102,079)**	**-**	**612,295**
Equity as at 30 June 2014	**60,728,603**	**(47,208,628)**	**(399,804)**	**770,158**	**107,743**	**13,998,072**

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 2014	**60,014,229**	**(43,721,903)**	**(1,282,118)**	**872,237**	**29,192**	**15,911,637**

The accompanying notes form part of these financial statements.

	NOTE	2014 ($)	2013 ($)
Cash from operating activities:			
Receipts from customers		17,827,763	16,379,147
Payments to suppliers and employees		(18,575,769)	(17,635,159)
Interest received		81,830	62,757
Unit trust distributions received		4,661	15,032
Income tax received		967,989	933,646
Net cash (used by)/provided from operating activities	22	**306,474**	**(244,577)**
Cash flows from investing activities:			
Payments for property, plant and equipment		(225,716)	(460,625)
Payment for intangible assets		-	(253,950)
Proceeds from available for sale financial assets		65,795	-
Acquisition of subsidiaries, net of cash		(66,050)	(351,437)
Net cash used in investing activities		**(225,971)**	**(1,066,012)**
Cash flows from financing activities:			
Proceeds from the issue of share capital		-	4,464,207
Share issue transaction costs		-	(301,818)
Net cash provided by financing activities		**-**	**4,162,389**
Net cash increase (decrease) in cash and cash equivalents		80,503	2,851,800
Cash and cash equivalents at beginning of year		8,061,090	4,713,179
Effect of exchange rates on cash holdings in foreign currencies		420,829	496,111
Cash and cash equivalents at end of year	7	**8,562,422**	**8,061,090**

The accompanying notes form part of these 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 25. 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 2014 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".

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

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 profit & loss and other 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 profit & loss and other 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 profit & loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings 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) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(h) 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(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 profit & loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit & loss and other comprehensive income.

(i) 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 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.

(j) 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.

(k) 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.

(l) 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 with respect to 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.

(m) 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 profit & loss and other 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.

(n) 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.

(o) 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 (China) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 receivables 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.

(t) Comparatives

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

(u) 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 $847,785 during the financial year ended 30 June 2014 (June 2013 $353,006) with accumulated losses amounting to $47,208,628 as at 30 June 2014. Cash reserves were $8,562,422 at 30 June 2014.

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 2014. 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.

(v) 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 2014. 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:

Amendments to AASB 9: Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. It is expected these amendments will not have a significant impact on the entity.

(w) 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.

(x) 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 re-measures 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 re-measured 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 preexisting investment in the acquire is recognised as goodwill. If the consideration transferred and the preexisting 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 the earlier of either (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(y) Change in Accounting Policies

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value-measurements or disclosures about fair-value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and require the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent with the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

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 competiveness 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 advisers 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 2014, financial liabilities have contractual maturities, which are summarised below:

	Current		Non-current	
2014	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade payables	515,953	-	-	-
Accrued expenses	1,392,193	-	-	-
Other payables	262,731	-	-	-
Total	**2,170,877**			

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

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 cash flow interest rate 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 (2013: +/-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.

	2014 $		2013 $	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Cash and cash equivalents	85,624	(85,624)	80,611	(80,611)
Net result	**85,624**	**(85,624)**	**80,611**	**(80,611)**

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 US Dollars (USD); 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:

	Consolidated	
Nominal amounts	2014 GBP	2013 GBP
Cash at bank and on term deposit	3,194,237	4,810,659

Currency risk sensitivity analysis – Other currencies (GBP)

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 2014 (2013: 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 2014 and 2013.

If the Australian dollar had strengthened against the GBP sterling by 5 % (2013: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2014 $	2013 $
Profit after tax	(152,107)	(229,079)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2013: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2014 $	2013 $
Profit after tax	168,118	253,193
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.

Currency risk sensitivity analysis – Other currencies (USD)

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

	Consolidated	
Nominal amounts	2014 USD	2013 USD
Cash at bank and on term deposit	1,308,571	-

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 USD and AUD exchange rate.

It assumes a +/- 5% change in the AUD/USD exchange rate for the year ended at 30 June 2014 (2013: 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 2014 and 2013.

If the Australian dollar had strengthened against the USD by 5 % (2013: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2014 $	2013 $
Profit after tax	(62,313)	-
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2013: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2014 $	2013 $
Profit after tax	68,872	-
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% (2013: 10%) this would have increased equity for both the company and Group by $28,471 (2013: $25,922). A decrease of 10% would have reduced equity by the same amount. There would be no effect on profit.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy:

- 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).

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013.

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets:				
- Listed unit trusts	284,708	-	-	284,708
- Shares in unlisted entity	-	-	1,000,000	1,000,000
	284,708	**-**	**1,000,000**	**1,284,708**

2013	Level 1 $	Level 2 $	Level 3 $	Total $
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**

3. REVENUE

	Consolidated 2014 $	 2013 $
Revenue from:		
Sales of services	17,940,833	14,017,062
Interest income from other parties	81,830	62,757
Unit trust distributions	9,753	15,032
Total revenue	**18,032,416**	**14,094,851**

4. OTHER INCOME

	Consolidated 2014 $	 2013 $
Sub-lease rental	-	15,258
R&D incentive received	1,070,442	1,323,620
Fund recoveries	18,456	518,108
Other	-	85,103
	1,088,898	**1,942,089**

5. EXPENSES

	Consolidated 2014 $	2013 $
Finance costs	-	-
Defined contribution superannuation expense	1,067,150	727,915
Net foreign exchange (gains)/losses	436,267	(396,298)
Depreciation of plant and equipment	274,804	285,665
Amortisation of intangible assets	67,928	33,966
Other expenses	(577,372)	(56,419)
Rental expense relating to operating leases – minimum lease payments	638,643	594,099
Impairment losses – trade receivables	64,668	18,000

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 as well as a legal settlement (net of legal expenses).

6. INCOME TAX EXPENSE

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

	Consolidated 2014 $	2013 $
Profit/(loss) before tax	**(847,785)**	**(353,006)**
Prima facie tax expense/(income) on loss before income tax at 30% (2013: 30%)	(254,336)	(105,902)
Expenditure not allowable for income tax purposes	350,472	211,036
Tax Effect of:		
Difference in overseas tax rates	179,466	198,778
Current year tax losses not brought to account for overseas entities	2,399,468	(308,540)
Current year temporary differences not brought to account	(36,130)	(101,274)
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)	**2,638,940**	**(4,711,798)**

(b) Deferred tax assets not brought to account

	Consolidated 2014 $	2013 $
Unused tax losses for which no deferred tax asset has been recognised	31,164,151	32,841,310
Deductible temporary differences for which no deferred tax asset has been recognised	217,149	337,581
	31,381,300	**33,178,891**
Potential tax benefit @ 30%	**9,414,390**	**9,953,667**

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 2014 $	Consolidated 2013 $
Cash on hand	578	35
Bank balances	8,561,844	8,061,055
	8,562,422	**8,061,090**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 2.4% (2013: 3.0%), and deposits on call held in Australia and denominated in GBP, which bears a weighted average effective interest rate of nil% (2013: nil%). Cash on term deposit relates to GBP, which matures on a monthly rolling basis. Cash on hand is non-interest bearing.

Reconciliation of Cash	Consolidated 2014 $	Consolidated 2013 $
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	8,562,422	8,061,090
	8,562,422	**8.061,090**

8. TRADE AND OTHER RECEIVABLES

	Consolidated 2014 $	Consolidated 2013 $
Current		
Trade receivables	2,518,450	2,137,081
Allowance for impairment of receivables	(38,228)	(65,314)
	2,480,222	**2,071,767**
Prepayments	1,042,236	870,147
Deposits receivable	316,575	266,844
	1,358,811	**1,136,991**
	3,839,033	**3,208,758**

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 $38,228 (2013: $65,314) 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	
	2014 $	2013 $
Not more than 3 months	20,083	6,614
More than 3 months but not more than 6 months	18,145	58,700
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	**38,228**	**65,314**

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	
	2014 $	2013 $
Not more than 3 months	2,460,909	2,053,586
More than 3 months but not more than 6 months	19,313	18,181
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	**2,480,222**	**2,071,767**

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

	Consolidated	
	2014 $	2013 $
At 1 July 2013	65,314	57,750
Provision for impairment recognised in the year	64,668	18,000
Receivables written off as uncollectible	(91,754)	(10,436)
Balance at 30 June 2014	**38,228**	**65,314**

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	
	2014 $	2013 $
Available-for-sale financial assets	1,284,708	1,259,218
	1,284,708	**1,259,218**

(a) Available-for-sale Financial Assets comprise

	Consolidated 2014 $	Consolidated 2013 $
Listed Investments		
Units in unit trust	284,708	259,218
Unlisted Investments		
Shares in unlisted entity	1,000,000	1,000,000
Total available-for-sale financial assets	**1,284,708**	**1,259,218**

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2014 $	Consolidated 2013 $
Buildings & leasehold improvements at cost	206,243	206,243
Accumulated depreciation	(72,215)	(30,966)
Total buildings and improvement	**134,028**	**175,277**
Furniture and equipment at cost	917,129	805,790
Accumulated depreciation	(591,743)	(493,590)
Total furniture and equipment	**325,386**	**312,200**
Computer equipment at cost	3,296,780	3,140,076
Accumulated depreciation	(2,911,170)	(2,763,076)
Total computer equipment	**385,610**	**377,000**
Total property, plant and equipment	**845,024**	**864,477**

30 June 2014	Furniture, Fixtures and Fittings $	Computer Equipment $	Buildings & Leasehold Improvements $	Total $
Balance at 1 July 2013	312,200	377,000	175,277	864,477
Additions	76,306	149,410	-	225,716
Disposals	(7,255)	(55,291)	-	(62,546)
Depreciation expense	(82,154)	(151,401)	(41,249)	(274,804)
Exchange differences	26,289	65,892	-	92,181
Balance at 30 June 2014	**325,386**	**385,610**	**134,028**	**845,024**

30 June 2013	Furniture, Fixtures and Fittings $	Computer Equipment $	Buildings & Leasehold Improvements $	Total $
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**

11. GOODWILL

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

	Consolidated	
	2014 $	2013 $
Gross carrying amount		
Balance at 1 July 2013	553,802	-
Acquisition through business combination	-	**499,352**
Net exchange differences	-	**54,450**
Balance at 30 June 2014	**553,802**	**553,802**
Accumulated Impairment		
Balance at 1 July 2013	-	-
Impairment loss recognised	**(31,076)**	-
Net exchange differences	-	-
Balance at 30 June 2014	**(31,076)**	**553,802**
Carrying amount 30 June 2014	**522,726**	**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.

	2014 $	2013 $
WealthCraft Systems Limited	522,726	553,802
Goodwill allocation at 30 June	**522,726**	**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 unit's 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% (2013: 3.0%).

(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% (2013: 14.71%).

(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	2014 $	2013 $
Gross carrying amount		
Balance at 1 July 2013	339,643	-
Net exchange differences	-	339.643
Balance at 30 June 2014	**339,643**	**339,643**
Amortisation and Impairment		
Balance at 1 July 2013	(33,965)	-
Amortisation	(67,928)	(33,965)
Impairment losses	-	-
Balance at 30 June 2014	**(101,893)**	**(33,965)**
Carrying amount 30 June 2014	**237,750**	**305,678**

Praemium has assessed that the customer contract intangible has a finite useful period of 5 years. This is based on a conservative estimate of customers' future term using Praemium's Customised Portfolio Service (CPS), which is dependent on an individual's investment strategy, risk profile and asset selection. The customer contracts intangible is amortised on a straight-line basis over 5 years (2013: 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:

Deferred Tax Assets 2014	1 July 2013 $	Recognised in OCI* $	Recognised in business combination $	Recognised in profit and loss $	30 June 2014 $
Non-current assets					
Property, plant and equipment	59,152	-	-	(59,152)	-
Current assets					
Trade and other receivables	19,594	-	-	(8,126)	**11,468**
Non-current liabilities	-				
Pension and other employee obligations	302,406	-	-	(25,528)	**276,878**
Current liabilities					
Provisions	40,318	-	-	37,473	**77,791**
Related parties	1,506,825	-	-	(418,881)	**1,087,944**
Unused tax losses	2,892,990	-	-	(2,167,488)	**725,502**
	4,821,285	**-**	**-**	**(2,641,702)**	**2,179,583**

Deferred Tax Assets 2013	1 July 2012 $	Recognised in *OCI $	Recognised in business combination $	Recognised in profit and loss $	30 June 2013 $
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**

*(OCI): Other comprehensive income.

14. TRADE AND OTHER PAYABLES

	Consolidated 2014 $	2013 $
Unsecured liabilities		
Trade payables	515,953	451,847
Accrued expenses	1,392,193	1,311,458
Good and services tax	254,781	230,642
Other payables	262,731	207,600
Unearned income	178,571	178,571
	2,604,229	**2,380,118**

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

15. PROVISIONS

	Consolidated 2014 $	2013 $
Current		
Employee benefits	796,391	673,480
	796,391	**673,480**
Non-current		
Employee benefits	72,554	109,073
	72,554	**109,073**

16. ISSUED CAPITAL

	Consolidated 2014 $	2013 $
2014: 378,720,572 (2013: 372,938,117) fully paid ordinary shares	**60,728,603**	**60,014,229**

Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total $
30 Jun 2013	**Balance**	**372,938,117**		**60,014,229**
24 Sep 2013	Issue under employee share plan	125,000	0.100	12,500
	Issue under employee share plan	360,000	0.064	23,040
	Issue under employee share plan	90,000	0.060	5,400
	Employee share bonus issue	444,444	0.090	40,000
31 Oct 2013	Issue under employee share plan	653,334	0.205	133,934
20 Nov 2013	Issue under employee share plan	2,500,000	0.100	250,000
	Employee share bonus issue	1,109,677	0.155	172,000
	Employee share bonus issue	500,000	0.155	77,500
30 June 2014	**Balance**	**378,720,572**		**60,728,603**

(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	
	2014 $	2013 $
Share capital	60,728,603	60,014,229
Available-for-sale financial assets revaluation reserve	107,743	29,192
Foreign currency translation reserve	(399,804)	(1,282,118)
Option reserve	770,158	872,237
Accumulated losses	(47,208,628)	(43,721,903)
Total equity	**13,998,072**	**15,911,637**

(c) Options and performance rights

Information is set out in note 23 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	
	2014 $	2013 $
Reserves		
Available-for-sale financial assets revaluation reserve	107,743	29,192
Foreign currency translation reserve	(399,804)	(1,282,118)
Option reserve	770,158	872,237
Total	**478,097**	**(380,689)**

(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. AUDITOR'S REMUNERATION

	2014 $	2013 $
Remuneration of the auditor of the consolidated entity for:		
Audit Services		
Auditors of Praemium Limited: Grant Thornton		
- Audit and review of financial reports	80,200	78,000
Overseas Grant Thornton firm		
- Audit and review of financial reports	88,991	98,877
Non-Grant Thornton firm		
- Audit and review of financial reports	53,526	3,168
Audit services remuneration	**222,717**	**180,045**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	66,600	65,100
- Taxation services	35,000	22,600
- Other services	14,370	14,741
Overseas non-Grant Thornton firm		
- Taxation services	2,809	444
Total other services remuneration	**118,779**	**102,885**
Total Auditors' remuneration	**341,496**	**282,930**

19. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

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

	Consolidated	
Payable - minimum lease payments	2014 $	2013 $
Not later than 12 months	825,742	561,437
Between 12 months and 5 years	2,068,648	1,839,561
Total	**2,894,390**	**2,400,998**

Operating lease commitments relate to rental commitments for office premises in Melbourne, London, Jersey, 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.

20. 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 2014 is as follows:

2014	Australia	United Kingdom	Asia	Total
Total segment revenue	14,525,156	2,608,983	806,694	17,940,833
Inter-segment revenue	-	-	-	-
Revenue from external customers	**14,525,156**	**2,608,983**	**806,694**	**17,940,833**
EBITDA (loss) excluding Group overheads *	**5,830,093**	**(5,225,761)**	**(6,684)**	**597,648**
EBITDA (loss)	**5,145,907**	**(5,225,761)**	**(6,684)**	**(86,538)**
Interest	81,761	-	69	81,830
Interest intercompany and margin	738,317	(701,303)	(37,014)	-
Depreciation and amortisation	(231,838)	(100,700)	(10,194)	(342,732)
Unrealised FX	(408,501)	-	(27,766)	(436,267)
Unit trust income	9,753	-	-	9,753
Restructure and acquisition costs	-	-	-	-
Withholding tax	(73,831)	-	-	(73,831)
Net Profit/(Loss) Before Tax	**5,261,568**	**(6,027,764)**	**(81,589)**	**(847,785)**
Segment assets	13,109,285	3,169,539	1,192,422	17,471,246
Segment liabilities	(2,303,137)	(1,160,184)	(9,853)	(3,473,174)
Employee benefits expense	7,490,094	6,264,844	1,342,435	15,097,373
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	54,766	133,412	37,538	225,716

* 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 2013 is as follows:

2013	Australia	United Kingdom	Asia	Total
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)
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

(c) Reconciliations

(i) Revenue

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

	Consolidated	
	2014 $	2013 $
Segment revenue	17,940,833	14,017,062
Interest income from other parties	81,830	62,757
Unit trust distributions	9,753	15,032
Total revenue	**18,032,416**	**14,094,851**

(ii) EBITDA

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

	Consolidated	
	2014 $	2013 $
EBITDA (loss)	(86,538)	71,012
Depreciation and amortisation	(342,732)	(319,631)
Interest revenue	81,830	62,757
Unrealised FX	(436,267)	396,298
Unit trust income	9,753	15,032
Restructure and acquisition costs	-	(517,559)
Impairment of available-for-sale financial assets	-	-
Withholding tax	(73,831)	(60,915)
Net profit/(loss) before tax	**(847,785)**	**(353,006)**

(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	
	2014 $	2013 $
Segment assets	17,471,246	19,074,308
Total assets as per the statements of financial position	**17,471,246**	**19,074,308**

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 $657,725 (2013: $834,794) and the total of these non-current assets located in other countries is $578,507 (2013: $889,164). 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	
	2014 $	2013 $
Segment liabilities	3,473,174	3,162,671
Total liabilities as per the statements of financial position	**3,473,174**	**3,162,671**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $14,917,474 (2013: $11,857,083) and the total revenue from external customers in other countries is $3,023,359 (2013: $2,159,979). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $1,615,004 (2013: $1,384,411) are derived from a single external customer. These revenues are attributable to the Australian segment.

21. 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 2014 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 27 August 2014 by the Board of Directors.

22. CASH FLOW INFORMATION

	Consolidated	
	2014 $	2013 $
Net income/(loss) for the period	**(3,486,725)**	**4,358,792**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	342,732	319,631
Option expense	323,969	427,099
Bad Debt expense	64,668	18,000
Shares issued as employee bonus	77,500	-
Unrealised foreign exchange loss	436,267	(396,558)
Loss on disposal of plant and equipment	-	-
WHT receivable write off	73,831	60,915
Revaluation	(5,092)	-
Impairment of available for sale financial assets	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(570,655)	(842,788)
Increase/(decrease) in trade payables and accruals	333,877	406,605
Increase/(decrease) in employee provisions	77,162	145,175
Increase/(decrease) in deferred tax asset / payable	2,638,940	(4,741,448)
Net cash (used by)/provided from operating activities	**306,474**	**(244,577)**

23. 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:

2014

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	**-**	**-**	**-**	**1,000,000**	**1,000,000**
Weighted average exercise price			**$0.15**	**$0.00**	**$0.00**	**$0.00**	**$0.15**	**$0.00**

These options were exercised after the reporting period, on 8 August 2014, to acquire ordinary shares in Praemium Limited pursuant to the CEO's employment contract dated 5 September 2011 and Praemium's Directors and Employee Benefits 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	**-**	**-**	**-**	**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 2.11 years (2013: 3.11 years).

(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.

2014

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
		Number	Number	Number	Number	Number	Number
22 Dec 10	27 Apr 11	400,000	-	-	-	400,000	400,000
	Milestone	266,666	-	-	-	266,666	-
	Milestone	266,667	-	-	-	266,667	-
		933,333	**-**	**-**	**-**	**933,333**	**400,000**
23 Dec 10	27 Apr 11	543,334	-	(326,667)	-	216,667	216,667
	Milestone	443,334	-	(326,667)	-	116,667	-
	Milestone	443,332	-	-	(326,666)	116,666	-
		1,430,000	**-**	**(653,334)**	**(326,666)**	**450,000**	**216,667**
9 Sep 11	30 Sep 13	2,625,000	-	(2,625,000)	-	-	-
	30 Sep 14	1,375,000	-	-	(625,000)	750,000	-
	30 Sep 15	1,250,000	-	-	-	1,250,000	-
		5,250,000	**-**	**(2,625,000)**	**(625,000)**	**2,000,000**	**-**
6 Sep 12	30 Sep 13	960,000	-	(450,000)	(180,000)	330,000	330,000
	30 Sep 14	960,000	-	-	(180,000)	780,000	-
	30 Sep 15	1,280,000	-	-	(240,000)	1,040,000	-
		3,200,000	**-**	**(450,000)**	**(600,000)**	**2,150,000**	**330,000**
9 Nov 12	30 Nov 13	500,000	-	(500,000)	-	-	-
		500,000	**-**	**(500,000)**	**-**	**-**	**-**
11 Sep 13	30 Sep 14	-	1,455,000	-	-	1,455,000	-
	30 Sep 15	-	1,455,000	-	-	1,455,000	-
	30 Sep 16	-	1,940,000	-	-	1,940,000	-
		-	**4,850,000**	**-**	**-**	**4,850,000**	**-**
20 May 14	30 Nov 14	-	96,774	-	-	96,774	-
	30 Nov 15	-	96,774	-	-	96,774	
		-	**193,548**	**-**	**-**	**193,548**	**-**
		11,313,333	**5,043,548**	**(4,228,334)**	**(1,551,666)**	**10,576,881**	**946,667**

2013

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
		Number	Number	Number	Number	Number	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	266,667	-	-	-	266,667	-
		933,333	**-**	**-**	**-**	**933,333**	**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**	**-**
		8,725,833	**4,250,000**	**(1,600,000)**	**(62,500)**	**11,313,333**	**943,334**

(c) Shares issued as employee bonus

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

	Number issued	Value $	Weighted average fair value $
Consolidated – 2014	1,554,121	212,000	0.14
Consolidated – 2013	NIL	NIL	NIL

(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 2014 $	2013 $
Options issued under employee option plan	3,858	36,314
Shares issued as employee bonus	198,746	212,000
Performance rights	320,111	312,349
	522,715	**560,663**

24. EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss

	Consolidated	
	2014 $	2013 $
Profit/(loss) attributable to the parent entity	(3,486,725)	4,358,792
Earnings used to calculate basic EPS	(3,486,725)	4,358,792
Earnings used in calculation of diluted EPS	(3,486,725)	4,358,792

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

	Consolidated	
	2014 $	2013 $
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	376,650,117	350,806,160
Number used in calculating diluted EPS	377,596,784	351,749,494

2014: 10,630,214 (2013: 11,369,998) 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 2014 and 2013.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Praemium Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 $	2013 $
Current assets	4,181,933	26,567,776
Non-current assets	9,130,936	11,882,855
Total assets	**13,312,869**	**38,450,630**
Current liabilities	1,052,848	21,378,595
Non-current liabilities	61,703	81,831
Total liabilities	**1,114,551**	**21,460,426**
Contributed equity	60,728,603	60,014,229
Accumulated losses	(49,323,028)	(43,909,955)
Option reserve	770,158	872,237
Available-for-sale financial assets revaluation reserve	22,585	13,693
Total equity	**12,198,318**	**16,990,204**
Profit /(loss) for the year	(5,413,072)	1,156,871
Other Comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(5,413,072)**	**1,156,871**

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.

26. 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 over 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.

27. 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 % 2014	Ownership Interest % 2013
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
Smart Investment Management Limited	UK	100	-
Praemium International Limited	Jersey	100	100
WealthCraft Systems Limited	Hong Kong	100	100
WealthCraft Systems (Shenzhen) Limited	PR China	100	100

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

28. RELATED PARTY TRANSACTIONS

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 2014 $	Consolidated 2013 $
Short-term employee benefits	1,800,535	1,588,387
Post-employment benefits	125,905	106,224
Long-term benefits	9,421	8,964
Share-based payments	494,679	490,836
	2,430,540	**2,194,411**

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Auditor's Independence Declaration
To the Directors of Praemium Limited

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 2014, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 August 2014

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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 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. 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.

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.

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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 2014 and of its performance for the year ended on that date; and

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

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 24 to 30 of the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 August 2014

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	18 Aug 14	%IC
1	CAMERON RICHARD PTY LTD	17,572,720	4.6%
2	EXCELSIOR HOLDINGS PTY LIMITED	13,949,418	3.7%
3	NATIONAL NOMINEES LIMITED	13,105,863	3.5%
4	MR MICHAEL OHANESSIAN	13,089,332	3.4%
5	COWEN SUPERANNUATION FUND PTY LTD	12,348,617	3.3%
6	NELCAN PTY LTD	12,119,919	3.2%
7	BHL PENSION PTY LTD	12,000,000	3.2%
8	MR DONALD STAMMER	11,624,866	3.0%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,235,366	3.0%
10	ORIENT GLOBAL HOLDINGS PTY LTD	8,963,281	2.3%
11	SMITHLEY SUPER PTY LTD	8,500,000	2.2%
12	LINWIERIK SUPER PTY LTD	8,000,000	2.1%
13	THE TRUST COMPANY (SUPERANNUATION) LIMITED	7,585,000	2.0%
14	PATCHEOAK PTY LTD	7,110,500	1.9%
15	INVESTMENT HOLDINGS PTY LTD	5,617,145	1.5%
16	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	5,608,912	1.5%
17	MEROMA PTY LIMITED	5,353,304	1.4%
18	RANGEWORTHY PTY LTD	4,700,000	1.2%
19	KITGROVE PTY LTD	4,300,000	1.1%
20	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,209,937	1.1%
	TOTAL	**186,994,180**	**49.2%**
	Balance of Register	192,726,392	50.8%
	Grand TOTAL	**379,720,572**	**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:

Shareholder	Holding	%
Mr Peter Jones	19,663,500	5.2
Dr Donald Stammer	19,488,460	5.1

There are 379,720,572 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 23 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	354,696,978	93.4	312	23.6
10,001 to 100,000	22,660,830	6.0	580	43.9
5,001 to 10,000	1,810,174	0.5	215	16.3
1,001 to 5,000	527,998	0.1	142	10.7
1 to 1,000	24,592	0.0	72	5.5
Total	**379,720,572**	**100**	**1,321**	**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	9,558,333	91	19	56
10,001 to 100,000	958,333	9	15	44
5,001 to 10,000	-	-	-	-
1,001 to 5,000	-	-	-	-
1 to 1,000	-	-	-	-
Total	**10,516,666**	**100**	**34**	**100**

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

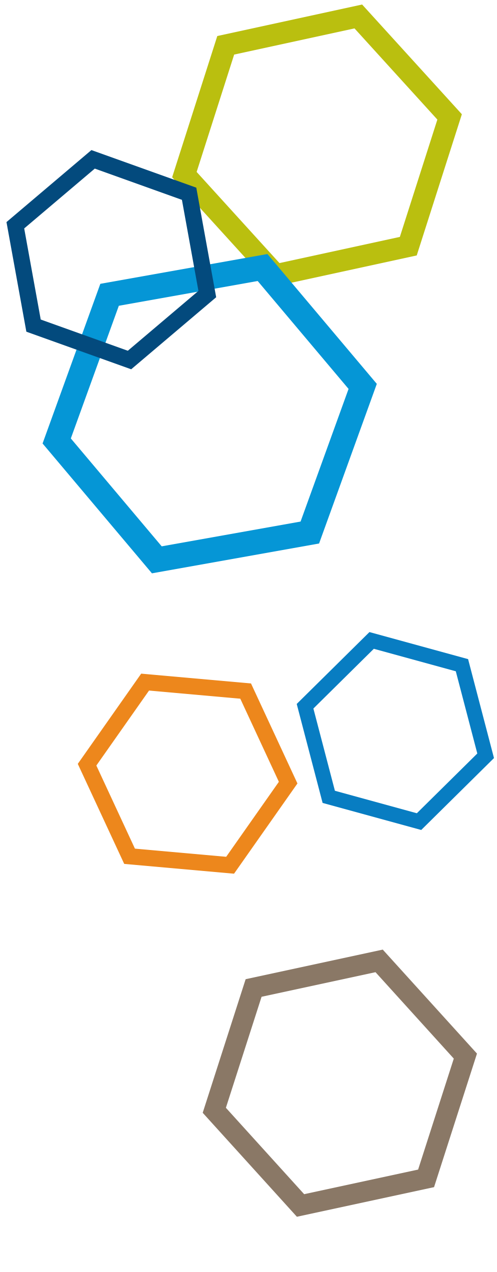
Board of Directors
Bruce Loveday
Robert Edgley
Peter Mahler
Andre Carstens

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



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