praemium

technology matters

Praemium Limited

2015

Annual Report

Praemium Limited
ACN: 098 405 826

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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, Shenzhen, Coventry and Yerevan.

Praemium supports over 800 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

Dear Praemium Shareholder,

As shareholders are aware, Praemium has achieved its maiden profit before tax in the year to 30 June 2015. While this outcome has been a long time coming, it is the result of the transformation of the business that began approximately 4 years ago. Rather than comment on the result, I would like to focus more on Praemium's future and provide you with an update on the implementation of the Company's strategy.

Technology development

At its heart, Praemium is a technology company that services the financial services industry. Ever present is the challenge to simultaneously maintain and enhance our existing technology platform, continue to increase the range of services available to our clients, and participate in new market developments that are potentially value-adding to our shareholders.

To meet this challenge we have introduced new development methodologies, acquired additional resources and capabilities and focused on being smarter in the use of our resources. In recent years we have:

- Acquired WealthCraft in Hong Kong. This has enabled us to develop and integrate a Customer Relationship Management (CRM) capability in our core V-Wrap portfolio administration software. Apart from the inherent value of the CRM product, many of our clients are finding the combination of V-Wrap and CRM is providing them with a valuable tool to improve the management of their businesses.
- Acquired Plum Software in the UK. Plum is an established business providing data services to a range of British financial advisor clients. By combining Plum's expertise with our CRM we believe we are creating another valuable practice management product for our UK clients.
- Diversified and strengthened our in-house development resources across time zones. This ensures we can provide continuous "always on" support to our clients. We now have fully integrated development capabilities in Australia, the UK, Hong Kong / China, and most recently, Armenia.

Our decision to open a development centre in Armenia was made because it is in the right time zone, has a positive business environment, hosts a Microsoft Innovation Centre (which is particularly valuable to Praemium given our close relationship with Microsoft and its infrastructure), and enables us to access highly skilled IT professionals very effectively. We are already seeing very positive results from Armenia and expect this to continue.

Separately Managed Accounts (SMA)

An SMA is an investment account based on one or more model portfolios. Typically, the end investor in an SMA will take the advice of a financial advisor in developing the investment portfolio most appropriate for their needs. Unlike many other investment products, the investment assets under an SMA structure are directly attributable to the end investor and not commingled with all other investors' interests. While SMAs have been an established feature in the US financial markets for many years now, they have only recently begun to be widely used in other markets.

Praemium has been at the centre of the SMA industry in Australia and the UK for a number of years, albeit in different forms.

In Australia, Praemium provided the portfolio administration and rebalancing software for the first SMA product launched in the country in 2005. When the company sponsoring that product decided to exit the SMA segment in Australia, Praemium stepped up in December 2012 and became the Responsibly Entity (RE) for what is now known as the Praemium SMA. Since then, the funds managed in the Praemium SMA have grown from A$700 million to A$2.4 billion at 30 June 2015.

In the UK, Praemium established an SMA in 2007. Notwithstanding a difficult start during what is now known as the Global Financial Crisis, funds on Praemium's SMA platform in the UK now amount to £710 million, or approximately A$1.4 billion at current exchange rates.

Praemium's SMA business in both countries has grown rapidly in the last three years and now comprises some A$3.8 billion of client assets. We firmly believe that expansion of the SMA industry in the future will be considerable. As the Australian market leader, Praemium is well-positioned to benefit from this expansion, and we intend to do so.

Praemium's UK Business

Praemium opened its doors in London in late 2006 and, since then, progress has been slower than we initially expected. We have reviewed our strategy and made a number of structural and operational changes to the business and are now satisfied that we are on the right path.

The SMA business in the UK is now performing well and is starting to grow strongly. We expect it to continue to so do. In the past 12 to 18 months, we have re-energised the sales and customer service disciplines in the business and we are beginning to see the expected results.

The UK is an attractive market for Praemium for a number of reasons, one of which is that it provides unique access to a large English-speaking offshore client base, which is readily serviced through London and, in particular, the Channel Islands. Much of this market segment comprises British ex-patriates working offshore who want to access investment products and services with which they are familiar. We opened Praemium International in Jersey in 2011 as an independent office that is able to draw on the support of our London-based resources to service this market segment and have developed a number of valuable client relationships that we expect to grow over time.

We have also established Smart Investment Management (Smart^{im}) in London both as an adjunct to our core SMA business and as a valuable offering in its own right. Smart^{im} develops and manages risk-based strategic asset allocation model portfolios for Praemium and select external clients. Smart^{im} has made a strong start, and we expect solid growth, both organically and through the development of new products that will have Smart^{im} at their core.

As in Australia, the future success of our UK business will come ultimately from the growth in the SMA industry.

Smartfund 80% Protected

As shareholders will be aware, we recently announced the launch of the Smartfund 80% Protected product, in conjunction with Morgan Stanley. This product, which is initially targeted at the British expatriate market, is an example both of the product development capability we believe exists within our Smart business line and the considerable value potential our UK presence will offer to shareholders over time.

Market penetration

Praemium is a company that primarily provides services to the broader financial services industry through intermediaries, and this can make it difficult for shareholders to understand the extent of our presence in the market and, more importantly, our potential to benefit from future market growth.

As noted above, the value of client funds in our SMA is approximately A$3.8 billion.

In addition, we have a portfolio administration software service, V-Wrap, which services many intermediary and institutional clients and in FY2015 generated over $12 million in revenue.

In Australia, we provide services to many financial advisory firms who collectively either employ or licence numerous advisors.

Future developments

Arguably the most important areas of discussion in the financial services industry revolve around the provision of retirement incomes.

Whether driven by the growing awareness that our population is ageing, newspaper headlines about "financial advice scandals", structural changes (such as the de-mandating of the use of annuities in the UK in the recent Budget) or some other factor, the provision of sensible, reliable, reputable and responsible retirement incomes products and services will be front and centre in the industry for the foreseeable future.

We have worked to develop in Praemium what we believe are the critical elements to successfully service the demands we see emerging:

- We have a strong technology platform and development methodology which will be increasingly important to deliver services to investors;
- The SMA structure provides an excellent delivery mechanism for the retirement incomes solutions of the future;
- The portfolio model-building skills of Smart^{im} will enable us to be at the forefront of product development for the financial services industry, and the Smartfund 80% Protected product is the first example of this.

The improved performance Praemium has achieved in recent years has been the result of the energy and commitment of the management and all our staff, led by our Managing Director Michael Ohanessian. The successful execution of our strategy, which we have developed to create value for shareholders now and into the future, will be dependent on the skills and energies of Michael and his team.

Given their proven performance, I have no doubt we can be confident that Praemium will achieve the results we all seek. I look forward to meeting shareholders at our Annual General Meeting.

Bruce Loveday
Chairman

CEO's Report

Dear Praemium Shareholder,

I'm very pleased to say that we achieved an important milestone in financial year 2015. We delivered our pre-tax maiden profit with an underlying EBITDA of $2.2 million and closing net cash balance of $11.5 million.

For many of our shareholders, especially those who have been patient long-term investors, our journey to profitability has been a long and at times frustrating one. I want to thank them for their patience. Last year we delivered positive operating cash flow and it's pleasing that we have now delivered a solid operating profit result.

Some key achievements:

- Acquired Plum Software with post-merger integration progressing to plan
- Released our new digital experience, Investor Portal
- Progressed the SMSF compliance and reporting system within V-Wrap
- Developed an innovative Protected fund in partnership with Morgan Stanley targeting the pension market
- Established a new software development centre in Armenia
- Significantly increased FUA on our SMA investment platform.

Revenue for the FY2015 year was up 28% on the previous year. We acquired the UK based Plum Software in March 2015 and have commenced a number of post-merger integration initiatives within our UK operation. When allowing for the impact of the revenue from Plum, we achieved organic growth of 25% for the year.

Revenue was up in all product areas and regions in which we operate. In particular, revenues from our SMA increased substantially on strong asset inflows. Total assets on the platform rose 49% over the year to finish at over $3.8 billion.

Not only did we substantially increase assets on the platform, but also the rate of inflows onto the platform is running substantially higher than the prior year. For instance in the prior year, we averaged $266 million in quarterly inflows compared to $369 million in the FY2015 financial year. This increase in inflows reflects the contributions made by new clients who have signed up to the Praemium SMA platform. It is important to note that many of these clients are still in the early stages of adoption and so we continue to believe that assets flows will continue to increase.

The increase in assets flows that we expect to see from our new clients could also be boosted by the addition of new sales. The SMA and managed accounts space is undergoing a major shift and in Australia in particular, SMA has become the fastest growing segment of the platform market.

Praemium and its then partner Merill Lynch, and later BlackRock, was a prime mover in SMA technology in Australia (and later in the UK). Today, as a reflection of just how compelling and superior SMAs can be, there are now over a dozen platforms offering SMA or managed accounts solutions. The managed account segment still represents a small share of the overall Australian platform market at less than 10% share. However, it is now the fastest growing investment format and we expect it to develop into a substantial segment of the platform market. Praemium as the market leader with the best technology and proven capabilities stands to gain considerably from this trend.

We are also pleased to say that the significant investment in SMSF capabilities for our non-custodial platform V-Wrap has progressed considerably. It has been a major undertaking and the first phase of providing SMSF compliance and reporting is presently in soft launch. This is a significant milestone for our company as we address an important market segment. Self-Managed Super Funds are naturally inclined to invest in direct equities – Praemium's sweet spot. The prospect of offering superior reporting and corporate actions processing as well as automatic generation of SMSF accounts, is a very compelling proposition and we have received very encouraging feedback from our client base. We expect to see this have a positive impact on V-Wrap portfolio numbers going forward.

Overall, the Australia business had a fantastic year with EBITDA of $8.9 million on revenue of $18.3 million. This represents an operating margin of 49%. Compared to the prior period, Australia's operating profit was up 52% and we expect operating profits to continue to rise on the strength of growth in assets on the SMA platform and on the impact of our newly created SMSF functionality.

We also had a breakout year in our UK business with revenue up 63% on the prior year. In addition to a 31% increase in the funds on platform, we also built assets under management by our in-house investment management team to over $340 million. This is an outstanding result given that the Smart Investment Management range of model portfolios and managed funds was launched in February 2014.

We are also delighted with the prospects for our new Protected range of Smartfunds. The Smartfund 80% Protected range is composed of risk-graded funds run by Praemium's in-house Smart Investment Management (Smart^{im}) team. The new Smartfund 80% Protected range offers the potential growth returns of global multi-asset strategies with the benefit of 80% capital protection, with the protection component provided by Morgan Stanley.

Praemium's launch of these new and innovative products corresponds to the recently announced reforms to the UK pension market. Under major changes to UK pensions, investors will no longer need to acquire annuity products and will have more freedom to choose investment strategies that meet their particular needs. In the UK and elsewhere the prospect of longer life expectancy has created the need for innovative strategies that maximise wealth accumulation while providing an element of capital protection in the event of market volatility.

Being able to offer quality investment strategies, with the added benefit of daily-calculated protection at 80% of the highest fund value achieved, is a compelling solution for investors trying to build and, more importantly, protect their wealth to fund retirement in this low-yield environment. We believe this innovative fund range offers the best of both worlds – the opportunity to stay invested in growth assets and the comfort of having some reasonable level of asset protection.

As demonstrated by the Australia business, the Praemium technology is highly scalable and is capable of strong profit margins once many of the fixed costs are covered. We are not there yet with our overseas operation, however I am confident that we will soon reach the inflexion point for the international business. Given the size of the opportunity, I believe our strategy to build a solid global business will prove highly valuable to our shareholders.

Our strategy to move our international business to profitability and growth includes:

- ➔ Continuing to grow assets on the SMA platform
- ➔ Continuing to build assets under the Smart Investment Management brand both in model portfolios and managed funds
- ➔ Distributing our new Smartfund 80% Protected range to the offshore ex-pat market as well as in the UK
- ➔ Driving sales of our CRM products, Plum and WealthCraft.

Looking forward, we expect strong continued growth across the business. Our newly released products will also help drive new client sales and increase sales to existing clients. In particular as a fintech company, we will continue to invest in new technology especially in the digital experience space. The opportunities for greater client engagement and adoption are highly compelling and we will therefore increase our investment in technology to ensure Praemium stays at the forefront of platform technology evolution.

Michael Ohanessian
Chief Executive Officer

OUR SERVICES

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 2,000 international equities, offering 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.

Praemium's V-Wrap system provides extensive reporting capabilities that can be used for any date or range of dates. It has accountant-strength functionality to automatically maximise or minimise capital gains as well as the ability to seamlessly and automatically manage the most complex of corporate actions.

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.

V-Wrap also powers the administration of equities portfolios for a number of other important institutional clients in Australia as well as providing a CGT reporting tool for a major UK platform operator.

V-Wrap now also incudes functionality to provide SMSF compliance and reporting. V-Wrap, with SMSF inside, is now a leading edge solution for financial advisers - best in breed portfolio reporting with complete SMSF accounting and compliance.

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.

In FY2015 Praemium added to its CRM and financial planning suite through the acquisition of Plum Software. Based in Coventry, UK, Plum has an established business serving financial planners with front-end client management and back office systems. Plum Software has an extensive range of UK-based third-party data feeds and interfaces as well as a robust back-office system with fund valuation, remuneration computations, compliance monitoring and reporting.

INVESTMENT PLATFORM

Built around the unique V-Wrap reporting engine, Praemium's SMA is a modern investment platform solution.

The SMA platform provides a valuable alternative to the traditional "wrap" service provided 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. This ensures that investors are continually and automatically aligned with the model manager's latest thinking.

Praemium's SMA also enables clients to customise their investments with stock substitutions and holding locks that effectively deliver tailored investor portfolios.

Why we like SMA

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.

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.

VISIBLE HOLDINGS

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

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.

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.

BENEFICIAL OWNERSHIP

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

TAX EFFECTIVE

Investors have more control over the realisation of capital gains.

Important Milestones

↑ 28%
increase in revenues

↑ 41%
increase in platform inflows

MAIDEN YEAR OF
PROFITABILITY
WITH $2.2 MILLION EBITDA

STRONG AND GROWING
SMA INFLOWS

FUNDS ON PLATFORM REACHED NEARLY
$3.8 BILLION

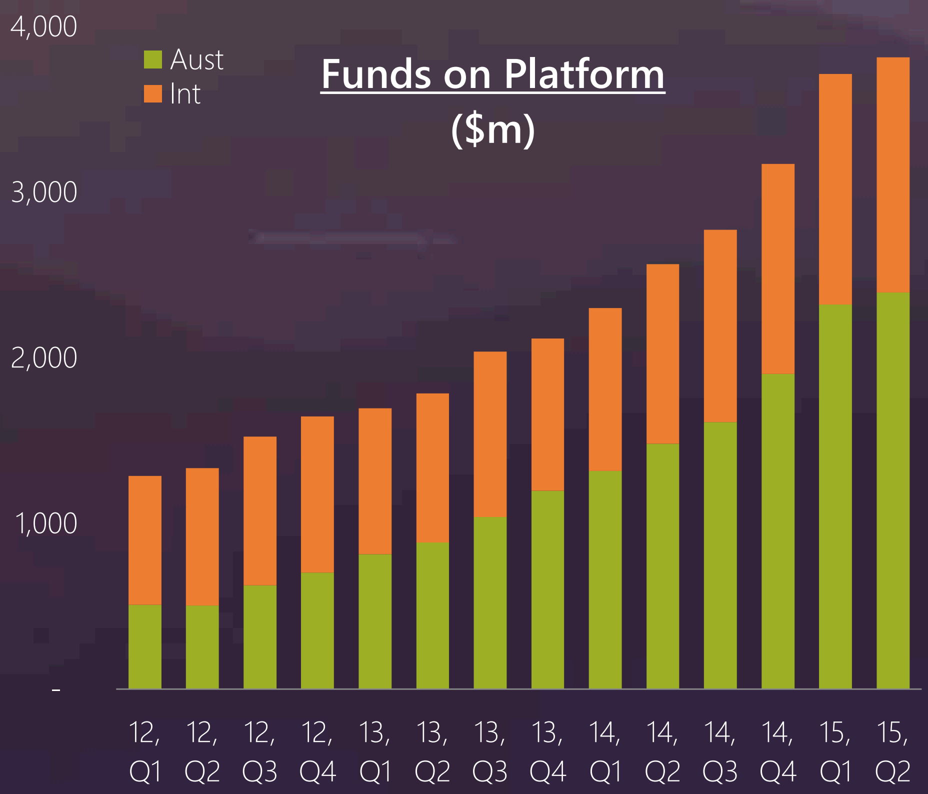
$343m
managed by in-house investment team, Smartim

Honours

In Australia, awarded inaugural Lonsec 2014 SMA Platform of the Year

In the UK, Price Bailey won Leading Adviser Practice at the UK Platform Awards - powered by Praemium

49% increase in funds on platform



Portfolio Administration (V-Wrap)

Phase 1 of our strategic initiative to add SMSF accounting and administration features within V-Wrap has been successfully delivered for release in the September 2015 quarter. The new SMSF features are fully integrated with the V-Wrap investment portfolio administration system so that Praemium now offers a single solution for parties running an SMSF. The new SMSF features include:

- A single dashboard to monitor contribution caps, pension limits, asset class allocation and member balances.
- Significant enrichment of V-Wrap’s portfolio reconciliation capability based on double-entry accounting. The new transaction matching screen makes it much simpler to allocate member transactions and post entries for tax receivables and payables.
- Straightforward conversion from another accounting system. A single screen provides the ability to make accrual adjustments, revise market valuations of holdings and reconcile CGT asset cost bases.
- Year-end tax calculations, automatic posting of closing entries, output of tax calculation workings for record keeping purposes, and workflow tracking for preparation, locking and lodgement of the annual return.
- Complying financial and member statements that can be generated with a firm’s branding alongside V-Wrap’s investment portfolio valuation, asset allocation and performance reports.

CRM

A key element of the WealthCraft platform was delivered with the release of a Statement of Advice writer during the year. Client numbers are growing, with the number of firms signed on to WealthCraft up 100% on June 2014.

Praemium also added to its suite of CRM technology with the acquisition of Plum Software in March 2015. Plum is a well established financial planning system serving the UK market and will compliment Praemium’s global strategy in the CRM space. By leveraging Plum’s back-office system capabilities, we hope to be able to accelerate the Microsoft CRM-based WealthCraft product for the UK market. Praemium has continued to invest in the Plum product since the acquisition and has already commenced jointly marketing the Plum and WealthCraft products in the UK.

Investor Portal

Praemium’s new Investor Portal was released on plan in FY2015 and is now in full roll-out to Australian and offshore clients. Client feedback has been excellent and has helped financial advisers demonstrate greater value and engagement with clients. The Investor Portal is compatible with smart phones and tablets, has multi-currency capabilities and provides an intuitive and efficient mechanism for investor-adviser communication and engagement.

Praemium expects the Investor Portal to drive client demand for both V-Wrap and SMA platform services.

Research & Development

Praemium has its own in-house development teams that are based in Melbourne, London and Shenzhen. During FY2015 Praemium expanded its development resources with the acquisition of Plum Software in Coventry and with the establishment in April 2015 of a software development centre in Yerevan, Armenia. The Yerevan office has since initiated an internship program with the Microsoft Innovation Centre located in the city’s university district. Praemium’s commitment to innovation continued and accelerated through the year across several important programs:

- Expansion of V-Wrap’s functionality to include SMSF compliance monitoring and fund accounting
- The creation of a digital investor portal for use on smart phones and tablets
- Expansion of features within WealthCraft including an Australia “Statement of Advice” generator
- Enhancements to the SMA to provide greater flexibility in investment and payment choices.

SMA Platform

Award winner - Praemium's SMA won the inaugural Lonsec SMA Platform of the Year award for 2014. Lonsec noted specifically that Praemium "has demonstrated an ability to develop and evolve in the rapidly changing financial services technology market," and recognised us as "independent technology platform [with] the widest menu out of those surveyed and their reporting is very good, arguably the best."

Asset inflows (gross) onto the SMA platform in FY2015 averaged $369 million per quarter, 39% higher than the prior year. This included March quarter inflows with a record-breaking $491 million in gross inflows.

Platform FUA in Australia grew strongly from $1.5 billion to $2.4 billion over the financial year. FY2015 was the first full year of operation of SuperSMA, the retail superannuation product on the company's SMA platform. After a period of soft launch the product is now widely available as a cost-effective superannuation solution. At financial year end the SuperSMA had $84 million in assets.

Praemium's international SMA grew strongly in FY2015. Assets under management grew 31% from A$1.08 billion to A$1.42 billion and revenue grew 45%.

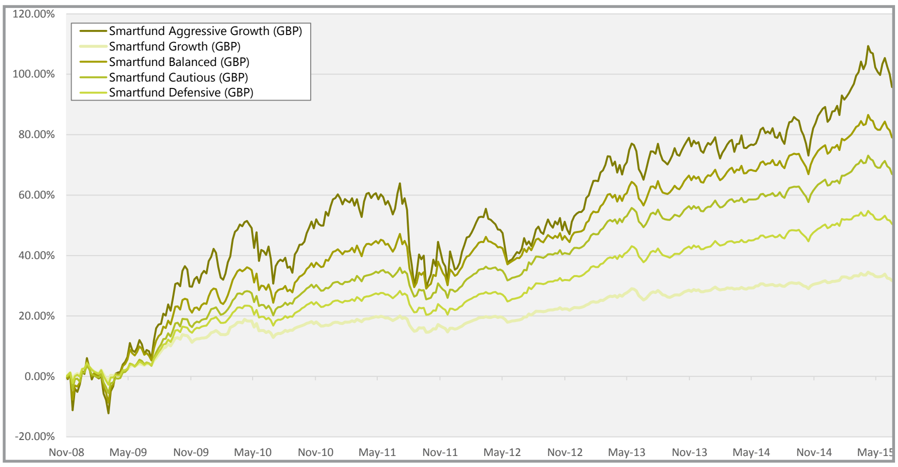
A long-standing UK client, Price Bailey, was awarded the "Leading Adviser Practice" award at the 2014 Aberdeen UK Platform Awards. Powered by Praemium's highly efficient SMA platform, Price Bailey also won in 2012.

The UK business improved its operational efficiency and vertical margin with the rapid take up of the Smart^{im} investment solutions. During the FY2015 year the company progressed and received regulatory approval in July 2015 for an innovative new capital protected fund aimed at the expatriate market.

Smart Investment Management

Praemium established its in-house investment management team in November 2013, with initial client funds received in March 2014 and assets under management of $9 million by 30 June 2014. Using a quantitative, multi-asset approach, the experienced Smart Investment Management (Smart^{im}) team launched a range of model portfolios and managed funds in three core currencies; GBP, USD and Euro. FY2015 was the first full year of asset management by Smart^{im} with $343 million in FUA achieved by year end.

An outstanding start for Praemium's in-house investment management solution!



This graph illustrates the track record of Smartfund's five risk-graded strategies from 3 November 2008 to 28 February 2015. Source: Lipper. Past performance should not be seen as a guide to future performance. Total returns in sterling.

Portfolio Administration (V-Wrap)

Praemium will continue its investments in V-Wrap to build upon the 12% revenue growth achieved in FY2015:

- The launch of SMSF compliance and reporting capabilities will increase the appeal of V-Wrap as the most efficient, accurate and cost-effective tool for SMSF administrators. FY2016 will see the formal rollout of the system to enable Praemium users to automatically generate SMSF returns for the 2015 year. Further enhancements to expand the range of fund types will also be released progressively over the following year.
- The roll-out of the new 'digital' investor portal will be completed in the year ahead and fully integrated with the V-Wrap portfolio administration system.
- Praemium will launch new and improved reporting to further solidify its position as the market leader in portfolio reporting capability.

CRM

Praemium's commitment to developing a world-class CRM system for financial advisers that provides a fully integrated and seamless solution will be advanced in the year ahead:

- Praemium's plan to develop a strong set of data feeds and 3rd party interfaces leverages off the acquisition of Plum Software. Looking forward, the experienced Plum team will help drive the development of WealthCraft for the UK market.
- Plum itself has a solid sales pipeline and we expect it to achieve steady growth going forward. Plum sales for the 4 months in FY2015 were $0.57 million and are expected to deliver over $2 million in sales for the year ahead.
- WealthCraft sales are expected to expand strongly in Australia with the addition of several new modules and full integration with the V-Wrap portfolio administration system as well as the SMA platform.

SMA Platform

Platform assets were $3.8 billion as at the end of FY2015. A solid pipeline of new clients should add to continued strong growth in assets:

- A solid pipeline of new business plus firms in early adoption phase such as Centrepoint Alliance and Infocus Wealth Management will drive growth through FY2016 and beyond.
- Praemium's first robo-advice client, InvestSMART, went live in FY2015. InvestSMART has a strong Australian subscriber base and a more holistic approach that takes into account the full breadth of an investor's current portfolio, including a comprehensive health check which compares each investor's existing portfolio of investments with an expert's benchmark to identify gaps in diversification.
- In Australia particularly, the shift from 'wrap' to SMA is accelerating with strong demand from both independent and aligned dealer groups.
- Praemium has also been chosen to provide its SMA platform and Smart^{im} model portfolios to a new robo-advice business focusing on the Middle East market with a plan to go live in early 2016.

Smart Investment Management

After an excellent start, Praemium's new in-house investment management proposition will grow strongly with its new innovative fund range:

- On 31 July 2015 Smart^im launched the Smartfund 80% Protected fund. The new Smartfund 80% Protected range offers the potential growth returns of global multi-asset strategies with the benefit of 80% capital protection, with the protection component to be provided by Morgan Stanley. The first funds to be released will focus on the international expatriate market and are offered to investors in three currencies – sterling, euro and US dollar.
- The fund is now accepting subscriptions and is expected to grow strongly through the FY2016 year.
- Smart^im model portfolios on Praemium's SMA platform are also expected to grow due to their inherent ability to deliver a comprehensive range of portfolios suitable for clients of all attitudes to risk whilst delivering superior risk-adjusted returns.

Research & Development

Praemium's investment in technology is planned to increase in FY2016 to advance a number of exciting programs, including:

- Further evolution of the recently completed smart phone-compatible investor portal
- Development of an improved user interface to enhance the account opening process in a more user friendly and intuitive manner
- Creation of a global aggregation platform for 3rd party data feeds to enhance the WealthCraft and Plum CRM systems
- Further development and expansion of the SMSF functionality within V-Wrap.

Capital Management

- The Company's cash balance at 30 June 2015 was $11.5 million, 34% higher than the prior year, with solid reserves to meet regulatory requirements and strategic priorities. Our strong balance sheet is also important to manage any future foreign currency impacts of our overseas operations.
- The Company also recorded a significant improvement in operating cashflow of $4.2 million for the 12 months to 30 June 2015. The Company will continue to utilise its strong free cashflow to re-invest in product delivery and expand its sales footprint.
- The Company recorded an income tax expense of $3.6 million in FY2015. This was from Praemium's Australian business continuing to record strong profits, with carry forward tax losses previously recorded on the balance sheet now fully utilised and the business now required to pay income tax, with a $2 million tax liability recorded at yearend.
- In November 2014, a contractual arrangement with a long-standing institutional customer was renewed for a further five years. Fees for the previous year, FY2014, were $1.6 million. The new agreement commencing on 8 November 2014 with a fixed contract term of five years has a minimum contract value of $3 million per year.

Key facts & figures

FINANCIAL METRICS

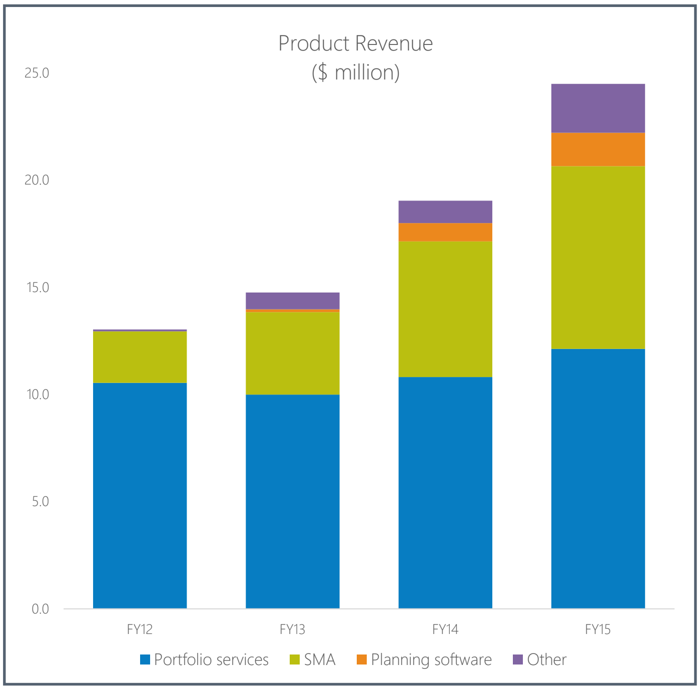
	FY2015 $000	FY2014 $000	CHANGE $000	CHANGE %
Revenue and other income^	24,575	19,121	5,454	28%
Expenses	22,388	19,537	2,851	15%
EBITDA (underlying)*	**2,187**	**(416)**	**2,603**	**626%**
Profit/(Loss) before Tax	1,544	(848)	2,392	282%
Tax Expense	3,636	2,639	997	38%
Net Profit/(Loss) after Tax	(2,092)	(3,487)	1,395	40%
Earnings per Share (cents)	(0.5)	(0.9)	0.4	44%
Cash	**11,477**	**8,562**	**2,915**	**34%**
Net Assets	15,764	13,998	1,766	13%
Operating Cashflow	**4,167**	**306**	**3,861**	**1,262%**

^Other income as outlined in Note 4 of the financial statements.
*Underlying EBITDA excludes non-recurring items of -$0.1 million (2014: +$0.3 million) and foreign exchange movements of currencies held on deposit of -$0.1 million (2014: -$0.4 million).

SERVICE METRICS

RESULTS SUMMARY	FY2015	FY2014	CHANGE	CHANGE %
Separately Managed Account (Australia)	A$2.39bn	A$1.48bn	A$0.91bn	61%
Separately Managed Account (International)	A$1.42bn	A$1.08bn	A$0.34bn	31%

International funds based on closing FX rate (£0.50)



Overview of 2015 financial position

RESULTS

The consolidated loss attributable to the members of the Group was $2,091,891 (FY14: $3,486,725 loss), due to a 23% increase in revenue across all regions, a 15% increase in expenses to support growth and the utilisation of a deferred tax asset in Australia, which resulted in a $3.6 million tax expense. The Group's net asset position at 30 June 2015 was $15,763,889 with $11,477,322 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 Board 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 was previously Chairman of Bennelong Funds Management.

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 Remuneration Committee.

Mr Andre Carstens
Non-executive Director
Mr Carstens was appointed as a non-executive director on 20 May 2015. 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 and 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.

Mr Ohanessian is also a member of the Group's Remuneration Committee.

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.

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	3	3	2	2
Mr Robert Edgley	11	11	6	6	2	2
Mr Peter Mahler	11	11	6	6	-	-
Mr Andre Carstens	11	11	6	6	-	-
Mr Michael Ohanessian	11	11	-	-	2	2

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, 2011 and 2014 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 $47,498 (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 Andre Carstens
- Mr Michael Ohanessian

REMUNERATION PHILOSOPHY AND PRINCIPLES

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

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

	2015	2014	2013	2012	2011
EBIT* ($m)	**1.7**	(0.8)	(0.3)	(2.0)	(5.6)
NPAT^ ($m)	**(2.1)**	(3.5)	4.4	(3.9)	(5.5)
EPS (cents)	**(0.5)**	(0.9)	1.2	(1.4)	(2.5)

^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 the year securities were issued to a non-executive director who joined the Board. The second and final tranche of these issues received shareholder approval at the 2015 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 page 18.

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. 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.

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. These vesting milestones must be achieved prior to December 2015.

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

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 2015 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 98.4% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2014. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

DETAIL OF KEY MANAGEMENT PERSONNEL REMUNERATION

2015	Short-term employee benefits	Share based payments		Post-employment benefits	Other long-term 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	-	-	-	-	70,000	0%
Mr Robert Edgley	50,459	-	-	4,793	-	55,252	0%
Mr Peter Mahler	45,662	-	-	4,338	-	50,000	0%
Mr Andre Carstens	54,398	-	15,000	5,168	-	74,566	0%
Executive Directors							
Mr Michael Ohanessian	390,000	200,000	13,306	35,000	3,492	641,798	33%
Key Management Personnel							
Mr Paul Gutteridge	215,272	64,125	27,381	18,784	2,436	327,998	28%
Ms Christine Silcox	207,994	-	17,000	19,759	(24,697)	220,056	8%
Mr William Brewis*	288,966	-	17,696	28,579	-	335,241	5%
Mr Kelly Tallas*	308,114	-	6,867	2,334	-	317,315	2%
Mr Andrew Varlamos	207,414	-	16,255	19,704	1,055	244,428	7%
2015 Total	**1,838,279**	**264,125**	**113,505**	**138,459**	**(17,714)**	**2,336,654**	**16%**

1. *Bonus by way of shares* relates to achievement of the CEO's short-term incentive, with FY15's annual result exceeding target by 1647% and being capped at the maximum bonus percentage of 20%. Achievement of CFO's STI is based on 30% of base salary. These amounts have been accrued in FY15'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 Brewis and Mr Tallas are employees of Praemium's overseas subsidiaries. The exchange rate of 0.5263 and 6.4262 respectively were used for the purpose of this table.

2014	Short-term employee benefits	Share based payments		Post-employment benefits	Other long-term 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%
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	**1,773,012**	**198,750**	**295,929**	**123,359**	**9,421**	**2,400,471**	**17%**

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 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.

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 of performance rights granted 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	$	$	$	$
Other key management personnel							
Mr Paul Gutteridge	12-Nov-14	30-Sep-17	200,000	37,000	-	-	37,000
Mr William Brewis	12-Nov-14	30-Sep-17	100,000	18,500	-	-	18,500
Mr Andrew Varlamos	12-Nov-14	30-Sep-17	100,000	18,500	-	-	18,500

OTHER INFORMATION

(a) Option holdings

2015	Balance 1 July 2014	Granted as compensation	Options exercised	Options lapsed	Options forfeited	Balance 30 June 2015
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

2015	Allotted Date	Balance 1 July 2014	Granted as compensation	Vested/ exercised	Lapsed	Balance 30 June 2015
Parent entity Directors						
Mr Michael Ohanessian	9-Sep-11	1,875,000	-	(625,000)	-	1,250,000
Mr Andre Carstens	20-May-14	193,548	-	(78,947)	(47,934)	66,667
Other Key Management Personnel						
Mr Paul Gutteridge	12-Nov-14	630,000	200,000	(312,500)	-	517,500
Ms Christine Silcox	11-Sep-13	505,000	-	(187,500)	-	317,500
Mr William Brewis	12-Nov-14	900,000	100,000	-	-	1,000,000
Mr Kelly Tallas	11-Sep-13	150,000	-	(45,000)	-	105,000
Mr Andrew Varlamos	12-Nov-14	360,000	100,000	(135,000)	-	325,000
		4,613,548	**400,000**	**(1,383,947)**	**(47,934)**	**3,581,667**

(c) Shareholdings directly and indirectly beneficially held

2015	Balance 1 July 2014	Received as compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2015
Parent entity Directors					
Mr Bruce Loveday	2,166,667	-	-	-	2,166,667
Mr Robert Edgley	5,375,000	-	-	-	5,375,000
Mr Peter Mahler	1,766,666	-	-	243,902	2,010,568
Mr Andre Carstens	-	-	-	78,947	78,947
Mr Michael Ohanessian	11,089,332	821,053	625,000	1,000,000	13,535,385
Other Key Management Personnel					
Mr Paul Gutteridge	1,939,444	233,606	312,500	-	2,485,550
Ms Christine Silcox	3,443,233	-	187,500	-	3,630,733
Mr William Brewis	10,000	-	-	-	10,000
Mr Kelly Tallas	-		45,000	-	45,000
Mr Andrew Varlamos	1,507,244	-	135,000	-	1,642,244
	27,297,586	**1,054,659**	**1,305,000**	**1,322,849**	**30,980,094**

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 Enterprise Management Incentives (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 27-30 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 group is Grant Thornton. Non-audit services of approximately $170,981 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
26 August 2015

Praemium FY2015 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 (3rd Edition)" (ASX Guidelines) unless otherwise stated.

Key disclosures as required under the Corporate Governance Principles and Recommendations are outlined in the Company's Appendix 4G, which has been released together with this Annual Report, with disclosures included either in this Corporate Governance Statement or 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.

The Corporate Governance Statement is current at the date of approval of this annual report and has been approved by the board.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD ROLE & RESPONSIBILITIES (PRINCIPLE 1.1)

Principle 1.1 recommends that listed entities should disclose the respective roles and responsibilities of its board and management, including matters expressly reserved to the board and those delegated to management.

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.

DIRECTORS' APPOINTMENT (PRINCIPLE 1.2)

The term of appointment for each non-executive director of the Company shall be the period commencing on appointment and expiring when the director is next required to stand for election by the shareholders or a period of 3 years, whichever is the lesser. At each AGM of the Company, subject to ASX Listing Rule 14.4, at least one director must retire from office, excluding 1) a director who is a managing director; and 2) a director appointed by the directors under rule 9.1 (b) of the Company's Constitution and is standing for election.

Board support for a director's re-election is not automatic and is subject to satisfactory director performance (in accordance with the evaluation process described for Principle 1.6).

Praemium undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

TERMS OF APPOINTMENT (PRINCIPLE 1.3)

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. Further details of key executive terms are outlined in the Remuneration Report.

COMPANY SECRETARY (PRINCIPLE 1.4)

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All directors have direct access to the Company Secretary. The appointment and removal of the Company Secretary is a matter for decision by the Board.

DIVERSITY POLICY (PRINCIPLE 1.5)

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 2016 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 2015		30 June 2014	
	Female	Male	Female	Male
Board	0%	100%	0%	100%
Senior executive	25%	75%	21%	79%
Group	34%	66%	37%	63%

BOARD & COMMITTEE PERFORMANCE (PRINCIPLE 1.6)

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 conducted this financial year were collated and discussed by the Board, with any recommendations implemented to improve Board/Committee performance where appropriate.

SENIOR EXECUTIVE PERFORMANCE (PRINCIPLE 1.7)

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

NOMINATION COMMITTEE (PRINCIPLE 2.1)

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 is detailed at Principle 1.2. The Board seeks independent external advice in regard to its composition, when there is a required change (such as retirement or resignation).

BOARD COMPOSITION (PRINCIPLES 2.2 & 2.3)

The Company's Board comprises a majority of non-executive directors.

In addition to the information outlined on page 18, Tables 1 and 2 below set out specific details of the Company's Directors and the relevant skills and experience of the Board collectively.

Table 1 - Details of Directors

Director	Term in office as Director	Qualifications	Status
Bruce Loveday (Chairman)	From July 2012	BEc, FAICD	Independent
Michael Ohanessian (CEO & MD)	From March 2012	BE, MBA	Executive
Robert Edgley	From May 2006	BEc	Independent
Peter Mahler	From December 2011	BMath, MBA, MAICD	Independent
Andre Carstens	From May 2014	BCom (Hons), FCA, MAICD	Independent

Table 2 - Areas of competence and skills of the Board of Directors

Area	Competence
Leadership	Business leadership, public listed company experience
Business & Finance	Accounting, business strategy, competitive business analysis, corporate financing, legal, mergers & acquisitions, commercial agreements, risk management
Market & Industry	Financial services expertise
Technology	Product development, product life cycle management
Sustainability & Stakeholder Management	Corporate governance, human resources, remuneration
International	International business management, geographical experience

DIRECTOR INDEPENDENCE (PRINCIPLE 2.4)

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 (PRINCIPLE 2.5)

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.

DIRECTOR INDUCTION & TRAINING (PRINCIPLE 2.6)

New directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines ASX's expectations of directors with respect to their participation, time commitment and compliance with ASX policies and regulatory requirements. An induction process for incoming directors is coordinated by the Company Secretary.

The Board receives regular updates at Board meetings, industry workshops, meetings with customers and site visits. These assist directors to keep up-to-date with relevant market and industry developments.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

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.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

AUDIT COMMITTEE (PRINCIPLE 4.1)

The role of the Audit, Risk & Compliance Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures and the external audit function.

It is intended that the members of the Audit, Risk & Compliance Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which Praemium operates, to be able to effectively discharge the committee's responsibilities.

The Company's Audit, Risk & Compliance Committee comprised during the year; Mr Andre Carstens (Chairman), Mr Robert Edgley, Mr Peter Mahler and Mr Bruce Loveday (who is no longer a member, but is now an invitee to meetings other than when audited results are reviewed). 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 three 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.

CEO & CFO ASSURANCE (PRINCIPLE 4.2)

The Board has received declarations from the CEO and CFO that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

AUDITOR ATTENDANCE (PRINCIPLE 4.3)

The Company's external auditor, Grant Thornton, has and will continue to attend our Annual General Meeting in order to be available to answer questions from security holders relevant to the audit.

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

INVESTOR RELEATIONS (PRINCIPLES 6.1 – 6.4)

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 commits to facilitating shareholder participation in shareholder meetings, and dealing with shareholder inquiries.

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 COMMITEE (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 Robert Edgley, Mr Peter Mahler and Mr Bruce Loveday (who is no longer a member, but is now an invitee). All members are independent and non-executive. Four 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 FRAMEWORK (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. The Committee reviewed the Company's risk management framework in this financial year to satisfy itself that the framework continues to be sound.

INTERNAL AUDIT (PRINCIPLE 7.3)

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 MANAGEMENT (PRINCIPLE 7.4)

The Company monitors its exposure to all risks, including economic, environmental and social sustainability risks. Material business risks are described in the annual report, which also outlines the Company's activities, performance during the year, financial position and main business strategies. This specific report and the Annual Report overall provide further details about how Praemium manages its economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE (PRINCIPLE 8.1)

The Company's Remuneration Committee during the financial year comprised Mr Robert Edgley (Chairman), Mr Bruce Loveday and Mr Michael Ohanessian. 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.

REMUNERATION POLICIES (PRINCIPLES 8.2 – 8.3)

The Company's approach to remuneration and this principle is set out in its Remuneration Report on 20 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 does offer an equity based remuneration scheme to executives and staff, under Praemium's Directors & Employee Benefits Plan, which is published on the Company's website. Participants of this Plan are not permitted to enter into transactions (whether through the use of derivatives, hedging or otherwise) which limit the economic risk of participating in this Plan.

2015 Financial Report

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2015

	NOTE	Consolidated 2015 ($)	2014 ($)
Revenue	3	22,234,822	18,032,416
Other income	4	2,340,033	1,088,898
Employee costs		(16,912,058)	(15,097,373)
Legal, professional, advertising and insurance expense		(2,235,939)	(2,100,728)
IT support		(969,392)	(833,285)
Commissions expense		(79,571)	(89,119)
Travel expenses		(629,836)	(425,102)
Occupancy costs		(1,163,232)	(927,676)
Telecommunication costs		(241,509)	(220,358)
Other expenses	5	(140,476)	577,372
Restructure and acquisition costs		(25,000)	-
Depreciation, amortisation and impairments	5	(506,026)	(342,732)
Net foreign exchange gains / (losses)	5	(20,490)	(436,267)
Withholding tax not recoverable		(106,950)	(73,831)
Profit (Loss) before income tax expense		**1,544,376**	**(847,785)**
Income tax expense	6	(3,636,267)	(2,638,940)
Loss for the year		**(2,091,891)**	**(3,486,725)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		(70,839)	78,551
Exchange differences on translation of foreign operations		1,082,396	882,314
Tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		**1,011,557**	**960,865**
Other comprehensive income/(loss) for the period, net of tax		**1,011,557**	**960,865**
Total comprehensive loss for the period		**(1,080,334)**	**(2,525,860)**
Loss for the year attributable to Owners of the parent		(1,080,334)	(2,525,860)
Total comprehensive loss attributable to Owners of the parent		**(1,080,334)**	**(2,525,860)**
Earnings per share			
Basic earnings/(loss) per share (cents per share)	24	(0.5)	(0.9)
Diluted earnings/(loss) per share (cents per share)	24	(0.5)	(0.9)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2015

	NOTE	2015 ($)	2014 ($)
Current assets			
Cash and cash equivalents	7	11,477,322	8,562,422
Trade and other receivables	8	3,063,209	3,839,033
Total current assets		**14,540,531**	**12,401,455**
Non-current assets			
Other Financial assets	9	1,308,876	1,284,708
Property, plant and equipment	10	860,376	845,024
Goodwill	11	3,157,996	522,726
Intangible Assets	12	2,084,617	237,750
Deferred Tax Assets	13	559,666	2,179,583
Total non-current assets		**7,971,531**	**5,069,791**
TOTAL ASSETS		**22,512,062**	**17,471,246**
Current liabilities			
Trade and other payables	14	3,303,130	2,604,229
Provisions	15	987,182	796,391
Income Tax Payable		1,999,784	-
Total current liabilities		**6,290,096**	**3,400,620**
Non-current liabilities			
Provisions	15	65,154	72,554
Deferred Tax Liability	13	392,923	-
Total non-current liabilities		**458,077**	**72,554**
TOTAL LIABILITIES		**6,748,173**	**3,473,174**
NET ASSETS		**15,763,889**	**13,998,072**
EQUITY			
Share capital	16	63,474,502	60,728,603
Reserves	17	1,463,903	478,097
Accumulated losses		(49,174,516)	(47,208,628)
TOTAL EQUITY		**15,763,889**	**13,998,072**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Period ended 30 June 2015

Period ended 30 June 2015

	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
Equity as at beginning of period	**60,728,603**	**(47,208,628)**	**(399,804)**	**770,158**	**107,743**	**13,998,072**
Loss attributable to members of the parent entity	-	(2,091,891)	-	-	-	(2,091,891)
Other comprehensive income /(loss)	-	-	1,082,396	-	(70,839)	1,011,557
Total comprehensive income/(loss) for the year	**-**	**(2,091,891)**	**1,082,396**	**-**	**(70,839)**	**(1,080,334)**
Transactions with owners in their capacity as owners						
Issue of shares	2,489,383	-	-	-	-	2,489,383
Performance rights expense	-	-	-	368,313	-	368,313
Exchange difference on option reserve	-	-	-	(11,545)	-	(11,545)
Transfer on exercise of options	256,516	-	-	(256,516)	-	-
Transfer on lapsing of options	-	126,003	-	(126,003)	-	-
	2,745,899	**126,003**	**-**	**(25,751)**	**-**	**2,846,151**
Equity as at 30 June 2015	**63,474,502**	**(49,174,516)**	**682,592**	**744,407**	**36,904**	**15,763,889**

Period ended 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 2015	**60,728,603**	**(47,208,628)**	**(399,804)**	**770,158**	**107,743**	**13,998,072**

The accompanying notes form part of these financial statements.

	NOTE	2015 ($)	2014 ($)
Cash from operating activities:			
Receipts from customers		23,107,551	17,827,763
Payments to suppliers and employees		(20,694,204)	(18,575,769)
Interest received		92,225	81,830
Unit trust distributions received		2,939	4,661
Income tax and R&D incentive received		1,658,093	967,989
Net cash (used by)/provided from operating activities	22	**4,166,604**	**306,474**
Cash flows from investing activities:			
Payments for property, plant and equipment		(220,878)	(225,716)
Proceeds/ (Payment) for Investments		(79,802)	-
Proceeds from available for sale financial assets		-	65,795
Acquisition of subsidiaries, net of cash		(1,864,102)	(66,050)
Net cash used in investing activities		**(2,164,782)**	**(225,971)**
Cash flows from financing activities:			
Proceeds from the issue of share capital		150,000	-
Share issue transaction costs		(11,868)	-
Net cash provided by financing activities		**138,132**	**-**
Net cash increase (decrease) in cash and cash equivalents		2,139,954	80,503
Cash and cash equivalents at beginning of year		8,562,422	8,061,090
Effect of exchange rates on cash holdings in foreign currencies		774,946	420,829
Cash and cash equivalents at end of year	7	**11,477,322**	**8,562,422**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. NOTES TO THE FINANCIAL STATEMENTS

(a) General information

The financial report is a general-purpose financial report that covers the consolidated entity consisting of Praemium Limited and its subsidiaries. Praemium Limited is a listed public company, incorporated and domiciled in Australia.

Separate financial statements for Praemium Limited as an individual entity are no longer presented as a 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 2015 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 and other comprehensive income 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 - 33%	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 and databases 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 depended 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 and other comprehensive income. 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 and other comprehensive income 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 and other comprehensive income, 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 Limited.

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 and other comprehensive income 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 are 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 and other comprehensive income 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 and other comprehensive income. 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. The Company has recorded an operating profit before tax of $1,544,376 during the financial year ended 30 June 2015 (June 2014 $847,785 loss) with accumulated losses amounting to $49,174,516 as at 30 June 2015. Cash reserves were $11,477,322 at 30 June 2015.

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, Europe 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 2015. 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 2015. They may impact the Consolidated Entity in the period of initial application. They are available for early adoption, but have not been applied in preparing this financial report:

AASB 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.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related Interpretations and:

- Establishes a new revenue recognition model
- Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- Provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- Expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances in the financial statements when it is first adopted for the year ending 30 June 2018. However, the application may impact upon multiple element arrangements.

(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 amortisation 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 amortisation 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 recognised in the profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised 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 pre-existing investment in the acquire is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised 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 recognised and also recognises 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

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2014. However, there has not been any significant impact upon the application of these standards.

2. FINANCIAL RISK MANAGEMENT

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

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

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

Principal financial instruments

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

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

General objectives, policies and processes

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

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

Credit risk

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

Trade receivables

Clients of the Group range from financial 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 2015, financial liabilities have contractual maturities, which are summarised below:

	Current		Non-current	
2015	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade payables	450,466	-	-	-
Accrued expenses	1,531,256	-	-	-
Other payables	495,947	-	-	-
Total	**2,477,669**			

	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**	**-**	**-**	**-**

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 (2014: +/-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.

	2015 $		2014 $	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Cash and cash equivalents	114,773	(114,773)	85,624	(85,624)
Net result	**114,773**	**(114,773)**	**85,624**	**(85,624)**

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	2015 GBP	2014 GBP
Cash at bank and on term deposit	1,779	3,194,237

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 2015 (2014: 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 2015 and 2014.

If the Australian dollar had strengthened against the GBP sterling by 5% (2014: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2015 $	2014 $
Profit after tax	(85)	(152,107)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2014: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2015 $	2014 $
Profit after tax	94	168,118
Other equity	-	-

Exposures to foreign exchange rates vary during the year depended 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	2015 USD	2014 USD
Cash at bank and on term deposit	424,877	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 2015 (2014: 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 2015 and 2014.

If the Australian dollar had strengthened against the USD by 5 % (2014: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2015 $	2014 $
Profit after tax	(20,232)	(62,313)
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2014: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2015 $	2014 $
Profit after tax	22,362	68,872
Other equity	-	-

Exposures to foreign exchange rates vary during the year depended 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% (2014: 10%) this would have increased equity for both the company and Group by $30,888 (2014: $28,471). 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 2015 and 30 June 2014.

2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets:				
- Listed unit trusts	308,876	-	-	308,876
- Shares in unlisted entity	-	-	1,000,000	1,000,000
	308,876	**-**	**1,000,000**	**1,308,876**

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**

3. REVENUE

	Consolidated	
	2015 $	2014 $
Revenue from:		
Sales of services	22,139,658	17,940,833
Interest income from other parties	92,225	81,830
Unit trust distributions	2,939	9,753
Total revenue	**22,234,822**	**18,032,416**

4. OTHER INCOME

	Consolidated 2015 $	2014 $
Rental Income	44,147	-
Commissions	251,019	-
Fund recoveries	-	18,456
R&D incentive received	1,881,881	1,070,442
Other	162,986	-
Total other income	**2,340,033**	**1,088,898**

5. EXPENSES

	Consolidated 2015 $	2014 $
Defined contribution superannuation expense	1,259,994	1,067,150
Net foreign exchange (gains)/losses	20,490	436,267
Depreciation of plant and equipment	315,308	274,804
Amortisation of intangible assets	190,718	67,928
Other expenses*	140,476	(577,372)
Rental expense relating to operating leases – minimum lease payments	802,119	638,643
Impairment losses – trade receivables	90,909	64,668

*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 2015 $	2014 $
Profit/(loss) before tax	**1,544,376**	**(847,785)**
Prima facie tax expense/(income) on profit/(loss) before income tax at 30% (2014: 30%)	463,313	(254,336)
Expenditure not allowable for income tax purposes	167,629	350,472
Tax Effect of:		
Difference in overseas tax rates	333,934	179,466
Current year tax losses not brought to account for overseas entities	2,678,801	2,399,468
Current year temporary differences not brought to account	(7,410)	(36,130)
Income Tax Expense	**3,636,267**	**2,638,940**

(b) Deferred tax assets not brought to account

	Consolidated 2015 $	2014 $
Unused tax losses for which no deferred tax asset has been recognised	35,501,971	31,164,151
Deductible temporary differences for which no deferred tax asset has been recognised	192,449	217,149
	35,694,420	**31,381,300**
Potential tax benefit @ 30%	**10,708,326**	**9,414,390**

The benefit of the tax losses, which relate to the Company's UK and Asian 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	
	2015 $	2014 $
Cash on hand	823	578
Bank balances	11,476,499	8,561,844
	11,477,322	**8,562,422**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 2.4% (2014: 3.5%), and deposits on call held in Australia and denominated in GBP, which bears a weighted average effective interest rate of nil% (2014: nil%). Cash on term deposit relates to GBP, which matures on a monthly rolling basis. Cash on hand is non-interest bearing.

	Consolidated	
Reconciliation of Cash	2015 $	2014 $
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	11,477,322	8,562,422
	11,477,322	**8,562,422**

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015 $	2014 $
Current		
Trade receivables	2,112,014	2,518,450
Allowance for impairment of receivables	(129,137)	(38,228)
	1,982,877	**2,480,222**
Prepayments	505,036	1,042,236
Deposits receivable	363,828	316,575
Other receivables	211,468	-
	1,080,332	**1,358,811**
	3,063,209	**3,839,033**

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 $129,137 (2014: $38,228) has been recorded accordingly. The impaired trade receivables are mostly due from Praemium Asia Limited. There are no other impaired trade receivables in any of the Group's subsidiaries.

The aging of these impaired receivables is:

	Consolidated 2015 $	2014 $
Not more than 3 months	115,943	20,083
More than 3 months but not more than 6 months	13,194	18,145
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	**129,137**	**38,228**

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 2015 $	2014 $
Not more than 3 months	76,533	81,183
More than 3 months but not more than 6 months	38,616	-
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	**115,149**	**81,183**

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

	Consolidated 2015 $	2014 $
At 1 July 2014	38,228	65,314
Provision for impairment recognised in the year	90,909	64,668
Receivables written off as uncollectible	-	(91,754)
Balance at 30 June 2015	**129,137**	**38,228**

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 2015 $	2014 $
Available-for-sale financial assets	1,308,876	1,284,708
	1,308,876	**1,284,708**

(a) Available-for-sale Financial Assets comprise

	Consolidated 2015 $	2014 $
Listed Investments		
Units in unit trust	308,876	284,708
Unlisted Investments		
Shares in unlisted entity	1,000,000	1,000,000
Total available-for-sale financial assets	**1,308,876**	**1,284,708**

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2015 $	Consolidated 2014 $
Buildings & leasehold improvements at cost	206,243	206,243
Accumulated depreciation	(113,464)	(72,215)
Total buildings and improvement	**92,779**	**134,028**
Furniture, fixtures and fittings at cost	1,111,241	917,129
Accumulated depreciation	(812,257)	(591,743)
Total furniture and equipment	**298,984**	**325,386**
Computer equipment at cost	3,972,016	3,296,780
Accumulated depreciation	(3,503,403)	(2,911,170)
Total computer equipment	**468,613**	**385,610**
Total property, plant and equipment	**860,376**	**845,024**

30 June 2015	Furniture, Fixtures and Fittings $	Computer Equipment $	Buildings & Leasehold Improvements $	Total $
Balance at 1 July 2014	325,386	385,610	134,028	845,024
Additions	41,732	179,146	-	220,878
Acquired through business combination	16,000	40,550	-	56,550
Disposals	-	-	-	-
Depreciation expense	(96,018)	(178,041)	(41,249)	(315,308)
Exchange differences	11,884	41,348	-	53,232
Balance at 30 June 2015	**298,984**	**468,613**	**92,779**	**860,376**

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**

11. GOODWILL

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

	Consolidated	
	2015 $	2014 $
Gross carrying amount		
Balance at 1 July 2014	545,726	553,802
Acquisition through business combination	2,431,374	-
Net exchange differences	203,896	(8,076)
Balance at 30 June 2015	**3,180,996**	**545,726**
Accumulated Impairment		
Balance at 1 July 2014	(23,000)	-
Impairment loss recognised	-	(23,000)
Net exchange differences	-	-
Balance at 30 June 2015	**(23,000)**	**(23,000)**
Carrying amount 30 June 2015	**3,157,996**	**522,726**

(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.

	2015 $	2014 $
Praemium Asia Limited (formerly WealthCraft Systems Limited)	641,053	522,726
Plum Software Limited	2,516,943	-
Goodwill allocation at 30 June	**3,157,996**	**522,726**

The recoverable amounts of the cash-generating units were 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 Praemium Asia is 3.0% (2014: 3.0%) and for Plum is 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 Praemium Asia is 12.46% (2014: 14.71%) and for Plum is 10.00%.

(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

Intangible Assets 2015	Customer Contracts $	Databases $	Total $
Gross carrying amount			
Balance at 1 July 2014	339,643	-	339,643
Acquisition through business combination	982,307	982,307	1,964,614
Net exchange differences	41,234	41,234	82,468
Balance at 30 June 2015	**1,363,184**	**1,023,541**	**2,386,725**
Amortisation and Impairment			
Balance at 1 July 2014	(101,893)	-	(101,893)
Amortisation	(129,323)	(61,395)	(190,718)
Impairment losses	-	-	-
Net exchange differences	(4,750)	(4,747)	(9,497)
Balance at 30 June 2015	**(235,966)**	**(66,142)**	**(302,108)**
Carrying amount 30 June 2015	**1,127,218**	**957,399**	**2,084,617**

Intangible Assets 2014	Customer Contracts $	Databases $	Total $
Gross carrying amount			
Balance at 1 July 2013	339,643	-	339,643
Additions	-	-	-
Balance at 30 June 2014	**339,643**	**-**	**339,643**
Amortisation and Impairment			
Balance at 1 July 2013	(33,965)	-	(33,965)
Amortisation	(67,928)	-	(67,928)
Impairment losses	-	-	-
Balance at 30 June 2014	**(101,893)**	**-**	**(101,893)**
Carrying amount 30 June 2014	**237,750**	**-**	**237,750**

Praemium has assessed that the customer contracts and technical databases intangibles have a finite useful period of 5 years. This is based on a conservative estimate of customers' future term using Praemium's services. The customer contracts and technical databases intangibles are amortised on a straight-line basis over 5 years (2014: 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/(Liabilities) 2015	1 July 2014 $	Recognised in OCI* $	Recognised in business combination $	Recognised in profit and loss $	30 June 2015 $
Current assets					
Trade and other receivables	11,468	-	-	4,618	16,086
Non-current assets					
Intangible assets	-	-	(392,923)	-	(392,923)
Non-current liabilities					
Pension and other employee obligations	276,878	-	-	48,321	325,199
Current liabilities					
Provisions	77,791	-	-	49,880	127,671
Related parties	1,087,944	-	-	(1,087,944)	-
Unused tax losses	725,502	-	-	(634,792)	90,710
Net Deferred Tax Assets/(Liabilities)	**2,179,583**	**-**	**(392,923)**	**(1,619,917)**	**166,743**
Deferred tax asset as represented on the Statement of Financial Position					559,666
Deferred tax liability as represented on the Statement of Financial Position					(392,923)
Total					**166,743**

Deferred Tax Assets/(Liabilities) 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**
Net Deferred Tax Assets/(Liabilities)	**4,821,285**	**-**	**-**	**(2,641,702)**	**2,179,583**

*(OCI): Other comprehensive income.

14. TRADE AND OTHER PAYABLES

	Consolidated 2015 $	2014 $
Unsecured liabilities		
Trade payables	450,466	515,953
Accrued expenses	1,531,256	1,392,193
Good and services tax	447,389	254,781
Other payables	495,947	262,731
Unearned income	378,072	178,571
	3,303,130	**2,604,229**

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

15. PROVISIONS

	Consolidated 2015 $	Consolidated 2014 $
Current		
Employee benefits	987,182	796,391
	987,182	**796,391**
Non-current		
Employee benefits	65,154	72,554
	65,154	**72,554**

16. ISSUED CAPITAL

	Consolidated 2015 $	Consolidated 2014 $
2015: 390,820,845 (2014: 378,720,572) fully paid ordinary shares	**63,474,502**	**60,728,603**

Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total $
30 Jun 2014	**Balance**	**378,720,572**		**60,728,603**
08 Aug 2014	Issue under employee share plan	1,000,000	0.150	150,000
21 Oct 2014	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
	Issue under employee share plan	495,000	0.110	54,450
	Issue under employee share plan	105,000	0.110	11,550
	Employee share bonus issue	233,606	0.183	42,750
12 Nov 2014	Issue under employee share plan	625,000	0.100	62,500
	Employee share bonus issue	78,947	0.190	15,000
	Issue under employee STI bonus	821,053	0.190	156,000
04 Dec 2014	Issue under employee share plan	15,000	0.130	1,950
15 Dec 2014	Issue under employee share plan	22,500	0.130	2,925
18 Dec 2014	Issue under employee share plan	30,000	0.130	3,900
03 Mar 2015	Plum Software Limited (UK) Acquisition	7,500,000	0.285	2,137,500
06 Mar 2015	Capital raising costs			(7,850)
11 Mar 2015	Capital raising costs			(4,018)
13 Apr 2015	Issue under employee share plan	216,667	0.205	44,418
	Issue under employee share plan	240,000	0.064	15,360
	Issue under employee share plan	97,500	0.130	12,675
14 May 2015	Issue under employee share plan	45,000	0.130	5,850
30 June 2015	**Balance**	**390,820,845**		**63,474,502**

(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	
	2015 $	2014 $
Share capital	63,474,502	60,728,603
Available-for-sale financial assets revaluation reserve	36,904	107,743
Foreign currency translation reserve	682,592	(399,804)
Option reserve	744,407	770,158
Accumulated losses	(49,174,516)	(47,208,628)
Total equity	**15,763,889**	**13,998,072**

(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	
	2015 $	2014 $
Reserves		
Available-for-sale financial assets revaluation reserve	36,904	107,743
Foreign currency translation reserve	682,592	(399,804)
Option reserve	744,407	770,158
Total	**1,463,903**	**478,097**

(a) Movement in reserves

Movements in reserves are detailed in the statement 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(o). 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

	2015 $	2014 $
Remuneration of the auditor of the consolidated entity for:		
Grant Thorton		
- Audit and review of financial reports	83,100	80,200
Non-Grant Thornton firm		
- Audit and review of financial reports	189,711	142,517
Audit services remuneration	**272,811**	**222,717**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	98,780	66,600
- Taxation services	61,751	35,000
- Other services	10,450	14,370
Overseas non-Grant Thornton firm		
- Taxation services	546	2,809
Total other services remuneration	**171,527**	**118,779**
Total Auditors' remuneration	**444,338**	**341,496**

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	2015 $	2014 $
Not later than 12 months	965,815	825,742
Between 12 months and 5 years	2,167,632	2,068,648
Total	**3,133,447**	**2,894,390**

Operating lease commitments relate to rental commitments for office premises in Melbourne, London, Coventry, Jersey, Shenzhen, Armenia 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 2015 is as follows:

2015	Australia	United Kingdom	Asia	Total
Total segment revenue	17,250,740	4,093,795	795,123	22,139,658
Inter-segment revenue	-	-	-	-
Revenue from external customers	**17,250,740**	**4,093,795**	**795,123**	**22,139,658**
EBITDA (loss) excluding Group overheads *	**9,016,793**	**(4,745,019)**	**(1,341,346)**	**2,930,428**
EBITDA (loss)	**8,273,415**	**(4,745,019)**	**(1,341,346)**	**2,187,050**
Interest	92,158	(11)	78	92,225
Interest intercompany and margin	1,069,501	(1,041,238)	(28,263)	-
Depreciation and amortisation	(244,748)	(264,138)	(17,140)	(506,026)
Unrealised FX	(119,039)	(4,114)	102,663	(20,490)
Unit trust income	2,939	-	-	2,939
Restructure and acquisition costs	(46,558)	(50,996)	(6,818)	(104,372)
Withholding tax not recoverable	(106,950)	-	-	(106,950)
Net Profit/(Loss) Before Tax	**8,940,718**	**(6,105,516)**	**(1,290,826)**	**1,544,376**
Segment assets	13,671,611	7,846,445	994,006	22,512,062
Segment liabilities	(4,948,293)	(1,789,013)	(10,867)	(6,748,173)
Employee benefits expense	7,737,839	7,440,506	1,733,713	16,912,058
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	77,566	134,173	9,139	220,878

* 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 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)**	**597,647**
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 not recoverable	(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

(c) Reconciliations

(i) Revenue

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

	Consolidated	
	2015 $	2014 $
Segment revenue	22,139,658	17,940,833
Interest income from other parties	92,225	81,830
Unit trust distributions	2,939	9,753
Total revenue	**22,234,822**	**18,032,416**

(ii) EBITDA

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

	Consolidated	
	2015 $	2014 $
EBITDA (loss)	2,187,050	(86,538)
Depreciation and amortisation	(506,026)	(342,732)
Interest revenue	92,225	81,830
Unrealised FX	(20,490)	(436,267)
Unit trust income	2,939	9,753
Restructure and acquisition costs	(104,372)	-
Withholding tax	(106,950)	(73,831)
Net profit/(loss) before tax	**1,544,376**	**(847,785)**

(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	
	2015 $	2014 $
Segment assets	22,512,062	17,471,246
Total assets as per the statement of financial position	**22,512,062**	**17,471,246**

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 $510,538 (2014: $657,725) and the total of these non-current assets located in other countries is $5,199,529 (2014: $578,507). 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	
	2015 $	2014 $
Segment liabilities	6,748,173	3,473,174
Total liabilities as per the statement of financial position	**6,748,173**	**3,473,174**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $17,250,740 (2014:

$14,917,474) and the total revenue from external customers in other countries is $4,888,918 (2014: $3,023,359). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $3,110,010 (2014: $1,615,004) 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 2015 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 26 August 2015 by the Board of Directors.

22. CASH FLOW INFORMATION

	Consolidated	
	2015 $	2014 $
Net income/(loss) for the period	**(2,091,891)**	**(3,486,725)**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	506,026	342,732
Performance rights and bonus expense	368,312	323,969
Bad debt expense	90,909	64,668
Shares issued as employee bonus	15,000	77,500
Unrealised foreign exchange loss	14,941	436,267
WHT receivable	106,950	73,831
Revaluation	-	(5,092)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	993,033	(570,655)
Increase/(decrease) in trade payables and accruals	160,523	333,877
Increase/(decrease) in employee provisions	171,555	77,162
Decrease in deferred tax asset / payable	3,643,896	2,638,940
Increase/(decrease) in deferred income	187,350	-
Net cash (used by)/provided from operating activities	**4,166,604**	**306,474**

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:

2015

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

These options were exercised 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.

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**

(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.

2015

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	216,667	-	(216,667)	-	-	-
	Milestone	116,667	-	-	(116,667)	-	-
	Milestone	116,666	-	-	(116,666)	-	-
		450,000	**-**	**(216,667)**	**(233,333)**	**-**	**-**
9 Sep 11	30 Sep 14	750,000	-	(750,000)	-	-	-
	30 Sep 15	1,250,000	-	-	-	1,250,000	-
		2,000,000	**-**	**(750,000)**	**-**	**1,250,000**	**-**
6 Sep 12	30 Sep 13	330,000	-	(120,000)	-	210,000	210,000
	30 Sep 14	780,000	-	(570,000)	(60,000)	150,000	150,000
	30 Sep 15	1,040,000	-	-	(160,000)	880,000	-
		2,150,000	**-**	**(690,000)**	**(220,000)**	**1,240,000**	**360,000**
11 Sep 13	30 Sep 14	1,455,000	-	(810,000)	(45,000)	600,000	600,000
	30 Sep 15	1,455,000	-	-	(112,500)	1,342,500	-
	30 Sep 16	1,940,000	-	-	(150,000)	1,790,000	-
		4,850,000		**(810,000)**	**(307,500)**	**3,732,500**	**600,000**
20 May 14	30 Nov 14	96,774	-	(78,947)	(17,827)	-	-
	30 Nov 15	96,774	-	-	(30,107)	66,667	-
		193,548	**-**	**(78,947)**	**(47,934)**	**66,667**	**-**
12 Nov 14	30 Sep 15	-	810,375	-	(44,250)	766,125	-
	30 Sep 16	-	810,375	-	(44,250)	766,125	-
	30 Sep 17	-	1,080,500	-	(59,000)	1,021,500	-
		-	**2,701,250**	**-**	**(147,500)**	**2,553,750**	**-**
		10,576,881	**2,701,250**	**(2,545,614)**	**(956,267)**	**9,776,250**	**1,360,000**

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**

(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 – 2015	1,054,659	198,750	0.19
Consolidated – 2014	1,554,121	212,000	0.14

(d) Expenses arising from share-based payment transactions

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

	Consolidated	
	2015 $	2014 $
Options issued under employee option plan	-	3,858
Shares issued as employee bonus	264,122	198,746
Performance rights	368,313	320,111
	632,435	**522,715**

24. EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss:

	Consolidated	
	2015 $	2014 $
Profit/(loss) attributable to the parent entity	(2,091,891)	(3,486,725)
Earnings used to calculate basic EPS	(2,091,891)	(3,486,725)
Earnings used in calculation of diluted EPS	(2,091,891)	(3,486,725)

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

	Consolidated	
	2015 $	2014 $
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	384,168,185	376,650,117
Number used in calculating diluted EPS	385,528,185	377,596,784

2015: 8,416,250 (2014: 10,630,214) 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 2015 and 2014.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Praemium Limited, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2015 $	2014 $
Current assets	5,784,906	4,181,933
Non-current assets	11,241,434	9,130,936
Total assets	**17,026,340**	**13,312,869**
Current liabilities	2,887,108	1,052,848
Non-current liabilities	354,981	61,703
Total liabilities	**3,242,089**	**1,114,551**
Contributed equity	63,474,502	60,728,603
Accumulated losses	(50,432,713)	(49,323,028)
Option reserve	744,407	770,158
Available-for-sale financial assets revaluation reserve	(1,945)	22,585
Total equity	**13,784,251**	**12,198,318**
Profit /(loss) for the year	(1,235,692)	(5,413,072)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(1,235,692)**	**(5,413,072)**

26. BUSINESS COMBINATION

Plum Software Limited

On 4 March 2015, Praemium acquired 100% of Plum Software Limited, a privately owned software provider based in the United Kingdom. The primary reason for the acquisition was strategic; to accelerate the launch of Praemium's financial planning tools and CRM (WealthCraft) in the UK and to complement Praemium's SMA investment platform.

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

	£GBP	$AUD
Purchase consideration	2,088,000	4,102,114
Fair value of identifiable net assets acquired	(850,416)	(1,670,740)
Goodwill arising on acquisition	**1,237,584**	**2,431,374**

Exchange rate at the date of acquisition (0.5090) £GBP to $AUD

The purchase consideration was a combination of cash for £1 million ($1.965 million) and shares issued ($2.137 million), being 7,500,000 fully paid ordinary shares @ $0.285 per share), based on Praemium's closing share price on 3 March 2015. Under the terms of the combination Praemium acquired 100% of the voting shares in Plum Software Limited.

	£GBP	$AUD
Consideration transferred settled in cash	1,000,000	1,964,614
Cash and cash equivalents acquired	(65,159)	(128,012)
Net cash outflow on acquisition	**934,841**	**1,836,602**
Acquisition costs charged as expenses	14,473	27,500
Net cash paid relating to acquisition	**949,314**	**1,864,102**

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

	Recognised on acquisition $	Carrying Value $
Cash and cash equivalents	128,012	128,012
Trade and other receivables	16,903	16,903
Other current assets	74,036	74,036
Plant, equipment and leasehold improvements	56,550	56,550
Customer contracts and technical databases	1,964,614	-
Total	**2,240,115**	**275,501**
Trade and other payables	(149,407)	(149,407)
Provisions	(27,045)	(27,045)
Deferred tax liabilities	(392,923)	-
Total	**(569,375)**	**(176,452)**
Fair value of identifiable net assets acquired	**1,670,740**	**99,049**

Direct costs relating to the acquisition were $27,500. These were all expensed through the statement of profit & loss or comprehensive income.

Key factors contributing to the $2.4 million of goodwill are the synergies existing within the acquired group, and the synergies expected to be achieved as a result of combining Plum Software with the rest of the Group. The goodwill that arose from this business combination is not expected to be deductible for tax purposes. Included in the business acquired were receivables with a gross contractual and fair value of $16,903 resulting from trade sales with customers. Management expects these amounts to be collected in full and converted to cash consistent with customer terms.

Plum Software Limited incurred a profit of $0.1 million for the period from acquisition to 30 June 2015 and revenues of $0.6 million. If the entity had been acquired on 1 July 2014 and on an extrapolated basis, revenue of the group would have been $1.9 million, and profit for the year would have increased by $0.35 million.

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 % 2015	Ownership Interest % 2014
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	100
Plum Software Limited	UK	100	-
Praemium International Limited	Jersey	100	100
Praemium RA LLC	Armenia	100	-
Praemium Asia 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	
	2015 $	2014 $
Short-term employee benefits	1,838,279	1,773,012
Post-employment benefits	138,459	123,359
Long-term benefits	(17,714)	9,421
Share-based payments	377,630	494,679
	2,336,654	**2,400,471**

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 32-64, 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 2015 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
26 August 2015

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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 2015, 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 AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner – Audit & Assurance

Melbourne, 26 August 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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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 and controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2015, and the consolidated statement of profit & loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising Praemium Limited 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 Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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.

In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 Group'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 2015 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report
We have audited the remuneration report included in pages 20 to 25 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner – Audit & Assurance

Melbourne, 26 August 2015

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	13 Aug 15	%IC
1	UBS NOMINEES PTY LTD	27,733,486	7.1%
2	NATIONAL NOMINEES LIMITED	18,836,037	4.8%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,270,109	3.7%
4	MR MICHAEL BERNARD OHANESSIAN	13,535,385	3.5%
5	BHL PENSION PTY LTD	12,000,000	3.1%
6	CAMERON RICHARD PTY LTD	11,994,356	3.1%
7	MR DONALD WILLIAM STAMMER	11,624,866	3.0%
8	CITICORP NOMINEES PTY LIMITED	10,544,760	2.7%
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	8,405,937	2.2%
10	RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L	8,321,668	2.1%
11	ORIENT GLOBAL HOLDINGS PTY LTD	8,148,281	2.1%
12	INVESTMENT HOLDINGS PTY LTD	5,617,145	1.4%
13	LINWIERIK SUPER PTY LTD	5,400,000	1.4%
14	MEROMA PTY LIMITED	5,353,304	1.4%
15	NELCAN PTY LTD	4,981,239	1.3%
16	COWEN SUPERANNUATION FUND PTY LTD	4,898,617	1.3%
17	RANGEWORTHY PTY LTD	4,700,000	1.2%
18	THE TRUST COMPANY (SUPERANNUATION) LIMITED	3,950,000	1.0%
19	KITGROVE PTY LTD	3,900,000	1.0%
20	EPR SUPERANNUATION FUND PTY LTD	3,073,233	0.8%
	TOTAL	**187,288,423**	**47.9%**
	Balance of Register	203,532,422	52.1%
	Grand TOTAL	**390,820,845**	**100.00%**

Substantial Holdings

As at the date of this report, there were no substantial holders in the Company with greater than 5%.

There are 390,820,845 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	350,700,097	89.7	338	16.7
10,001 to 100,000	35,901,186	9.2	918	45.3
5,001 to 10,000	3,023,429	0.8	359	17.7
1,001 to 5,000	1,172,212	0.3	335	16.5
1 to 1,000	23,921	0.0	76	3.8
Total	**390,820,845**	**100**	**2,026**	**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	7,705,000	85	19	22
10,001 to 100,000	1,167,500	13	21	25
5,001 to 10,000	110,000	1	11	13
1,001 to 5,000	138,750	1	34	40
1 to 1,000	-	-	-	-
Total	**9,121,250**	**100**	**85**	**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.
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