praemium

2016 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 predominantly 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, Yerevan and Dubai.

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

Wealth professionals are continually seeking to improve productivity to address lower margins driven by regulatory change and consumer demand. Praemium helps with this journey by providing leading-edge technology to automate many routine, time-consuming activities coupled with innovative scalable investment solutions and industry-leading reporting.

Chairman's Report

Dear Praemium Shareholder,

In my letter to you last year, I was pleased to be able to report that Praemium had achieved its maiden full-year profit in the financial year 2015. As shareholders are aware, our financial performance has improved substantially during 2016, as highlighted in the following summary:

	A$m	Change on FY15
Revenue & other income	30.2	+23%
Earnings before interest tax and depreciation (underlying EBITDA)	3.8	+72%
Cash balances	10.4	-9%
Staff levels	191	+7%
SMA FUA	**A$b**	**Change on FY15**
Australia	3.0	+26%
International	1.8	+24%
Total	**4.8**	**+25%**

Your Board is very pleased with every aspect of these results, and we firmly believe Praemium is extremely well placed to achieve continuing profitable growth in the years to come.

It is useful to drill down into these results in order to fully appreciate the strength of Praemium's position.

1. Our revenue base is multi-faceted. This year across all products, 71% of revenues were generated in Australia, with our international operations being responsible for 29%. The Company's traditional portfolio management and reporting software (V-Wrap) business generated 48% of global revenues, with SMA and other platform services generating 42%.

   Praemium is diversified both geographically and across products, substantially de-risking the business as it prepares for its next phase of growth.

2. The scale of the improvement in our UK business has been somewhat concealed by the depreciation of sterling in the run-up to the Brexit referendum in late June. Even though SMA balances increased an impressive 24% (to $1.8 billion) measured in Australian dollars, when measured in sterling FUA increased by 30% (to £923 million). We are confident that the growth of our international platform (with offices in the UK, Jersey and Dubai) is now well established and will drive that business segment to profitability in the near term.

3. We have used our strong financial performance in 2016 to aggressively re-invest in the business. The core of our business is our people, and we have improved both the depth and the quality of our team. Notwithstanding this needed growth, our cash balances remain a very healthy $10.4 million. Importantly, Praemium has no debt, providing us with considerable balance-sheet strength and great flexibility when we consider options for financing future growth.

Growth

We believe Praemium is particularly well positioned for future growth, whether organically or otherwise.

Praemium's traditional V-Wrap business continues to perform well, and our recent success in winning JBWere as a major new client is a clear demonstration that our continuing investment in this product has and will continue to pay dividends in terms of improving our service offering to existing customers and also creating new business potential.

After a long and slow gestation period, the SMA platform concept is rapidly becoming an important part of the Australian investment landscape, and Praemium's market leadership in SMA gives it an enviable position in this rapidly expanding segment. During 2016, Praemium had considerable success with sales and inflows across a broader base of clients. We still have a healthy pipeline of new business prospects, which we will bring onto the platform during the current year.

Internationally, both our SMA and Smart Invest Management (Smart^{im}) businesses are growing strongly. Smart^{im} now manages $471 million, an increase of 44% on the previous year. The Smartfund 80% Protected product – in partnership with with Morgan Stanley – reached $114 million at the end of FY2016. Importantly, this product, which is designed for investors who are looking for the returns of multi-asset risk-graded portfolios but want to minimise their risk exposure, performed in line with its specifications during the recent periods of high market volatility. We are confident that this product will become a permanent part of the UK managed funds market.

Praemium has a successful recent history of identifying and completing modest-sized bolt-on acquisitions to build out our capability. While it is never appropriate for a company to speculate on possible future acquisitions, we maintain a close watch on market opportunities that may be of relevance to our strategic objectives (and, as noted above, we have the balance sheet capacity to support any ambitions we may have in this area).

SMA

When Praemium took over the role as Responsible Entity for the Praemium Separately Managed Account, that service had funds of approximately $600 million on its SMA platform and was clearly the market leader at that time. In less than 4 years, our SMA fund balance has increased fivefold, and the SMA market has grown at an even faster rate.

Today, Praemium's SMA enables advisers to tailor client portfolios using model portfolios of leading professional fund managers as well as managed funds. It has grown from being a service based solely on direct equities to now include other exchange-traded assets including fixed interest instruments and ETFs.

The SMA concept is increasingly being embraced by the wealth advisory industry as an effective means of enabling advisers to create appropriately customised portfolios for their clients without generating the incremental costs traditionally associated with the provision of any bespoke solution. An important advantage of Praemium's SMA platform is that changes to underlying portfolio models are automatically implemented across all client portfolios without the need for client consent. The requirement to seek such consent, be it an explicit consent or a negative pledge, which is a feature of some other platforms, only acts to delay implementation of investment management changes and can hence have a deleterious effect on client outcomes, especially in volatile market conditions.

Praemium's SMA has two important additional advantages. First, when trades go to market, all buys and sells of an asset are aggregated and the trading costs are pro-rated across all investors participating in the trade. This has the potential to save considerable cost on trading charges. Second, on the Praemium platform models "float" with the market, eliminating the need for unnecessary rebalancing to bring client portfolios back into line with their selected models.

At Praemium, we are delighted to see the success of the SMA segment, as we firmly believe it is a service that is genuinely value-adding to both investors and their advisers. We expect to see dramatic growth in the segment over future years and also the emergence of new competitors. We are committed to doing all we can to maintain Praemium's market leadership in SMAs – both in Australia and internationally.

Brexit

On 23 June 2016, the United Kingdom voted in a referendum to leave the European Union. While there are any number of opinions as to what this decision might mean for the UK, Europe and the global economy, facts at the moment are few and far between. Whatever the outcome, it is almost certain that no actual change will occur for at least 2 – and possibly more – years.

While any increase in uncertainty is not good for markets in general, at this stage we have not seen any material impact from Brexit on Praemium's business in the UK and nor do we expect any.

Some analysts have expressed concerns that UK-based fund management businesses might be impacted by the Brexit decision if some of their European clients choose to switch to European managers once Brexit is a reality. It is impossible to know if this is a real risk or not but, even if it is, it is highly unlikely that it is a risk to which Praemium is exposed.

Praemium is a platform provider, not a fund manager. Our clients can and do change the portfolio models in which they are invested from time to time, but any such decisions do not impact Praemium. While our business always faces normal competitive risks, we do not see a scenario that exposes us to the same post-Brexit risks that some see as facing fund managers.

Praemium is demonstrably not the same company it was several years ago. It is profitable, cashflow positive and growing. It is a transformed business. It remains for me to, once again, compliment our staff and management both on an outstanding year and for creating real options for our future growth. We will certainly face challenges in the years to come, both from changing market structures, the expectations of our clients, and increasing competition. I believe we are well placed to meet these challenges and will continue to make the necessary investments and expend the necessary effort to do so.

I hope to see as many shareholders as possible at our Annual General Meeting later this year.

Bruce Loveday
Chairman

CEO's Report

> FY2016 has been a great year in terms of our financial performance, new sales and new product development.

Dear Praemium Shareholder,

We have had another great year – our best yet!

Revenue is up 23% to $30.2 million, and funds under administration (FUA) up 25% to $4.775 billion across all divisions.

We delivered an underlying EBITDA of $3.77 million, an increase of 72% over the prior year, demonstrating again the scalability of Praemium's business model. I should also point out that we continue to increase our investment in R&D every year and that we fully expense it as we go. We are therefore building our intellectual property while still delivering strong operating leverage.

Moreover, we have also delivered a net profit after tax of $0.8 million. This is a fantastic milestone and I am very proud of our team for its accomplishments.

Some key achievements:

- Praemium crowned International Platform of the Year at the International Adviser platform awards
- V-Wrap's portfolio administration chosen by JBWere
- Plum Software integration is complete with financial returns exceeding expectations
- Solid take-up in Australia of the new Investor Portal
- Launch of SMSF compliance and reporting system
- Praemium's SMA selected by two robo-advice platforms
- Launch of the exciting Smartfund 80% Protected fund range
- Appointed an experienced General Manager Australia and expanded our international sales team, including the opening of an office in Dubai.

Encouragingly, the industry continues to embrace SMA platform technology at an accelerating rate. According to Morgan Stanley's 2016 Asia Insight report; *Disruptors: Australia Financials*, SMAs are at a tipping point in Australia, with the expectation that they will grow at around 35% CAGR to reach A$60 billion by 2020, and could deliver up to 75% of industry net inflows. They credit key factors such as regulatory change prompting the need to replace revenue lost from the ban on rebates, future growth options for planners as customers demand transparency, and cost efficiencies built into the SMA framework.

Praemium has made SMA platform technology its core focus since 2005. Today, Praemium is the clear market leader in the Australia SMA market and is ideally placed as advisers make the shift from wrap platforms to SMA. This shift is accelerating, as we have witnessed in our own business as the relative contributions that new clients have made to asset inflows have grown year on year. For instance, new clients that signed up in FY2016 delivered 18% of total asset inflows onto the SMA platform in that year. This compares to 7% and 1% respectively for the FY2015 and FY2014 years.

The SMA platform has expanded considerably through FY2016, adding 38 new firms, 14 new white label services, 11 new model managers and 143 new model portfolios. Overall FUA for the Australia platform has grown 26% to 3.0 billion as at June 30, 2016.

We have also had a great year in the UK with FUA up 30% to £923 million and have achieved considerable margin improvement with strong growth of our in-house investment management service, Smart Investment Management (Smart[im]). The Smart[im] investment service in both model portfolios and managed funds grew 44% over the prior year to $471 million in FUA. We are also delighted with the launch of the new Smartfund 80% Protected range of managed funds, which reached over £60 million in FUA in its first year. The Smartfund 80% Protected range offers the potential growth returns of global multi-asset strategies with the benefit of 80% capital protection. These risk-graded funds are run by Smart[im] and the protection component is provided by Morgan Stanley. We expect this to be a highly attractive offering in the post-Brexit atmosphere of uncertainty, where investors are worried about protecting their assets but do not want to lose the potential upside of equity investments.

We increased the spend on IT development by 42% over last year and have delivered some important advances across our product range, including new features to our core reporting and rebalancing engines, which continue to demonstrate unrivalled capabilities. We have also continued to progress the refreshing of our user interfaces, such as the new mobile-friendly Investor Portal that seamlessly integrates across both our non-custodial V-Wrap service and our custodial SMA platform.

A particular focus for the group is the retirement market.

Praemium's retail superannuation solution, SuperSMA, has grown to $289 million in the two years since launch. We will continue to invest in this product and we expect it to be a major driver of growth. Likewise, the SMSF monitoring and compliance capabilities we have built into our market-leading portfolio reporting system are part of a longer term strategy to be a key player in this growing and important space.

In the UK, the retirement market has become more attractive to platform providers such as Praemium following pension reforms introduced in April 2015 that de-mandated the use of annuity investments. Since then, the £12 billion UK annuity market has halved in size as investors have chosen to exit annuities and seek other options for their pension savings, and indeed there has been a massive shift to pension plans such as Self-Invested Pension Plans (SIPPs) from which there is a wide range of investment options. Accordingly, we are planning to add a SIPP to our product range as part of our platform offering. We hope to be able to progress our UK pensions solution through late 2016. It is an exciting strategy that rounds out our UK platform proposition and will enhance our growth prospects by offering a complete solution to our clients. When coupled with our range of innovative investment products such as the 80% capital protected funds that are ideal for retirees, we expect considerable upside from our UK and international distribution channels.

FY2016 has been a great year in terms of our financial performance, new sales and new product development.

Our Australia business is operating at close to 50% EBITDA margins with a strong growth trajectory driven by a number of major client wins. The V-Wrap reporting platform secured a blue-chip client in JBWere late in the year and our SMA platform continues to win business from firms looking for a tried and true system with a market leading reporting capability.

Meanwhile, FY2016 saw a continuation of strong growth of our UK business particularly over the past two years. Revenue growth of 53% and 66% for FY2015 and FY2016 respectively compares favourably to expense growth of 16% and 20% (in GBP). As such, losses in the UK business are narrowing. We are very pleased by the progress we have made in improving this business and its financials, and appreciate your patience as we build a quality proposition that is on track to have a very positive impact on the company as a whole. It has been a long road but the upside potential is significant and we expect the inflexion to profitability to occur in the not-too-distant future. We are confident that you will be happy we stayed on course.

M. B. Oh

Michael Ohanessian
Chief Executive Officer

THE INTEGRATED SUITE

PORTFOLIO ADMINISTRATION SERVICES

V-Wrap's core is its powerful portfolio reconstruction engine with a vast database of historic corporate actions across all ASX-listed equities and over 2,000 international equities. This engine also enables V-Wrap to accurately and seamlessly update investor accounts with even the most complex of corporate actions, particularly stapled securities, and accurately handles post-corporate action events (such as an ATO ruling) that require backdating. This functionality and the ability to automatically maximise or minimise capital gains and perform "what-if" scenarios give clients confidence when preparing CGT and tax reports.

Praemium's V-Wrap system provides accountant-strength reporting capabilities across a wide range of reports and for any date or range of dates. Report packs can be customised and stylised to match a business's brand.

V-Wrap powers the administration of equities in portfolios for a number of important institutional clients in Australia, provides tax tools for ANZ Share Investing (formerly E*TRADE), and provides a CGT reporting tool for a major UK platform operator.

V-Wrap now also includes functionality to provide SMSF monitoring and processing to support the day-to-day activity for compliance and reporting requirements. V-Wrap, with SMSF inside, is a leading-edge solution for financial advisers.

vwrap

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.

wealthcraft
plumsoftware

Praemium's comprehensive and integrated suite gives advisers the flexibility to create their ideal business.

INVESTMENT PLATFORM

Built around V-Wrap's unique CGT reconstruction engine, Praemium's SMA is a modern investment platform solution providing a scalable proposition for wealth professionals.

The SMA platform is the next generation technology to the traditional "wrap" service provided by many platforms.

SMAs provide clients with professionally managed portfolios that are aligned to an investment strategy, or "model portfolio". Praemium's SMA allows a model manager to simultaneously implement investment changes across a number of client accounts, thus reducing administrative burden as well as ensuring that all investor accounts are automatically in line with the model manager's thinking.

Advisers can invest their clients in one or more model portfolios, and can further customise portfolios with stock substitutions and holding locks.

Praemium's SMA offsets buy and sell transactions and then aggregates the trades. The resulting low transaction costs have the potential to provide one of the lowest industry brokerage rates available.

The Praemium SMA is the market leader in the Australian SMA market and is available in both retail super (SuperSMA) and non-super. After more than 10 years of operation, it has earned a reputation for reliable, high-quality performance and its technology advantages remain unsurpassed.

præmiumsma

Why SMA is the future

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.

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.

VIEWABLE TRANSACTIONS

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

EASY TO SWITCH

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

VISIBLE HOLDINGS

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

BENEFICIAL OWNERSHIP

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

TAX EFFECTIVE

Investors have more control over the realisation of capital gains.

Important Milestones

↑ 23%
increase in revenue

↑ $1.6b
record annual inflows

72% INCREASE IN UNDERLYING EBITDA TO
$3.8 MILLION

STRONG AND GROWING
SMA INFLOWS

FUNDS ON PLATFORM REACHED
$4.78 BILLION

$471m
managed by in-house investment team, Smartim

Honours

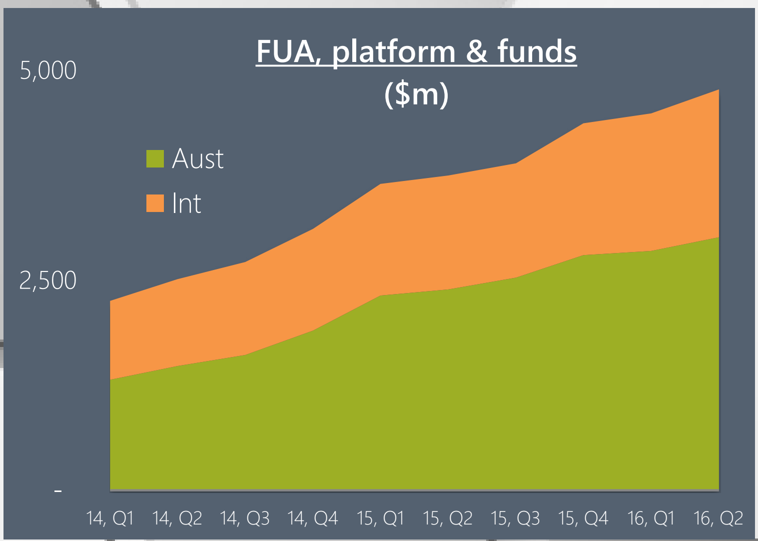
Named International Adviser's International Platform of the Year 2016

↑25%

increase in funds under administration

143

New model portfolios



Portfolio Administration (V-Wrap)

V-Wrap has been continuously enhanced this year, with both large and incremental enhancements that have significantly improved the user experience for our clients. These enhancements have added value across our product range, as V-Wrap reports are also integral to our SMA product.

Two significant enhancements have made V-Wrap a more compelling product to new and existing financial advice firms.

- ➔ We have improved performance reporting and added new asset allocation features. Advisers can now record and track their clients' investment strategies, benchmark asset class returns and automatically calculate a composite index return. We have also created a one page short report to help financial advisers easily demonstrate the value of the advice process.
- ➔ Underpinning all reports is accurate portfolio accounting, which has been made much simpler with the new transaction matching tool. This makes it much easier for the portfolio administrator to handle the complexities of movements in and out of a portfolio. Administrators have expressed genuine delight with this new tool.

These improvements have kept V-Wrap at the forefront of portfolio administration services. As evidence of our continued market relevance, JBWere selected V-Wrap to do their portfolio administration because of their confidence in the quality and accuracy of our tax reports, and because of our superior ability to handle stapled securities.

CRM

Praemium has progressed a major infrastructure program to build a data integration platform that will provide a scalable solution to ensure WealthCraft and Plum clients have reliable access to 3rd-party data. The system is now live and data-feed transitions are expected to progress through the 2017 financial year.

In Asia, the project to implement the WeathCraft solution into a major Hong Kong retail bank has progressed considerably and should see completion in the 2017 financial year.

Product development focused on many important new capabilities, including the delivery of insurance comparisons for the Australia market. Another important value add for WeathCraft clients was the integration of the company's innovative Investor Portal to WealthCraft.

Integration of Plum is complete after acquiring the business in early 2015. A survey of Plum clients in the UK resulted in a clear set of development priorities as well as useful feedback on service and support expectations. As a result of this survey, Praemium has increased client access to training materials as well as the opportunity to attend webinars on a regular basis.

Research & Development

Praemium has its own in-house development teams that are based in Melbourne, London, Coventry, Yerevan and Shenzhen. During FY2016 Praemium expanded its development resources substantially as part of its commitment to accelerating its development roadmap.

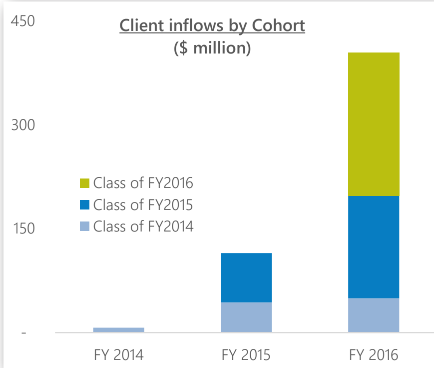
After its first year of operation, the Yerevan development centre has grown to almost 20 staff. We are very pleased with the quality of output and the productivity of the Yerevan team, who have been exposed to the entire Praemium product suite and are making an important contribution. The internship program conducted with the Yerevan Microsoft Innovation Centre (MIC) in 2015 was a great success as Praemium sought to build new capabilities and recruit newly trained personnel. Both objectives were achieved, including the creation of a new WealthCraft infrastructure tool that will provide scalability and visibility for client configurations and upgrades. As a result of this success, Praemium has now undertaken a second internship program this year with the Yerevan MIC.

Through the year, Praemium's new Investor Portal continued to evolve. It now has multi-currency reporting capability, live monitoring of super contributions and pensions, as well as tracking of deposits, withdrawals, income and expenses.

Praemium also progressed the development of a new adviser interface that delivers a more efficient account opening process. The company has also developed a digital signature technology which will be integrated into the new account opening portal.

SMA Platform

Praemium's SMA platform won another accolade, with International Adviser selecting Praemium as the International Platform of the Year. The award ceremony was held at London's Waldorf Hilton Hotel and attended by leading figures from across the financial services industry. The award was focused on firms that offer cross-border products and services for advisers with international and expatriate clients. Praemium's international platform offering was launched in 2012 and is headquartered in Jersey with operational support from London. According to International Adviser editor Mark Battersby, "As an international platform Praemium has demonstrated high levels of service across a broad product range alongside consistent analytical, technological and product innovation."



FY2016 saw considerable growth in the international platform based in London. FUA for the SMA platform and managed funds was up 30% to £923 million.

Praemium's Australia SMA, which has maintained its SMA market leadership position, also grew strongly through FY2016. Platform FUA was up 26% to $3.0 billion, driven by existing clients plus the addition of 14 new white-label services and 38 new firms. As an indicator of the increased momentum in the SMA market, these new firms contributed a total of 18% of total asset inflows for the financial year.

Smart Investment Management (Smart^im^)

Praemium's London-based in-house investment management team Smartim has had another strong year of growth. More importantly, it has had a fantastic year in terms of performance. A strong emphasis on diversification and a strong focus on risk enabled the Smartim team to navigate the portfolios through a period of volatility and deliver strong positive returns on both a risk-adjusted and a relative basis. According to the Smartim team, *"2016 was dominated by fears over Brexit; as we neared the referendum, markets realised there was a real possibility the UK would vote to leave the EU. As a result, markets sold off particularly in the UK, and sterling declined sharply. Over this period, we took the decision to take a substantial position in the US Dollar, which proved to be highly beneficial, contributing strongly to returns as sterling declined dramatically against the dollar after the referendum. In Europe, however, the uncertainty surrounding the implications of Brexit took its toll on the major bourses forcing German Bond yields further into negative territory."*

In summary, we took advantage of volatile market conditions by taking sensible, risk-adjusted positions which added solid value to the portfolios."

When compared to other UK multi-asset fund managers, the Smartim team was near the top of the rankings over FY2016. The following table compares the performance of Smartim model portfolios relative to that delivered by 332 multi-asset funds across similar asset mix categories. This outstanding performance includes the team's calls prior to the Brexit vote, which proved to be very insightful and effective. It is this effective stewardship of client wealth that is helping drive the Smartim proposition forward.

Performance of multi-asset strategies - 1 July 2015 to 30 June 2016

	Cautious	Balanced	Growth
Smartim model portfolios	7.4%	6.1%	7.2%
IA average multi-asset funds*	3.9%	2.2%	1.9%
Smartim ranking	top 6%	top 11%	top 9%

*IA: The Investment Association UK
Source: Lipper

The performance of the 80% capital protected Smartfunds was very encouraging since launch on 4 September 2015. From inception to 30 June 2016, the Smartfund 80% Protected Growth fund delivered a 6.3% return compared to a 0.8% loss for the comparable MSCI index (hedged in GBP).

The assets under management by Praemium's investment management team have increased 44% over the previous year, reaching $471 million as at 30 June 2016.

The year ahead

The new year has started strongly for the SMA platforms, both in Australia and internationally. Despite ongoing uncertainty as a consequence of the Brexit decision, inflows at the start of FY2017 have remained strong due to our global reach and expanded product range, a trend we expect to continue throughout the year.

A report by Morgan Stanley, *2016 Asia Insight Report: Disruptors* predicts the Australia SMA market will expand by 35% annually to reach $60 billion by 2020, at which time SMAs could capture up to 75% of industry net inflows. We believe that Praemium as the SMA leader with the best reporting and rebalancing capability is ideally placed, and, based on the pipeline of new business, we expect our SMA to accelerate. This is supported by recent client additions to the platform, including Bell Partners, Shaw Stockbroking and Burrell Stockbroking, each of whom we expect to be significant contributors to the platform in the coming year.

Praemium's in-house investment management solution, Smart Investment Management (Smart^im^), continues to see healthy growth and a solid pipeline of new business. We expect uptake to continue given the investment returns achieved over the last 18 months, where Smart^im^ has exceeded the performance of many of its better-known rivals. The Smartfund 80% Protected range is currently available for the UK domestic market and international markets in sterling, US dollars and euros. We hope to introduce an Australian dollar version for the Australian market in late 2016.

Praemium's investment in technology is planned to increase in FY2017 to advance a number of exciting programs, including:

- Advancement of Application Programming Interface (API) to enable key partners to work more closely with Praemium's SMA platform, including robo-advice platforms
- Development of an adviser dashboard with efficient account-opening processes such as digital signatures
- Creation of a global aggregation platform for 3rd-party data feeds to enhance the WealthCraft and Plum CRM systems
- Further development of advanced reporting capabilities for super and non-super portfolios
- Expanded capabilities for the market-leading SMA platform.

In terms of capital management, the sharp appreciation of AUD in June 2016 following the Brexit announcement resulted in unrealised foreign exchange losses of $1 million at reporting date, from GBP-held foreign currency reported at lower value in AUD. For the 2017 financial year, should the AUD remain at current levels, the impact will be to reduce UK operating losses reported in AUD.

The Company recorded positive operating cashflows of $1.0 million for the 12 months to 30 June 2016, and will continue to utilise its free cashflow to re-invest in product delivery and expand its sales footprint.

The Company will continue to receive research & development (R&D) incentives as cash for the UK operations. The last Australian R&D cash incentive was received in FY15. From FY2016 onwards, the Australian R&D incentive will be applied as a reduction to income tax payable.

In summary, we will continue to grow funds under administration, with accelerating inflows from existing and new SMA clients and growth of the portfolio administration business. We will continue to invest in product innovation and in expanding our distribution footprint globally. Praemium will continue to focus on its strategy of delivering a fully integrated and value-enhancing solution to financial advice businesses.

Key facts & figures

FINANCIAL METRICS

	FY2016 $000	FY2015 $000	CHANGE $000	CHANGE %
Revenue and other income^	30,219	24,575	5,644	23%
Expenses	26,448	22,388	4,060	18%
EBITDA (underlying)*	**3,771**	**2,187**	**1,584**	**72%**
Profit before Tax	1,563	1,544	19	1%
Tax (Expense)	784	3,636	(2,852)	(78%)
Net Profit/(Loss) after Tax	779	(2,092)	2,871	137%
Earnings per Share (cents)	0.2	(0.5)	0.7	140%
Cash	**10,426**	**11,477**	**(1,051)**	**(9%)**
Net Assets	16,240	15,764	476	3%
Operating Cashflow	**978**	**4,167**	**(3,189)**	**(77%)**

^Other income as outlined in Note 4 of the financial statements.
*Refer to EBITDA reconciliation at Note 20: Segments. EBITDA excludes restructure and acquisition costs of -$0.7 million (2015: -$0.1 million) and foreign exchange movements of currencies held on deposit of -$0.6 million (2015: -$0.1 million).

SERVICE METRICS

RESULTS SUMMARY	FY2016	FY2015	CHANGE	CHANGE %
Separately Managed Account (Australia)	A$3.01bn	A$2.39bn	A$0.62bn	26%
Separately Managed Account (International)	A$1.76bn	A$1.42bn	A$0.34bn	24%

International funds based on closing FX rate (£0.52)

Overview of 2016 financial position

RESULTS

The consolidated profit attributable to the members of the Group was $778,918, a 137% improvement from the prior year's result (FY15: $2,091,891 loss). This was from a 23% increase in revenue and other income, compared to a 18% increase in operating expenses to support growth, resulting in a 72% increase in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) to $3.8 million. The Company's net profit before tax was $1,562,538, 1% higher than the prior year, while the current year's tax expense of $783,620 was 78% lower than the prior financial year.

The Group's net asset position at 30 June 2016 was $16,240,025 with $10,425,973 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 REPORTING DATE EVENTS

Subsequent to reporting date, the Company has made a claim against a customer for additional expense and delay incurred arising from project scope expansion and rework. Due to uncertainty surrounding this claim, including the potential of arbitration to finalise a determination, it is difficult to quantify the impact on the Company at this time.

Other than noted, no matters or circumstances 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

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 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 2014. 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
Mr Michael Ohanessian was appointed as Chief Executive Officer in August 2011 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. He holds a BS and MBA from Melbourne University.

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 meetings attended by each of the Company's Directors were:

	Board of Directors 13 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	13	13	4	4	2	2
Mr Robert Edgley	13	13	6	6	2	2
Mr Peter Mahler	13	12	6	6	-	-
Mr Andre Carstens	13	13	6	6	-	-
Mr Michael Ohanessian	13	13	-	-	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 initially approved by shareholders on 11 November 2008 (the "Current Plan") An updated and amended Plan was approved at the Company's 2015 AGM. 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 $31,299 (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 with respect to the current year and the previous three financial years:

	2016	2015	2014	2013
EBIT* ($m)	**2.9**	1.7	(0.8)	(0.3)
NPAT^ ($m)	**0.8**	(2.1)	(3.5)	4.4
EPS (cents)	**0.2**	(0.5)	(0.9)	1.2

^ EBIT excludes one-off costs and unrealised FX movements.
FY2013 includes booking of deferred tax asset.

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

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

During the year the second and final tranche of securities were issued to a non-executive director who joined the Board in 2014. This issue is 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 16.

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 – Director, Business Improvements
- Anna Itsiopoulos – General Manager, Australia
- Andrew Varlamos – Commercial Director (Australia)
- William Brewis – Governance & Commercial Director (UK)

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 – 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 (EBITDA) targets set by the Board and Total Shareholder Return (TSR) measurement over the LTI cycle;
- Entitlements issued are based on individual annual performance;
- Entitlements vest over 3 years; and
- Entitlements expire upon cessation of employment.

Vesting hurdles are weighted 50% for group profitability targets and 50% for achievement of TSR targets. The test of group profitability is based on 3 year EBITDA target, as set by the Board at the start of the LTI cycle and measured on a cumulative basis over the LTI period. Achievement of entitlements is based on actual performance relative to target, with no entitlements achieved below 80% of target and up to 100% of entitlements achieved upon full achievement of target.

The test of Total Shareholder Return is performance of Praemium's share price relative to the change of the All Ordinaries Accumulation Index (AORD) over the LTI period. Achievement of entitlements is based on actual performance relative to target, with no entitlements achieved below 100% of target and up to 100% of entitlements achieved upon Praemium's share price performance being greater than 110% of AORD.

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 performance and then for individual performance, entitlements then vest over 3 years based on 15% in year one, 25% in year two and 60% in year three.

LTI MEASURES - PRIOR TO 2016

Prior to the 2016 financial year, the rules for LTI plans were consistent with above other than the following; vesting hurdles were based on group profitability targets only, the test of group financial performance was absolute and therefore 100% of entitlements were either achieved or not achieved and LTI offers vested over 3 years based on 30% in year one, 30% in year two and 40% in year three.

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 2016 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 Anna Itsiopoulos, General Manager Australia, Ms Chris Silcox, Director, Business Improvements, Mr William Brewis, Governance & Commercial Director (UK) 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.

VOTING AND COMMENTS MADE AT THE COMPANY'S LAST ANNUAL GENERAL MEETING

Praemium Limited received 99.4% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2015. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

DETAIL OF KEY MANAGEMENT PERSONNEL REMUNERATION

2016	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							
Bruce Loveday	70,000	-	-	-	-	70,000	0%
Robert Edgley	50,459	-	-	4,793	-	55,252	0%
Peter Mahler	45,662	-	-	4,338	-	50,000	0%
Andre Carstens	54,795	-	15,000	5,205	-	75,000	0%
Executive Directors							
Michael Ohanessian	397,500	132,000	32,748	35,000	8,542	605,790	27%
Key Management Personnel							
Paul Gutteridge	221,765	67,331	37,171	21,068	6,370	353,704	30%
Anna Itsiopoulos^	94,977	-	-	9,023	-	104,000	0%
William Brewis*	340,087	-	(37,070)	30,608	-	333,625	(11%)
Christine Silcox	124,904	-	8,950	11,866	(17,058)	128,661	7%
Andrew Varlamos	210,525	-	14,668	20,000	2,807	248,000	6%
2016 Total	**1,610,673**	**199,331**	**71,467**	**141,901**	**661**	**2,024,033**	**13%**

1. *Bonus by way of shares* relates to achievement of the CEO's short-term incentive, with FY16's annual result exceeding target by 16% with achievement based on 33% of base salary. Achievement of CFO's STI is based on 30% of base salary. These amounts have been accrued in FY16'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.

^Anna Itsiopoulos joined the company on 9 February 2016.

* Mr Brewis is an employee of Praemium's UK subsidiary. The exchange rate of 0.4951 was used for the purpose of this table.

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							
Bruce Loveday	70,000	-	-	-	-	70,000	0%
Robert Edgley	50,459	-	-	4,793	-	55,252	0%
Peter Mahler	45,662	-	-	4,338	-	50,000	0%
Andre Carstens	54,398	-	15,000	5,168	-	74,566	0%
Executive Directors							
Michael Ohanessian	390,000	200,000	13,306	35,000	3,492	641,798	33%
Key Management Personnel							
Paul Gutteridge	215,272	64,125	27,381	18,784	2,436	327,998	28%
Christine Silcox	207,994	-	17,000	19,759	(24,697)	220,056	8%
William Brewis*	288,966	-	17,696	28,579	-	335,241	5%
Andrew Varlamos	207,414	-	16,255	19,704	1,055	244,428	7%
2015 Total	**1,530,165**	**264,125**	**106,638**	**136,125**	**(17,714)**	**2,019,339**	**18%**

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 is an employee of Praemium's UK subsidiary. The exchange rate of 0.5263 was 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	$	$	$	$
Parent entity Directors							
Michael Ohanessian	15-Sep-15	30-Sep-18	666,667	186,667	-	(5,320)	181,347
Other key management personnel							
Paul Gutteridge	15-Sep-15	30-Sep-18	300,000	84,000	-	(2,394)	81,606
William Brewis	15-Sep-15	30-Sep-18	200,000	56,000	-	(1,596)	54,404
Andrew Varlamos	15-Sep-15	30-Sep-18	190,000	53,200	-	(46,736)	6,464
Chris Silcox	15-Sep-15	30-Sep-18	50,000	14,000	-	(399)	13,601

OTHER INFORMATION

(a) Performance rights holdings

2016	Allotted Date	Balance 1 July 2015	Granted as compensation	Vested/ exercised	Lapsed	Balance 30 June 2016
Parent entity Directors						
Michael Ohanessian	15-Sep-15	1,250,000	666,667	(625,000)	(644,000)	647,667
Andre Carstens	20-May-14	66,667	-	(45,455)	(21,212)	-
Other Key Management Personnel						
Paul Gutteridge	15-Sep-15	517,500	300,000	(287,500)	(8,550)	521,450
Christine Silcox	15-Sep-15	317,500	50,000	(227,500)	(1,425)	138,575
William Brewis	15-Sep-15	1,000,000	200,000	-	(305,700)	894,300
Andrew Varlamos	15-Sep-15	325,000	190,000	(195,000)	(181,425)	138,575
		3,476,667	**1,406,667**	**(1,380,455)**	**(1,162,312)**	**2,340,567**

(b) Shareholdings directly and indirectly beneficially held

2016	Balance 1 July 2015	Received as compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2016
Parent entity Directors					
Bruce Loveday	2,166,667	-	-	175,000	2,341,667
Robert Edgley	5,375,000	-	-	-	5,375,000
Peter Mahler	2,010,568	-	-	342,413	2,352,981
Andre Carstens	78,947	-	45,455	-	124,402
Michael Ohanessian	13,535,385	606,061	625,000	-	14,766,446
Other Key Management Personnel					
Paul Gutteridge	2,485,550	229,018	287,500	(620,500)	2,381,568
Christine Silcox	3,630,733	-	227,500	-	3,858,233
William Brewis	10,000	-	-	-	10,000
Andrew Varlamos	1,642,244	-	195,000	-	1,837,244
	30,935,093	**835,079**	**1,380,455**	**(103,087)**	**33,047,540**

ASX LISTED COMPANY

As at the date of this report, the Company's securities are not quoted on any stock exchange other than the 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 25-28 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 $151,660 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
15 August 2016

Praemium FY2016 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/who-we-are/investor-relations/corporate-governance or are otherwise available under the "Investor Relations" section (under "Who we are") 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 full-time equivalent basis on the Board 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 2016		30 June 2015	
	Female	Male	Female	Male
Board	0%	100%	0%	100%
Senior executive	38%	62%	25%	75%
Group	35%	65%	34%	66%

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)

For the 2016 financial year, the Board did 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).

For the 2017 financial year, the Company's Remuneration Committee Charter will be expanded to include the functions of a Nomination Committee.

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 16, 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 RELATIONS (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 page 18 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.

2016 Financial Report

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2016

	NOTE	2016 ($)	2015 ($)
Revenue	3	28,387,629	22,234,822
Other income	4	1,831,649	2,340,033
Employee costs		(19,938,998)	(16,912,058)
Legal, professional, advertising and insurance expense		(2,865,474)	(2,235,939)
IT support		(1,066,374)	(969,392)
Commissions expense		(166,702)	(79,571)
Travel expenses		(873,216)	(629,836)
Occupancy costs		(1,308,261)	(1,163,232)
Telecommunication costs		(293,973)	(241,509)
Other expenses	5	173,749	(140,476)
Restructure and acquisition costs		(725,219)	(25,000)
Depreciation, amortisation and impairments	5	(856,485)	(506,026)
Net foreign exchange gains / (losses)	5	(606,360)	(20,490)
Withholding tax not recoverable		(129,427)	(106,950)
Profit before income tax expense		**1,562,538**	**1,544,376**
Income tax expense	6	(783,620)	(3,636,267)
Profit/(Loss) for the year		**778,918**	**(2,091,891)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		(26,522)	(70,839)
Exchange differences on translation of foreign operations		(896,696)	1,082,396
Tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		**(923,218)**	**1,011,557**
Other comprehensive income/(loss) for the period, net of tax		**(923,218)**	**1,011,557**
Total comprehensive loss for the period		**(144,300)**	**(1,080,334)**
Loss for the year attributable to Owners of the parent		(144,300)	(1,080,334)
Total comprehensive loss attributable to Owners of the parent		**(144,300)**	**(1,080,334)**
Earnings per share			
Basic earnings/(loss) per share (cents per share)	24	0.2	(0.5)
Diluted earnings/(loss) per share (cents per share)	24	0.2	(0.5)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2016

	NOTE	2016 ($)	2015 ($)
Current assets			
Cash and cash equivalents	7	10,425,973	11,477,322
Trade and other receivables	8	5,339,209	3,063,209
Total current assets		**15,765,182**	**14,540,531**
Non-current assets			
Other Financial assets	9	1,783,975	1,308,876
Property, plant and equipment	10	903,533	860,376
Goodwill	11	2,880,411	3,157,996
Intangible Assets	12	1,426,347	2,084,617
Deferred Tax Assets	13	616,135	559,666
Total non-current assets		**7,610,401**	**7,971,531**
TOTAL ASSETS		**23,375,583**	**22,512,062**
Current liabilities			
Trade and other payables	14	3,809,161	3,303,130
Provisions	15	963,683	987,182
Income Tax Payable		2,022,202	1,999,784
Total current liabilities		**6,795,046**	**6,290,096**
Non-current liabilities			
Provisions	15	76,200	65,154
Deferred Tax Liability	13	264,312	392,923
Total non-current liabilities		**340,512**	**458,077**
TOTAL LIABILITIES		**7,135,558**	**6,748,173**
NET ASSETS		**16,240,025**	**15,763,889**
EQUITY			
Share capital	16	64,098,522	63,474,502
Reserves	17	537,098	1,463,903
Accumulated losses		(48,395,595)	(49,174,516)
TOTAL EQUITY		**16,240,025**	**15,763,889**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Period ended 30 June 2016

Period ended 30 June 2016

	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
Equity as at beginning of period	**63,474,502**	**(49,174,516)**	**682,592**	**744,407**	**36,904**	**15,763,889**
Profit attributable to members of the parent entity	-	778,918	-	-	-	778,918
Other comprehensive income /(loss)	-	-	(896,696)	-	(26,522)	(923,218)
Total comprehensive income/(loss) for the year	**-**	**778,918**	**(896,696)**	**-**	**(26,522)**	**(144,300)**
Transactions with owners in their capacity as owners						
Issue of shares	273,948	-	-	-	-	273,948
Performance rights expense	-	-	-	341,060	-	341,060
Exchange difference on Performance rights reserve	-	3	-	5,425	-	5,428
Transfer on exercise of Performance rights	350,072	-	-	(350,072)	-	-
Transfer on lapsing of Performance rights	-	-	-	-	-	-
	624,020	**3**	**-**	**(3,587)**	**-**	**620,436**
Equity as at 30 June 2016	**64,098,522**	**(48,395,595)**	**(214,104)**	**740,820**	**10,382**	**16,240,025**

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 Performance rights reserve	-	-	-	(11,545)	-	(11,545)
Transfer on exercise of Performance rights	256,516	-	-	(256,516)	-	-
Transfer on lapsing of Performance rights	-	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**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2016

	NOTE	2016 ($)	2015 ($)
Cash from operating activities:			
Receipts from customers		28,237,036	23,107,551
Payments to suppliers and employees		(27,400,098)	(20,694,204)
Interest received		75,299	92,225
Unit trust distributions received		34,105	2,939
Income tax and R&D incentive received		31,266	1,658,093
Net cash (used by)/provided from operating activities	22	**977,608**	**4,166,604**
Cash flows from investing activities:			
Payments for property, plant and equipment		(461,637)	(220,878)
Proceeds/(payment) from available-for-sale of financial assets		(506,741)	(79,802)
Acquisition of subsidiaries, net of cash		-	(1,864,102)
Net cash used in investing activities		**(968,378)**	**(2,164,782)**
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		9,230	2,139,954
Cash and cash equivalents at beginning of year		11,477,322	8,562,422
Effect of exchange rates on cash holdings in foreign currencies		(1,060,579)	774,946
Cash and cash equivalents at end of year	7	**10,425,973**	**11,477,322**

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 2016 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 reporting 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 Armenian subsidiary's functional currency is AMD which is translated to the presentation currency at the end of each reporting report.

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 $1,562,538 during the financial year ended 30 June 2016 (June 2015 $1,544,376) with accumulated losses amounting to $48,395,595 as at 30 June 2016. Cash reserves were $10,425,973 at 30 June 2016.

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 2016. 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 2016. 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 and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Based on the entity's preliminary assessment, there will be no material impact on the transactions and balances recognised in the financial statements when this standard is first adopted for the year ending 30 June 2019.

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 2019.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related interpretations, and:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(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 2015. 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 reporting 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 2016, financial liabilities have contractual maturities, which are summarised below:

	Current		Non-current	
2016	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade payables	369,008	-	-	-
Accrued expenses	1,923,574	-	-	-
Other payables	594,450	-	-	-
Total	**2,887,032**	**-**	**-**	**-**

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

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 (2015: +/-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.

	2016 $		2015 $	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Cash and cash equivalents	104,260	(104,260)	114,773	(114,773)
Net result	**104,260**	**(104,260)**	**114,773**	**(114,773)**

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 and Armenian dram (AMD) in its Armenian 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	2016 GBP	2015 GBP
Cash at bank and on term deposit	5,478,960	1,779

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 2016 (2015: 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 2016 and 2015.

If the Australian dollar had strengthened against the GBP sterling by 5% (2015: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2016 $	2015 $
Profit after tax	(260,903)	(85)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2015: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2016 $	2015 $
Profit after tax	288,366	94
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	2016 USD	2015 USD
Cash at bank and on term deposit	10,907	424,877

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 2016 (2015: 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 2016 and 2015.

If the Australian dollar had strengthened against the USD by 5 % (2015: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2016 $	2015 $
Profit after tax	(519)	(20,232)
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2015: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2016 $	2015 $
Profit after tax	574	22,362
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% (2015: 10%) this would have increased equity for both the company and Group by $13,425 (2015: $30,888). 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 2016 and 30 June 2015.

2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets:				
- Listed unit trusts	134,254	-	-	134,254
- Shares in unlisted entity	-	-	1,000,000	1,000,000
- Regulatory reserve	649,721	-	-	649,721
	783,975	**-**	**1,000,000**	**1,783,975**

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**

3. REVENUE

Revenue from	Consolidated 2016 $	2015 $
Sales of services	28,278,225	22,139,658
Interest income from other parties	75,299	92,225
Unit trust distributions	34,105	2,939
Total revenue	**28,387,629**	**22,234,822**

4. OTHER INCOME

	Consolidated 2016 $	2015 $
Rental Income	127,742	44,147
Commissions	100,194	251,019
Fund recoveries	149,724	-
R&D incentive received	1,262,599	1,881,881
Other	191,390	162,986
Total other income	**1,831,649**	**2,340,033**

5. EXPENSES

	Consolidated 2016 $	2015 $
Defined contribution superannuation expense	1,307,442	1,259,994
Net foreign exchange (gains)/losses	606,360	20,490
Depreciation of plant and equipment	383,709	315,308
Amortisation of intangible assets	472,776	190,718
Other expenses*	(173,749)	140,476
Rental expense relating to operating leases – minimum lease payments	844,729	802,119
Impairment losses – trade receivables	(4,946)	90,909

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

6. INCOME TAX EXPENSE

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

	Consolidated 2016 $	2015 $
Profit before tax	**1,562,538**	**1,544,376**
Prima facie tax expense on profit before income tax at 30% (2015: 30%)	468,761	463,313
Expenditure not allowable for income tax purposes	1,788,701	167,629
R&D incentive tax offsets	(3,424,867)	-
Tax Effect of:		
Difference in overseas tax rates	717,213	333,934
Current year tax losses not brought to account for overseas entities	1,231,437	2,678,801
Current year temporary differences not brought to account	2,374	(7,410)
Income Tax Expense	**783,620**	**3,636,267**

(b) Deferred tax assets not brought to account

	Consolidated 2016 $	Consolidated 2015 $
Unused tax losses for which no deferred tax asset has been recognised	31,861,673	35,501,971
Deductible temporary differences for which no deferred tax asset has been recognised	200,363	192,449
	32,062,036	**35,694,420**
Potential tax benefit @ 30%	**9,618,611**	**10,708,326**

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 2016 $	Consolidated 2015 $
Cash on hand	1,352	823
Bank balances	10,424,621	11,476,499
	10,425,973	**11,477,322**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 1.3% (2015: 2.4%), and deposits on call held in Australia and denominated in GBP, CNY, HKD, USD and AMD, which bears a weighted average effective interest rate of nil% (2015: nil%). Cash on term deposit matures on an annual basis. Cash on hand is non-interest bearing.

Reconciliation of Cash	Consolidated 2016 $	Consolidated 2015 $
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	10,425,973	11,477,322
	10,425,973	**11,477,322**

8. TRADE AND OTHER RECEIVABLES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade receivables	3,603,259	2,112,014
Allowance for impairment of receivables	(38,682)	(129,137)
	3,564,577	**1,982,877**
Prepayments	905,008	505,036
Deposits receivable	318,768	363,828
Other receivables	550,856	211,468
	1,774,632	**1,080,332**
	5,339,209	**3,063,209**

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

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

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

Impaired receivables

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of $38,682 (2015: $129,137) has been recorded accordingly. The impaired trade receivables are mostly due from Praemium Australia Limited. There are no other impaired trade receivables in any of the Group's subsidiaries.

The aging of these impaired receivables is:

	Consolidated	
	2016 $	2015 $
Not more than 3 months	9,284	115,943
More than 3 months but not more than 6 months	29,398	13,194
More than 6 months but not more than 1 year	-	-
More than one year	-	-
Total	**38,682**	**129,137**

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	
	2016 $	2015 $
Not more than 3 months	2,210,628	76,533
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	**2,210,628**	**115,149**

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

	Consolidated	
	2016 $	2015 $
At 1 July 2015	129,137	38,228
Provision for impairment recognised in the year	(4,946)	90,909
Receivables written off as uncollectible	(85,509)	-
Balance at 30 June 2016	**38,682**	**129,137**

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	
	2016 $	2015 $
Available-for-sale financial assets	1,783,975	1,308,876
	1,783,975	**1,308,876**

(a) Available-for-sale Financial Assets comprise

	Consolidated 2016 $	2015 $
Listed Investments		
Units in unit trust	134,254	308,876
Regulatory reserve	649,721	-
Unlisted Investments		
Shares in unlisted entity	1,000,000	1,000,000
Total available-for-sale financial assets	**1,783,975**	**1,308,876**

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2016 $	2015 $
Buildings & leasehold improvements at cost	207,042	206,243
Accumulated depreciation	(154,734)	(113,464)
Total buildings and improvement	**52,308**	**92,779**
Furniture, fixtures and fittings at cost	1,077,403	1,111,241
Accumulated depreciation	(846,525)	(812,257)
Total furniture and equipment	**230,878**	**298,984**
Computer equipment at cost	4,219,390	3,972,016
Accumulated depreciation	(3,599,043)	(3,503,403)
Total computer equipment	**620,347**	**468,613**
Total property, plant and equipment	**903,533**	**860,376**

30 June 2016	Furniture, Fixtures and Fittings $	Computer Equipment $	Buildings & Leasehold Improvements $	Total $
Balance at 1 July 2015	298,984	468,613	92,779	860,376
Additions	50,766	410,071	800	461,637
Acquired through business combination	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(100,118)	(242,319)	(41,272)	(383,709)
Exchange differences	(18,754)	(16,018)	1	(34,771)
Balance at 30 June 2016	**230,878**	**620,347**	**52,308**	**903,533**

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**

11. GOODWILL

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

	Consolidated	
	2016 $	2015 $
Gross carrying amount		
Balance at 1 July 2015	3,180,996	545,726
Acquisition through business combination	-	2,431,374
Net exchange differences	(277,585)	203,896
Balance at 30 June 2016	**2,903,411**	**3,180,996**
Accumulated Impairment		
Balance at 1 July 2015	(23,000)	(23,000)
Impairment loss recognised	-	-
Net exchange differences	-	-
Balance at 30 June 2016	**(23,000)**	**(23,000)**
Carrying amount 30 June 2016	**2,880,411**	**3,157,996**

(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.

	2016 $	2015 $
Praemium Asia Limited (formerly WealthCraft Systems Limited)	662,405	641,053
Plum Software Limited	2,218,006	2,516,943
Goodwill allocation at 30 June	**2,880,411**	**3,157,996**

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% (2015: 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 11.28% (2015: 12.46%) 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 2016	Customer Contracts $	Databases $	Total $
Gross carrying amount			
Balance at 1 July 2015	1,363,184	1,023,541	2,386,725
Acquisition through business combination			
Net exchange differences	(122,478)	(122,478)	(244,956)
Balance at 30 June 2016	**1,240,706**	**901,063**	**2,141,769**
Amortisation and Impairment			
Balance at 1 July 2015	(235,966)	(66,142)	(302,108)
Amortisation	(270,354)	(202,422)	(472,776)
Impairment losses	-	-	-
Net exchange differences	29,735	29,727	59,462
Balance at 30 June 2016	**(476,585)**	**(238,837)**	**(715,422)**
Carrying amount 30 June 2016	**764,121**	**662,226**	**1,426,347**

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**

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 (2015: 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) 2016	1 July 2015 $	Recognised in OCI* $	Recognised in business combination $	Recognised in profit and loss $	30 June 2016 $
Current assets					
Trade and other receivables	16,086	-	-	(4,481)	11,605
Non-current assets					
Intangible assets	(392,923)	-	-	128,611	(264,312)
Non-current liabilities					
Pension and other employee obligations	325,199	-	-	34,917	360,116
Current liabilities					
Provisions	127,671	-	-	46,094	173,765
Related parties	-	-	-		
Unused tax losses	90,710	-	-	(20,061)	70,649
Net Deferred Tax Assets/(Liabilities)	**166,743**	**-**	**-**	**185,080**	**351,823**
Deferred tax asset as represented on the Statement of Financial Position					616,135
Deferred tax liability as represented on the Statement of Financial Position					(264,312)
Total					**351,823**

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					
Property, plant and equipment	-	-	(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**

*(OCI): Other comprehensive income.

14. TRADE AND OTHER PAYABLES

	Consolidated 2016 $	2015 $
Unsecured liabilities		
Trade payables	369,008	450,466
Accrued expenses	1,923,574	1,531,256
Good and services tax	455,039	447,389
Other payables	594,450	495,947
Unearned income	467,090	378,072
	3,809,161	**3,303,130**

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

15. PROVISIONS

	Consolidated 2016 $	2015 $
Current		
Employee benefits	963,683	987,182
	963,683	**987,182**
Non-current		
Employee benefits	76,200	65,154
	76,200	**65,154**

16. ISSUED CAPITAL

	Consolidated 2016 $	2015 $
2016: 394,742,296 (2015: 390,820,845) fully paid ordinary shares	**64,098,522**	**63,474,502**

Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total $
30-Jun-2015	**Balance**	**390,820,845**		**63,474,502**
18-September-2015	Issue under employee share plan	1,481,250	0.111	163,826
18-September-2015	Issue under employee share plan	12,000	0.185	2,220
18-September-2015	Issue under employee STI bonus	229,018	0.280	64,125
21-October-2015	Issue under employee share plan	625,000	0.100	62,500
21-October-2015	Issue under employee STI bonus	606,061	0.330	200,000
21-October-2015	Issue under employee share plan	45,455	0.330	15,000
02-December-2015	Issue under employee share plan	127,500	0.149	19,050
16-December-2015	Issue under employee share plan	338,667	0.161	54,573
01-March-2016	Share issue costs			(5,177)
01-March-2016	Issue under employee share plan	411,500	0.100	41,228
02-June-2016	Issue under employee share plan	45,000	0.148	6,675
30-June-2016	**Balance**	**394,742,296**		**64,098,522**

(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	
	2016 $	2015 $
Share capital	64,098,522	63,474,502
Available-for-sale financial assets revaluation reserve	10,382	36,904
Foreign currency translation reserve	(214,104)	682,592
Option reserve	740,820	744,407
Accumulated losses	(48,395,595)	(49,174,516)
Total equity	**16,240,025**	**15,763,889**

(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	
	2016 $	2015 $
Reserves		
Available-for-sale financial assets revaluation reserve	10,382	36,904
Foreign currency translation reserve	(214,104)	682,592
Option reserve	740,820	744,407
Total	**537,098**	**1,463,903**

(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

	2016 $	2015 $
Remuneration of the auditor of the consolidated entity for:		
Grant Thorton		
- Audit and review of financial reports	85,400	83,100
Non-Grant Thornton firm		
- Audit and review of financial reports	164,176	189,711
Audit services remuneration	**249,576**	**272,811**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	69,427	98,780
- Taxation services	25,800	61,751
- Other services	9,912	10,450
Overseas non-Grant Thornton firm		
- Taxation services	27,599	546
Total other services remuneration	**$132,738**	**171,527**
Total Auditors' remuneration	**382,314**	**444,338**

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	**2016 $**	**2015 $**
Not later than 12 months	1,150,427	965,815
Between 12 months and 5 years	2,462,873	2,167,632
Total	**3,613,300**	**3,133,447**

Operating lease commitments relate to rental commitments for office premises in Melbourne, London, Coventry, Jersey, Shenzhen, Yerevan, Hong Kong and Dubai expiring within one 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 2016 is as follows:

2016	Australia	United Kingdom	Asia	Total
Total segment revenue	20,189,048	7,526,371	562,806	28,278,225
Inter-segment revenue	-	-	-	-
Revenue from external customers	**20,189,048**	**7,526,371**	**562,806**	**28,278,225**
EBITDA (loss)	**8,932,712**	**(3,403,280)**	**(1,758,807)**	**3,770,625**
Interest	75,192	50	57	75,299
Interest intercompany and margin	1,294,268	(1,203,835)	(90,433)	-
Depreciation and amortisation	(267,931)	(554,964)	(33,590)	(856,485)
Unrealised FX	(642,109)	(129)	35,878	(606,360)
Unit trust income	1,580	32,525	-	34,105
Restructure and acquisition costs	(339,779)	(258,844)	(126,596)	(725,219)
Withholding tax not recoverable	(129,427)	-	-	(129,427)
Net Profit/(Loss) Before Tax	**8,924,506**	**(5,388,477)**	**(1,973,491)**	**1,562,538**
Segment assets	13,990,093	8,185,221	1,200,269	23,375,583
Segment liabilities	(4,953,424)	(2,169,413)	(12,721)	(7,135,558)
Employee benefits expense	8,715,415	9,284,641	1,938,942	19,938,998
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	317,913	138,127	5,597	461,637

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)	**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

(c) Reconciliations

(i) Revenue

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

	Consolidated	
	2016 $	2015 $
Segment revenue	28,278,225	22,139,658
Interest income from other parties	75,299	92,225
Unit trust distributions	34,105	2,939
Total revenue	**28,387,629**	**22,234,822**

(ii) EBITDA

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

	Consolidated	
	2016 $	2015 $
EBITDA	3,770,625	2,187,050
Depreciation and amortisation	(856,485)	(506,026)
Interest revenue	75,299	92,225
Unrealised FX	(606,360)	(20,490)
Unit trust income	34,105	2,939
Restructure and acquisition costs	(725,219)	(104,372)
Withholding tax	(129,427)	(106,950)
Net profit/(loss) before tax	**1,562,538**	**1,544,376**

(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	
	2016 $	2015 $
Segment assets	23,375,583	22,512,062
Total assets as per the statement of financial position	**23,375,583**	**22,512,062**

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 $517,418 (2015: $510,538) and the total of these non-current assets located in other countries is $4,796,007 (2015: 5,199,529). 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	
	2016 $	2015 $
Segment liabilities	7,135,558	6,748,173
Total liabilities as per the statement of financial position	**7,135,558**	**6,748,173**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $20,189,048 (2015: $17,250,740) and the total revenue from external customers in other countries is $8,089,177 (2015: $4,888,918). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $3,695,166 (2015: $3,110,010) are derived from a single external customer. These revenues are attributable to the Australian segment.

21. EVENTS AFTER THE REPORTING DATE

(a) Subsequent to yearend, the Company has made a claim against a customer for additional billing for expenses and delay incurred arising from project scope expansion and rework. Due to uncertainty surrounding this claim, including the potential of arbitration to finalise a determination, it is difficult to quantify the impact on the Company at this time.

Other than noted, no matters or circumstances 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.

(b) The financial report was authorised for issue on 15 August 2016 by the Board of Directors.

22. CASH FLOW INFORMATION

	Consolidated	
	2016 $	2015 $
Net income/(loss) for the period	**778,918**	**(2,091,891)**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	856,485	506,026
Performance rights and bonus expense	341,059	368,312
Bad debt expense/ (recovery)	(77,480)	90,909
Shares issued as employee bonus	15,000	15,000
Unrealised foreign exchange loss	607,235	14,941
Witholding tax receivable	129,427	106,950
Revaluation	984	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(2,409,759)	993,033
Increase/(decrease) in trade payables and accruals	718,722	160,523
Increase/(decrease) in employee provisions	4375	171,555
Decrease in deferred tax asset / payable	(94,891)	3,643,896
Increase/(decrease) in deferred income	107,533	187,350
Net cash (used by)/provided from operating activities	**977,608**	**4,166,604**

23. SHARE-BASED PAYMENTS

(a) 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 EBITDA target (as agreed by the Board) is achieved, 3) the Company's total shareholder return (TSR) measure is achieved (for 2016 plans) and 4) the employee must successfully deliver upon certain measurable key performance indicators.

2016

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
22 Dec 10	27 Apr 11	400,000	-	(216,667)	-	183,333	183,333
	Milestone	266,666	-	-	(266,666)	-	-
	Milestone	266,667	-	-	(266,667)	-	-
		933,333	**-**	**(216,667)**	**(533,333)**	**183,333**	**183,333**
9 Sep 11	30 Sep 15	1,250,000	-	(625,000)	(625,000)	-	-
		1,250,000	**-**	**(625,000)**	**(625,000)**	**-**	**-**
6 Sep 12	30 Sep 13	210,000	-	(60,000)	-	150,000	150,000
	30 Sep 14	150,000	-	(60,000)	-	90,000	90,000
	30 Sep 15	880,000	-	(760,000)	-	120,000	120,000
		1,240,000	**-**	**(880,000)**	**-**	**360,000**	**360,000**
11 Sep 13	30 Sep 14	600,000	-	(90,000)	-	510,000	510,000
	30 Sep 15	1,342,500	-	(727,500)	(45,000)	570,000	510,000
	30 Sep 16	1,790,000	-	-	(170,000)	1,620,000	-
		3,732,500	**-**	**(817,500)**	**(215,000)**	**2,700,000**	**1,020,000**
20 May 14	30 Nov 15	66,667	-	(45,455)	(21,212)	-	-
		66,667	**-**	**(45,455)**	**(21,212)**	**-**	**-**
12 Nov 14	30 Sep 15	766,125	-	(501,750)	(18,375)	246,000	227,250
	30 Sep 16	766,125	-	-	(128,625)	637,500	-
	30 Sep 17	1,021,500	-	-	(211,500)	810,000	-
		2,553,750	**-**	**(501,750)**	**(358,500)**	**1,693,500**	**227,250**
15 Sep 15	30 Sep 16	-	641,275	-	(174,391)	466,884	-
	30 Sep 17	-	1,068,792	-	(155,625)	913,167	-
	30 Sep 18	-	2,565,100	-	(373,500)	2,191,600	-
		-	**4,275,167**	**-**	**(703,516)**	**3,571,651**	**-**
		9,776,250	**4,275,167**	**(3,086,372)**	**(2,456,561)**	**8,508,484**	**1,790,583**

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**

(b) 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 – 2016	835,079	264,125	0.32
Consolidated – 2015	1,054,659	198,750	0.19

(c) 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 2016 $	Consolidated 2015 $
Shares issued as employee bonus	199,331	264,122
Performance rights	341,059	368,313
	540,390	**632,435**

24. EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss:

	Consolidated 2016 $	2015 $
Profit/(loss) attributable to the parent entity	778,918	(2,091,891)
Earnings used to calculate basic EPS	778,918	(2,091,891)
Earnings used in calculation of diluted EPS	778,918	(2,091,891)

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

	Consolidated 2016 $	2015 $
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	393,451,526	384,168,185
Number used in calculating diluted EPS	395,242,109	385,528,185

2016: 6,717,901 (2015: 8,416,250) 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 2016 and 2015.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Praemium Limited, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2016 $	2015 $
Current assets	2,844,539	5,784,906
Non-current assets	11,434,435	11,241,434
Total assets	**14,278,974**	**17,026,340**
Current liabilities	3,232,904	2,887,108
Non-current liabilities	59,683	354,981
Total liabilities	**3,292,587**	**3,242,089**
Contributed equity	64,098,522	63,474,502
Accumulated losses	(53,856,547)	(50,432,713)
Option reserve	740,820	744,407
Available-for-sale financial assets revaluation reserve	3,592	(1,945)
Total equity	**10,986,387**	**13,784,251**
Profit /(loss) for the year	(3,423,834)	(1,235,692)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(3,423,834)**	**(1,235,692)**

26. 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 % 2016	Ownership Interest % 2015
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	100
Praemium Trustees Limited	UK	100	-
Praemium International Limited	Jersey	100	100
Praemium RA LLC	Armenia	100	100
Praemium Asia Limited	Hong Kong	100	100

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

27. 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	
	2016 $	2015 $
Short-term employee benefits	1,610,673	1,838,279
Post-employment benefits	141,901	138,459
Long-term benefits	661	(17,714)
Share-based payments	270,798	377,630
	2,024,033	**2,336,654**

Directors’ Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 30-60, 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 2016 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
15 August 2016

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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 2016, 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, 15 August 2016

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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 2016, 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 2016 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 18 to 23 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Praemium Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner – Audit & Assurance

Melbourne, 15 August 2016

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	2 Aug 16	%IC
1	NATIONAL NOMINEES LIMITED	32,432,989	8.2%
2	CITICORP NOMINEES PTY LIMITED	25,364,326	6.4%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,144,285	6.4%
4	MR MICHAEL BERNARD OHANESSIAN	13,941,905	3.5%
5	JAGEN PTY LTD	12,000,000	3.0%
6	MR DONALD WILLIAM STAMMER	11,624,866	2.9%
7	UBS NOMINEES PTY LTD	8,517,322	2.2%
8	BNP PARIBAS NOMS PTY LTD	7,927,171	2.0%
9	MIRRABOOKA INVESTMENTS LIMITED	7,000,000	1.8%
10	ANN DEMPSTER	5,625,000	1.4%
11	MEROMA PTY LIMITED	5,353,304	1.4%
12	SUPERTCO PTY LTD	5,000,000	1.3%
13	COWEN SUPERANNUATION FUND PTY LTD	4,898,617	1.2%
14	RANGEWORTHY PTY LTD	4,700,000	1.2%
15	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,218,180	1.1%
16	ORIENT GLOBAL HOLDINGS PTY LTD	3,625,000	0.9%
17	THE TRUST COMPANY (SUPERANNUATION) LIMITED	3,278,497	0.8%
18	EPR SUPERANNUATION FUND PTY LTD	3,274,333	0.8%
19	HOLDREY PTY LTD	2,600,000	0.7%
20	NELCAN PTY LTD	2,517,419	0.6%
	TOTAL	**189,043,214**	**47.9%**
	Balance of Register	205,699,082	52.1%
	Grand TOTAL	**394,742,296**	**100.0%**

Substantial Holdings

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

There are 394,742,296 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	337,661,786	85.5	338	12.0
10,001 to 100,000	51,112,950	13.0	1,398	49.8
5,001 to 10,000	4,368,463	1.1	524	18.7
1,001 to 5,000	1,576,456	0.4	461	16.4
1 to 1,000	22,641	0.0	88	3.1
Total	**394,742,296**	**100**	**2,809**	**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	7,154,490	85.3	18	22.8
10,001 to 100,000	1,079,726	12.9	36	45.5
5,001 to 10,000	128,536	1.5	16	20.3
1,001 to 5,000	28,115	0.3	8	10.1
1 to 1,000	750	0.0	1	1.3
Total	**8,391,616**	**100.0**	**79**	**100.0**

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
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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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Auditor
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