præmium

ANNUAL REPORT
2018

CONTENTS

OUR BUSINESS

The leader in Managed Accounts

Praemium Limited is a leading provider of managed accounts technology, portfolio administration 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 475,000 investor accounts covering over $110 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.

700+
CORPORATE FIRMS SUPPORTED

475,000
INVESTOR ACCOUNTS

$110B
IN FUNDS MANAGED GLOBALLY

CHAIRMAN'S REPORT

I am pleased to be writing to you again, after a year in which your Company enjoyed stability and significant organic growth, whilst industry factors provided strong tailwinds which will enhance our growth in the years ahead.

Barry Lewin
Chairman

Last year I reported that the new Board's unrelenting focus would be on the following key objectives:

- Continued growth in shareholder value;
- Preserving the cost-conscious culture inherent in the business;
- Retaining an absolute focus on executing the international growth strategies; and
- Ensuring that Praemium retains its status as an industry leader through its market-leading products and outstanding people.

I'm very pleased to advise that your Company has met, and continues to meet, these key objectives.

Under Michael Ohanessian's disciplined and focused leadership, together with an executive team supplemented by a number of newly appointed industry-leading professionals, the past year has seen outstanding growth in shareholder value.

Financial Results	$m	Change on FY17
Revenue & other income	43.2	+22%
Earnings before interest, tax and depreciation (underlying EBITDA)	8.8	+40%
Cash balances	12.1	+35%
Separately Managed Accounts (SMA) Funds Under Administration (FUA)	$b	
Australia	5.6	+45%
International	2.7	+20%
Total	**8.3**	**+35%**

Some of the many key achievements during the year which supported this outcome included record platform inflows in both Australian and international markets, new and expanded offers with a number of institutional clients, expanded product features, significant investment in organic growth in product, sales distribution and marketing, and major technology expansion initiatives. Michael will comment in more detail on these achievements but suffice it to say it's been an extremely busy year.

> "Significant industry change is creating an enormous opportunity for Praemium to build on its advantage as the leading Managed Account provider."

Board introductions
At the Board level, I was very pleased to welcome Claire Willette as a non-executive director in August 2017, and Michael's return to the Board as Managing Director in May 2018. Claire is a senior management executive with 20 years' experience in the United States Department of Defence, the Australian Defence Department and the private sector. She brings a wealth of risk management experience both in Australia, and internationally, to our Board.

Industry and Company growth opportunity
At a broader industry level, the Financial Services Royal Commission has delivered strong tailwinds for the platform market in which we operate. The reputational damage to the big players and the pressure on the government to act may lead to the winding back of the vertical model (where firms offer both product and advice), and in fact three of the big banks are planning to divest their wealth businesses. We also expect an acceleration of the current trend of inflows being diverted away from the big 4 domestic banks and major integrated players (who together account for $688bn, or 85%, of the market) to independent providers. The four main non-aligned platforms (including Praemium) have 4% of overall platform FUA but are currently capturing around 40% of net inflows.

Additionally, and very importantly for Praemium, according to Morgan Stanley research Managed Account inflows are expected to account for approximately 75% of net inflows across the broader platform market over the next 4 years. SMAs are growing at a rapid pace (c. 35% CAGR to 2020), as they capture a large percentage of annual industry net inflows, creating an enormous opportunity for Praemium to build on its advantage as the leading Managed Account provider. Your Company's leading market position was validated during the year by Morgan Stanley announcing it will extend its existing relationship to include Praemium's SMA offering.

Conclusion
Praemium is a profitable, high-growth, cashflow-positive business built on a sound platform. As a Board, we see our role as being to support Praemium's disciplined, experienced and focused management team and the sound strategies underpinning the business. We are especially buoyed by the exciting growth opportunities ahead of your Company.

My fellow Directors and I wish to express our sincere appreciation to all shareholders, and we are confident you will continue to benefit from your investment in the Company in the years ahead.

On behalf of the Board, I extend sincere thanks to our dedicated staff and management around the world for delivering another outstanding financial result.

The Directors and I look forward to meeting as many shareholders as possible at our Annual General Meeting later this year.

Barry Lewin
Chairman

CEO'S REPORT

FY2018 has been an exciting year for Praemium. We are continuing to invest in all areas of the Company, with a particular focus on our managed accounts solution. Our historic strategic focus on managed accounts (both SMA and IMA) is proving prescient as the market fully embraces this technology.

Michael Ohanessian
CEO

We expect opportunities to continue to expand, particularly with the advent of the Royal Commission as firms seek to reduce risk and move away from providing both advice and product. We are proud to be Australia's leader in managed accounts. The managed account segment of the platform market is now growing very quickly and our depth of experience and expertise in this area places us at the forefront of this transformation.

I welcome two important people that are already contributing to the success of the Company. I want to extend a warm welcome to new Director Claire Willette, whose strength in risk management and governance is bringing valuable depth to the Board. I also welcome Mat Walker to the Senior Management Team as Head of Product and Marketing. His experience and wisdom have already contributed greatly to the strategic development of the Company.

This year has seen us add new clients and strengthen existing relationships. Perth-based financial planning and investment manager Merchant Group became our first client for our new administration service, and we expect to add more in the coming months. We are very pleased to have deepened our partnership with one of our oldest and best clients, Morgan Stanley. They have been long-standing users of our portfolio administration and reporting software, and in June they added the Praemium SMA to their product offering. Additionally, JBWere extended their contract with Praemium for an additional two years, and we signed a 5-year contract with CMC Markets to use our tax tools; both of these agreements validating the strength of our reporting engine and our ability to deliver accurate and timely tax reports.

“The managed account segment of the platform market is growing very quickly and our depth of experience and expertise in this area places us at the forefront of this transformation.”

Some key financial highlights

This year's numbers pay testament to the strategic choices we have made over the past few years and to the quality of the teams we have globally. Revenue is up 22% to $43.2 million, and funds under administration (FUA) up 35% to $8.3 billion across all divisions. We delivered an underlying EBITDA of $8.8 million, an increase of 40% over the prior year. I am pleased to say that our track record of strong year-on-year growth has continued uninterrupted for the past 7 years.

» FUA surpassed $8 billion

» Asset inflows increased 50% to $3.0 billion

» Revenue up 22% to $43.2 million

» Underlying EBITDA up 40% to $8.8 million.

Our strategic accomplishments

We have been progressing well in all areas of the business. To name just a few:

» SMA, Separately Managed Account: Launched International models for the Australia platform and a full SMSF portfolio service for SMA clients. Also significantly expanded the investment menu over the year.

» VMA, Virtual Managed Account: Signed our first administration client where we offer a full service covering mail house, reconciliations, corporate elections and reporting.

» SMSF: Added a cost-effective option to lodge year end returns for SMSFs that have adopted the above administration service.

» Smart Investment Management: Submitted and received registration in the UAE for our innovative range of Protected Smartfunds.

» CRM and financial planning tools: Added digital client fact find and risk profiling capabilities to WealthCraft.

» SIPP, Self-Invested Personal Pension: Integrated the SIPP solution into the platform account opening process.

We have also built some very exciting functionality such as digital acceptance for new SMA accounts. We believe this has significantly reduced the time and effort required to on-board new clients. Praemium's innovative retail superannuation solution, SuperSMA, continues to grow strongly. It is up 42% to $936 million and now comprises 17% of total platform FUA, due in no small part to its unrivalled menu of over 300 model portfolios.

A major focus for the international platform were the advents of MiFID II and GDPR regulations. These were both huge undertakings and I am immensely proud of the way the team pulled together to get us ready. The work we did on these two initiatives further strengthens our position as a fully compliant, efficient and sophisticated platform for key international markets.

We are also excited about our investment management team, Smart^im, securing regulatory authority to operate within the Dubai International Financial Centre (DIFC) free-trade zone, regulated by the Dubai Financial Services Authority (DFSA). Furthermore, we are delighted to have Mashreq Bank as our local promoter of the innovative Smartfunds as they are one of UAE's leading financial institutions with a presence in UAE, Egypt, Qatar, Kuwait and Bahrain.

Summary

Praemium continues to outperform expectations thanks to the strength of our client relationships and the dedication of our outstanding teams around the globe. I want to say a special thanks to Barry Lewin and the Board, whose support and input have created real alignment between the Board and management team. Praemium as a company is in good stead, and we look forward to presenting continued strong results in the coming years.

Michael Ohanessian
CEO and Managing Director

THE INTEGRATED SUITE

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

Portfolio Administration & Reporting

Praemium Portfolio (formerly V-Wrap) has at its core a 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 Praemium Portfolio 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 Portfolio 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.

Praemium Portfolio powers the administration of equities in portfolios for a number of important institutional clients in Australia, provides tax tools for CMC Markets and provides a CGT reporting tool for a major UK platform operator.

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

Financial Planning & CRM

Serving our international market, WealthCraft supports the entire advice process in a single web-based system, giving financial professionals the efficiency and scalability to develop and expand their wealth management business, improve client service levels and remain compliant. Built on cloud-based Microsoft Dynamics CRM and Office 365, its key modules include CRM, fact find, financial planning administration, commissions management, investment research, and portfolio management with automated valuation updates using secure data feeds from a broad range of third-party data providers.

In the UK, Plum Software is an established software 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 and Plum Software 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 and meet regulatory compliance requirements.

Investment Platform

Built around Praemium Portfolio'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.

Praemium's SMA offsets buy and sell transactions and then aggregates the trades. The resulting low transaction costs are highly competitive compared to industry brokerage rates.

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 reliability, scalability and high performance.

Internationally, our core proprietary SMA technology enables financial advisers to select investment models provided by third-party investment managers or by Praemium's in-house investment management solution, Smart Investment Management (Smart^{im}). Praemium's dynamic modelling capability ensures all client portfolios are automatically rebalanced to remain in sync with the investment strategy.

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

$3.0B
RECORD ANNUAL GROSS INFLOWS

$794M
MANAGED BY SMART™

145
NEW MODEL PORTFOLIOS

22% ↑
INCREASE IN REVENUE

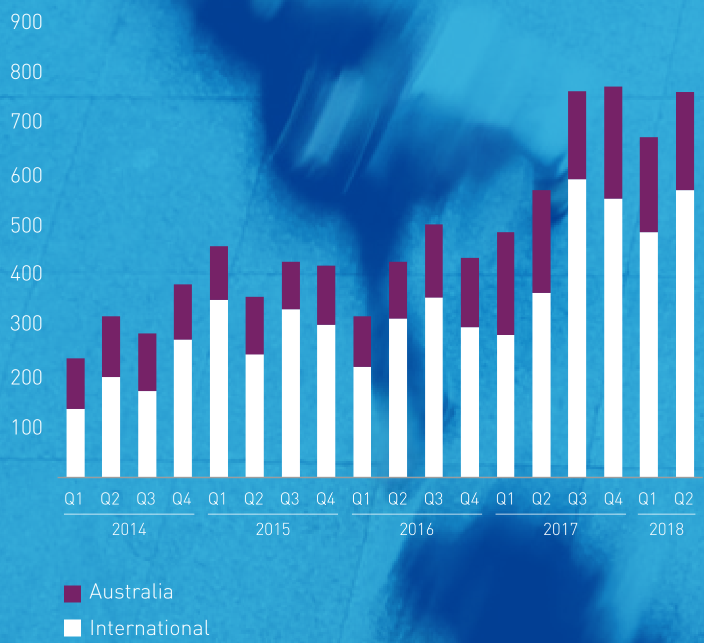
35% ↑
INCREASE IN FUNDS UNDER ADMINISTRATION

40% ↑
INCREASE IN UNDERLYING EBITDA

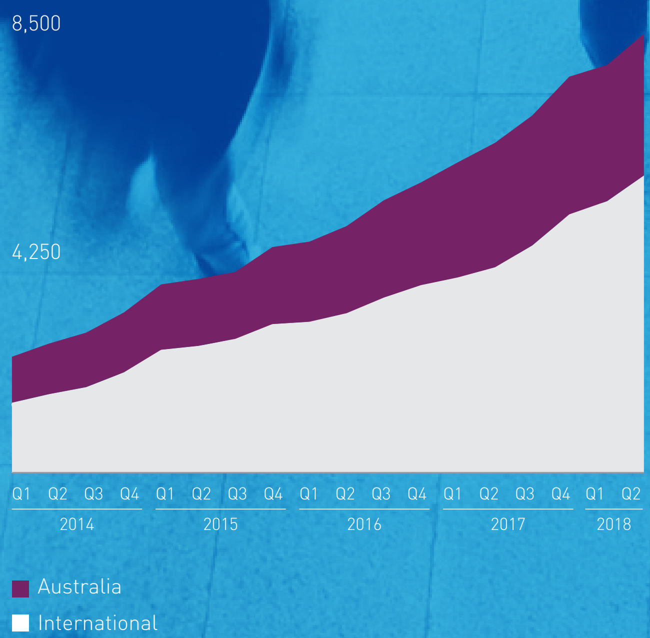
FUNDS ON PLATFORM REACHED

$8.3 BILLION

Gross Inflows ($m)



FUA, platform & funds ($m)



DIRECTORS' REPORT

Review of operations

Portfolio Administration

A major focus for Praemium Portfolio (formerly V-Wrap) this year has been on enhancing our performance benchmarking and asset allocation tools. Praemium has always included a wide range of market indices against which clients can measure a portfolio's performance; however, many advisers are opting for an "absolute return" or "goals-based" approach. This means they are seeking to provide a fixed performance benchmark (for example, a flat 7% increase in value over 12 months or outperformance of the cash rate by 3%). Another key request from our clients has been to provide a more complex benchmarking option where they can construct a composite index based on target weightings and specific benchmarks for a range of asset classes.

Major enhancements to performance benchmarking and asset allocation include:

- Asset allocation strategies that can be defined based on client investment risk profiles.
- Define benchmarks for asset classes within a portfolio's asset allocation strategy.
- Additional benchmarking options, including access to more indices, cash and inflation-rate indices, absolute return benchmarks, custom indices and composite indices, where returns are calculated automatically based on benchmarks and their weightings defined as part of the portfolio's asset-class strategy.
- New asset-class performance report that provides an overall view of asset class and benchmark returns over multiple periods.

Other major enhancements include:

- New Upload Centre options, including the ability to upload corporate event elections, Attribution Managed Investment Trust cost parcels, and cash transactions based on bank account details.
- Report publisher improvements, including automated email notifications to investors when reports are published to the Investor Portal, and creating report publisher events based on existing portfolio lists and report layouts.
- New login process to improve security and provide access for advisers to Praemium's global apps.
- Enabling clients to reset cost bases to provide CGT relief in line with recent pension reform legislation.
- New portfolio labelling features which allow users to categorise and find portfolios more easily.

CRM and Financial Planning

In FY2018, financial advisers in the European and Middle East markets focused on preparing their businesses to adapt to new regulatory changes, similar to the Retail Distribution Review in the UK and Future of Financial Advice in Australia. Markets in Financial Instruments Directive (MiFID) II and General Data Protection Regulation (GDPR) requirements are compelling many more advice businesses to adopt a secure software solution to fulfil their compliance requirements. These regulatory changes and WealthCraft's data-feed integration with third-party providers has translated into a healthy pipeline for the coming year, and the launch of the online fact find and the development of new reports have gained particular traction in the Middle East. Praemium has been actively building our implementation and transition teams to maximise these opportunities.

In the UK, Plum Software consolidated its work on client engagement, training, and targeted enhancements. They also made good progress on a major upgrade to the existing software which expands their suite of sophisticated financial planning tools, including electronic fact find and digital account opening. This is due for beta release at the end of the first quarter in FY 2019.

SMA Platform

Praemium's SMA platform has again set records this year across both the Australian and International platforms. The Australian SMA grew strongly through the year, with record inflows of $2.2 billion, driving FUA up 45% to $5.6 billion. We continue to attract new model managers, adding 23 new managers and a further 88 model portfolios, for a total of 72 managers and 336 managed models. We have also added 43 new ETFs for a total of 156, 95 unlisted managed funds for a total of 191, and 7 new XTBs for a total of 52.

Our retail superannuation solution, SuperSMA, is up 42% to $936 million, now comprising 17% of total platform FUA. SuperSMA now offers over 300 model portfolios. The international SMA also had record inflows this year of £434 million, taking international FUA to £1.5 billion, a 13% improvement over last year.

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Investment Management

Praemium's London-based in-house investment management team Smartim has had another strong year of performance and FUM growth, and its Australian-based portfolios achieved an investment-grade rating by Lonsec in our initial ratings.

The team's emphasis on diversification and risk helped navigate the portfolios through a period of volatility and deliver strong positive returns on both risk-adjusted and relative basis.

According to the Smartim team, "The year to 30th June 2018 was a year of two halves. In 2017, the global economy experienced a relatively steady, synchronized expansion, lower-for-longer low interest rates, with low inflation and low risk of recession. This supported strong asset performance, though what was surprising was the low volatility of those returns. In addition, the weakening dollar was a tailwind which allowed emerging markets to recover.

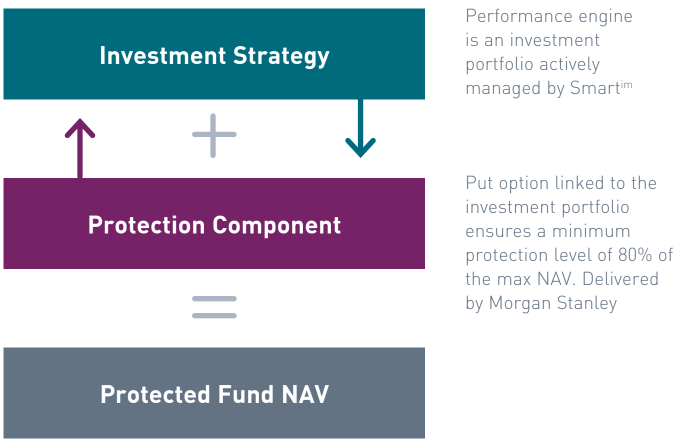
2018, however, has been a year of surprises for many investors. The S&P 500 has posted some of its biggest daily gains and losses in years, but also sank into its first 10% correction in about two years.

Markets have been beset with volatility, although this is largely due to heightened political risk. The US administration's approach to global trade, North Korea and Iran remain uncertain. In Europe, Italy's new populist government added to market concerns and in addition, differences in Europe over EU immigration policy is undermining Angela Merkel's political authority and threatening unity within European Union. This risk-off sentiment contributed to a significant rise in the value of the US dollar which is a risk for emerging markets, many of which have a serious proportion of their debt in US dollars.

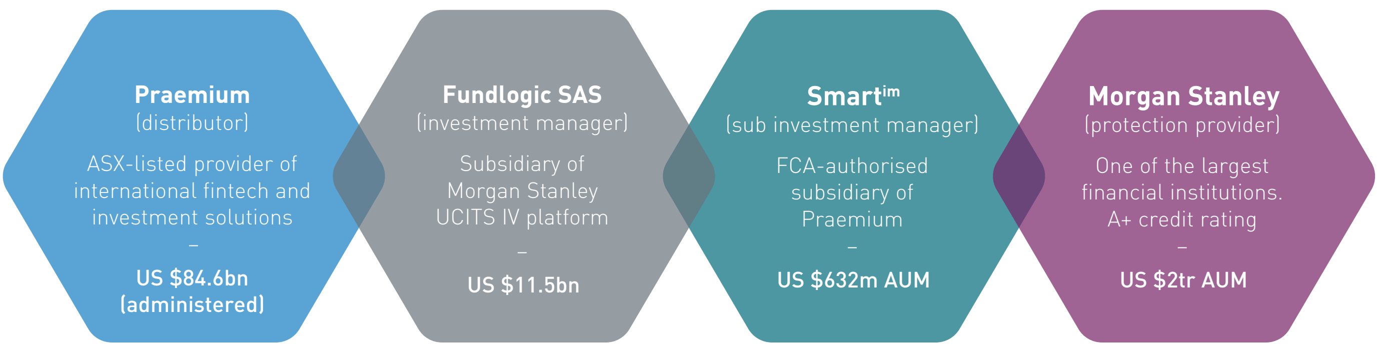
Despite this noise the macro data is still relatively supportive. US unemployment numbers are stronger than expected at below 4%: to put this into context, they were nearer 4.5% before the last recession in 2007. Corporate earnings are growing and have been boosted by a favourable US tax regime. Inflation is not yet a meaningful problem: however, you only need a deterioration at the margin of these variables to call time on a bull market. This is especially true when equity valuations are at historically high levels.

Global equities are still delivering respectable returns and in many cases have hit new highs. Investors continue to shrug off worries about political uncertainty and flashpoints such as North Korea have dissipated. Investors have focused on fundamentals like company earnings and employment numbers which have been strong globally. Over the period, we have adopted a largely neutral asset allocation policy but have remained underweight UK equities as uncertainty over Brexit negotiations continue. We remained broadly neutral within equities as a whole but maintained our underweight to fixed income and overweight to cash."

In summary, Smartim navigated through a period of extreme uncertainty by taking sensible, risk-adjusted positions which added solid value to the portfolios.



Who is involved in the Fund



THE YEAR AHEAD

As previously foreshadowed, we remain very committed to the pension and superannuation sectors for both Australian and British investors.

Having acquired a UK SIPP (Self-Invested Personal Pension) in FY2017, we are intent on further investments in this area to scale up our proposition in the UK market. We remain equally committed to pension portability, especially for UK ex-pats moving to Australia. In 2015, Australian platforms were deemed to be no longer compliant as qualifying UK pension scheme operators. This has left a substantial segment of the market without a satisfactory solution, especially for UK ex-pats who have chosen Australia as their retirement destination. Praemium, with its expertise in retirement solutions in both Australia and the UK, is well placed to find viable and compelling solutions for this market gap. We hope to be able to progress some exciting initiatives in the coming year.

Praemium is also taking a global approach to client service and engagement. In FY2019 we will invest in a number of initiatives to provide more comprehensive adviser support and a better service experience. We will also make further investments in our field team covering business development and training and support. We started to put an increased focus on brand awareness in FY2018 to help our clients better understand our journey and how our developments can help their practices achieve higher efficiencies and improved client engagement. We will further invest in our brand and client communications in the FY2019 year.

Praemium's platform will continue to evolve over the coming year. We continue to have the leading Managed Account platform, specifically SMA (Separately Managed Account) and IMA (Individual Managed Account). In FY2019 we plan to further evolve our Managed Accounts platform into a Unified Managed Account (UMA), which will enable us to serve a much wider part of the addressable platform market. Built upon the strengths of our superior reporting capabilities and our best-in-class SMA rebalancing engine, Praemium's UMA will enable advisers to have their model portfolios sit with direct assets within one single account with no separate cash account or sub-accounts. Model portfolios managed by external fund managers will co-exist with direct shares, managed funds, ETFs, etc. Once the UMA is launched, we expect our addressable market to increase from around 5% of the platform market to over 90% and enable more clients to select Praemium as their primary platform.

The competitive landscape for the Australia platform market is changing to favour independent, nimble and technically advanced players like Praemium, and we will invest in capitalising on this change over the next few years. Equally, the UK platform market has seen disruption due to consolidation of underlying platform technology, which has increased the currency of platforms like Praemium that have control over their technology. Furthermore, although the UK is well advanced in creating model portfolio solutions for its clients, it lags behind in Managed Accounts technology for effective execution. For this reason, Praemium has great potential in the UK and we will look to increase our distribution efforts for the year ahead.

KEY FACTS & FIGURES

Financial Metrics

	FY2018	FY2017	Change	Change
	$000	$000	$000	%
Revenue and other income^	43,182	35,398	7,784	22%
Expenses	34,340	29,061	5,279	18%
EBITDA (underlying)*	8,842	6,337	2,505	40%
Profit before tax	4,903	2,219	2,684	121%
Tax expense	3,488	1,531	1,957	128%
Net profit after tax	1,415	688	727	106%
Earnings per share (cents)	0.4	0.2	0.2	104%
Cash	12,121	8,983	3,138	35%
Net Assets	20,280	17,093	3,187	19%
Operating cashflow	5,412	1,538	3,874	252%

^Other income as outlined in Note 4 of the financial statements

*Underlying EBITDA excludes restructure, arbitration and acquisition costs of -$1.8 million (2017: -$2.1 million), share based payments of -$1.1 million (2017: -$0.6 million) and foreign exchange movements of currencies held on deposit of $0.0 million (2017: -$0.5 million), as detailed in Note 20 of the attached annual report.

Service Metrics

RESULTS SUMMARY	FY2018	FY2017	CHANGE	CHANGE
Separately Managed Account (Australia)	A$5.61bn	A$3.87bn	A$1.74bn	45%
Separately Managed Account (International)	A$2.68bn	A$2.24bn	A$0.44bn	20%

International funds based on closing FX rate 0.5634 (2017:0.595)

Overview of 2018 financial position

Results

The consolidated profit attributable to the members of the Group was $1,414,541. This was from a 22% increase in revenue and other income, compared to a 18% increase in operating expenses, resulting in a 40% increase in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) to $8.8 million. The Company's net profit before tax was $4,902,617, 121% higher than the prior year, while the current year's tax expense of $3,488,076 was 128% higher than the prior financial year.

The Group's net asset position at 30 June 2018 was $20,279,943 with $12,120,879 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

Directors have not become aware of any other matter or circumstance not otherwise dealt with in the financial statements that since 30 June 2018 has significantly affected or may significantly affect the operations of the Company or the consolidated entity, the results of those operations or the state of affairs in subsequent financial years.

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

Barry Lewin — Non-executive Chairman

Barry Lewin was appointed as a non-executive chairman on 12 May 2017. Barry has significant experience advising public and private companies in transaction structuring, debt and equity issues, mergers, acquisitions, business sales and public floats. Prior to establishing SLM Corporate Pty Ltd in 1999, Barry spent twelve years as in-house counsel to leading Australian public companies, including diversified international resource company North Limited, managing their legal and commercial Australian and international interests.

Barry has previous experience as Director of ASX-listed companies Senetas Corporation Limited (1999-2001) and Clean TeQ Holdings Limited (2007-2011), where he also served as Chairman of the Audit Committee. He is currently a Director of a number of private companies. He has degrees in Commerce and Law and holds an MBA from Swinburne University, Melbourne.

Stuart Robertson — Non-executive director

Stuart Robertson was appointed as a non-executive director on 12 May 2017. Stuart has broad experience in business advisory, investment banking, wrap platforms, alternative investments and funds management. He held senior roles at BT Funds Management, KBC Investments Limited and Zurich Financial Services in Australia, London and New York.

Stuart is a non-executive director of Ellerston Global Investments Limited (since June 2014), Ellerston Asian Investments Limited (since July 2015) and Money3 Corporation Limited (since January 2016).

Stuart chairs the Group's Audit, Risk & Compliance Committee and is a member of the Group's Remuneration Committee. Stuart is a Chartered Accountant, Fellow of FINSIA, Member of the Australian Institute of Company Directors and holds an MBA from the MGSM.

Daniel Lipshut — Non-executive director

Daniel Lipshut was appointed as a non-executive director on 12 May 2017. Daniel has over 25 years' experience as a company director, including more than 15 years as CEO of both large listed and small private corporations.

Daniel spent 5 years as a Director of listed services company BSA Limited (2002-2007), including 3 years as joint Managing Director. Daniel is currently co-owner and Managing Director of Intercorp Pty Ltd, which provides international trade, advice and representation to large multinational companies. Daniel is also the Managing Director of Israel Aerospace Systems Limited, and a Director of Sunnyvale Ventures Australia and Positively Buoyant Consulting.

Daniel chairs the Group's Remuneration Committee and is also a member of the Audit, Risk & Compliance Committee. Daniel is a graduate of the AICD and Defence Industry Study Course (DISC), and holds an MBA from the University of Technology Sydney.

Claire Willette - Non-executive director

Claire Willette was appointed as a non-executive director on 28 August 2017. Her career has spanned national security, emerging technologies and critical infrastructure sectors, with a focus on developing governance frameworks, planning, risk management and performance/program management. Claire brings a wealth of experience as a senior executive in the United States Department of Defense, the Australian Department of Defence and in the private sector. Claire has managed a wide variety of projects both in scale and complexity, including whole-of-government initiatives and national projects.

Claire is an Associate of, and sat on the Board of Directors for, the Australian Risk Policy Institute and is a Senior Expert Advisor to the International Standards Committee in the areas of Risk, Resilience and Business Continuity.

Claire is a member of the Group's Audit, Risk & Compliance Committee. She has a BA from George Mason University (US) and a Masters of International Relations from Cambridge University (UK).

Michael Ohanessian — CEO/Managing Director

Michael Ohanessian was appointed as Chief Executive Officer in August 2011, and re-appointed as Managing Director in May 2018. Michael'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, Michael 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.

Michael is a member of the Group's Remuneration Committee. He holds a BS and MBA from Melbourne University.

Paul Gutteridge — CFO/Company Secretary

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

DISCLOSURES RELATING TO DIRECTORS & 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 11 Meetings		Audit, Risk & Compliance Commitee 6 Meetings		Remuneration Committee 2 Meetings	
	Eligible To Attend	Attended	Eligible To Attend	Attended	Eligible To Attend	Attended
Barry Lewin	11	11	2	2	1	1
Stuart Robertson	11	11	6	6	2	2
Daniel Lipshut	11	11	6	2	2	2
Claire Willette	9	9	5	4	-	-
Michael Ohanessian	2	2	-	-	1	1

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 2017 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 $41,860 (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:

» Barry Lewin
» Stuart Robertson
» Daniel Lipshut
» Claire Willette (appointed 28 August 2017)
» Michael Ohanessian (re-appointed 14 May 2018)

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 Daniel Lipshut. The current members of the committee are non- executive director Stuart Robertson and executive director 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 Charter, which is reviewed annually, is available from the Company's website. The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's Charter.

The Company's remuneration framework 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 framework 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.

An external remuneration consultant was used during the financial year for bench-marking of non-executive and senior executive roles.

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:

	2018	2017	2016	2015
EBITDA^ ($m)	8.8	6.3	4.1	2.6
NPAT($m)	1.4	0.8	0.8	(2.1)
EPS (cents)	0.4	0.2	0.2	(0.5)

^ EBITDA excludes one-off costs, unrealised FX movements and share based payments.

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.

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 2016 AGM the members approved the aggregate remuneration for Directors as $450,000.

No securities were issued to non-executive directors during the financial year. 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 - Chief Financial Officer & Company Secretary
- Anna Itsiopoulos - General Manager, Australia
- Adam Pointon - Chief Technology Officer
- Christine Silcox - Director, Business Improvements.

The remuneration of Key Management Personnel 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 applicable to a number of senior Executives. Achievement of this annual STI is directly linked to the performance of the Group against the Board's budgets and key business drivers. Unless Board-set budgets are achieved, no bonus payment will be made. Over-achievement of key business drivers may 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 all staff to achieve LTI entitlements (currently the issue of performance rights) are such that:

- Entitlements issued are based on achieving specified company targets and individual annual performance;
- Entitlements vest over 3 years; and
- Entitlements expire upon cessation of employment.

Vesting hurdles are based on Group profitability (EBITDA) targets set by the Board and Total Shareholder Return (TSR) measurement over the LTI cycle. For key Executives, vesting hurdles are weighted 50% for Group profitability targets and 50% for achievement of TSR targets. For Praemium staff, vesting hurdles are weighted 100% for Group profitability 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 performance of a comparable peer group of companies (Peer Group) over the LTI period, as approved by the Board. Achievement of entitlements is based on actual performance relative to the Peer Group, with no entitlements achieved below 80% of the Peer Group's TSR and up to 100% of entitlements achieved upon full achievement of the Peer Group's TSR.

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 2018

Prior to the 2018 financial year, the rules for LTI plans were consistent with the above other than the following: vesting hurdles for all staff were based on Group profitability targets and Total Shareholder Return (TSR) measurement. The test of TSR was 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.

Executive remuneration policies and contracts

All Group Executives are employed under employment contracts. Those contracts do not have a fixed term and are terminable on between one and three 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 2018 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:

Michael Ohanessian, CEO and Managing Director, 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 month's total employment package (TEP).

Paul Gutteridge, Chief Financial Officer & Company Secretary, Anna Itsiopoulos, General Manager Australia, Chris Silcox, Director, Business Improvements, and Adam Pointon, Chief Technology Officer 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 97.2% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2017. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Detail of key management personnel remuneration

2018	Short-term employee benefits	Share based payments		Post-Employment Benefits	Other Long-Term Benefits		
	Salary fees & commissions	Bonus by way of shares[1]	Performance rights[2]	Superannuation	Long service Leave	Total	Performance Related %
Parent entity directors							
Barry Lewin	109,589	-	-	10,411	-	120,000	0%
Stuart Robertson	80,000	-	-	-	-	80,000	0%
Daniel Lipshut	63,927	-	-	6,073	-	70,000	0%
Claire Willette*	46,505	-	-	4,417	-	50,922	0%
Michael Ohanessian	443,333	130,000	34,058	25,000	17,769	650,160	25%
Key management personnel							
Paul Gutteridge	273,378	152,711	132,726	25,971	8,878	593,664	48%
Anna Itsiopoulos	255,705	147,942	77,630	24,292	1,906	507,475	44%
Adam Pointon	231,869	135,693	125,573	22,028	733	515,896	51%
Christine Silcox	174,016	-	80,385	16,532	1,739	272,672	29%
2018 total	**1,678,322**	**566,346**	**450,372**	**134,724**	**31,025**	**2,860,789**	**36%**

1.Bonus by way of shares relates to:

a) achievement of FY2018 STI for key executives, with annual results exceeding target by 10%. Achievement of STI is calculated as 30% of base salary, with amounts accrued into FY2018's financial results, but not yet issued/paid at the date of this report; and

b) achievement of the FY2017 STI for key executives, as approved by the Board in September 2017.

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.

* Claire Willette joined the Board on 28 August 2017.

DETAIL OF KEY MANAGEMENT PERSONNEL REMUNERATION

2017	Short-term employee benefits	Share-based payments	Termination[2]	Post-employment benefits	Other long-term benefits		
	Salary fees & commissions	Performance Rights[1]		Super-annuation	Long service leave	Total	Performance related %
Parent entity directors							
Barry Lewin*	15,034	-	-	1,428	-	16,462	0%
Stuart Robertson*	10,968	-	-	-	-	10,968	0%
Daniel Lipshut*	8,770	-	-	833	-	9,603	0%
Michael Ohanessian	329,429	(10,068)	335,484	35,000	16,343	706,188	0%
Key management personnel							
Paul Gutteridge	232,854	56,156	-	22,121	11,520	322,651	17%
Anna Itsiopoulos	235,912	15,861	-	22,412	828	275,013	6%
Adam Pointon	203,626	52,509	-	19,344	5,186	280,665	19%
Christine Silcox	165,081	23,461	-	15,683	1,479	205,704	11%
2017 total	**1,201,674**	**137,919**	**335,484**	**116,821**	**35,356**	**1,827,254**	**8%**

1.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.
2.Termination comprises payments for notice in lieu and employee entitlements (annual leave where applicable) following the CEO's departure on 21 February 2017.
All STI and LTI's were also reversed at this date. Michael Ohanessian was re-appointed at the Company's general meeting on 12 May 2017.
*Barry Lewin, Stuart Robertson and Daniel Lipshut joined the Board on 12 May 2017.

BONUSES INCLUDED IN REMUNERATION

	Percentage vested in year	Percentage forfeited in year
Parent entity directors		
Michael Ohanessian	43%	57%
Key management personnel		
Paul Gutteridge	43%	57%
Anna Itsiopoulos	43%	57%
Adam Pointon	43%	57%

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.

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:

	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	20-Sep-17	30-Sep-20	476,744	193,081	-	-	193,081
Key management personnel							
Paul Gutteridge	20-Sep-17	30-Sep-20	419,572	169,927	-	-	169,927
Anna Itsiopoulos	20-Sep-17	30-Sep-20	321,251	130,107	-	-	130,107
Adam Pointon	20-Sep-17	30-Sep-20	405,442	164,204	-	-	164,204
Christine Silcox	20-Sep-17	30-Sep-20	249,184	100,920	-	-	100,920

OTHER INFORMATION

A) Performance rights holdings

	Alloted Date	Balance 1 July 2017	Granted as compensation	Vested/ Exercised	Forfeited/ lapsed during the year	Balance 30 June 2018
Parent entity directors						
Michael Ohanessian	20-Sep-17	-	476,744	-	-	476,744
Key management personnel						
Paul Gutteridge	20-Sep-17	565,831	419,572	(185,373)	-	800,030
Anna Itsiopoulos	20-Sep-17	246,191	321,251	(34,116)	-	533,326
Adam Pointon	20-Sep-17	519,882	405,442	(175,834)	-	749,490
Christine Silcox	20-Sep-17	308,397	249,184	(49,078)	-	508,503
		1,640,301	**1,872,193**	**(444,401)**	**-**	**3,068,093**

B) Shareholdings directly and indirectly beneficially held

2018	Balance 1 July 2017	Received as Compensation[1]	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2018
Parent entity directors					
Barry Lewin	115,000	-	-	100,000	215,000
Stuart Robertson	-	-	-	220,000	220,000
Michael Ohanessian	15,119,786	-	-	-	15,119,786
Key management personnel					
Paul Gutteridge	2,145,207	63,123	185,373	(300,000)	2,093,703
Anna Itsiopoulos	-	63,598	34,116	(43,722)	53,992
Adam Pointon	542,458	59,066	175,834	-	777,358
Christine Silcox	3,954,308	-	49,078	-	4,003,386
	21,876,759	**185,787**	**444,401**	**(23,722)**	**22,483,225**

1 Relates to FY2017 STI, with remuneration recognised in the 2018 year.

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 26-30 of this document.

Environmental issues

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

Proceedings on behalf of the consolidated entity

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

Non-audit services/auditor's independence declaration

A copy of the Auditor's Independence declaration in relation to the audit for the financial year is provided with this report. The auditor of the Group is Grant Thornton. Non-audit services of approximately $107,934 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.

Barry Lewin

Chairman

13 August 2018

FY2018 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, located on the Company's website, 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;
- 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 that 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 2018;
- 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 2018		30 June 2017	
	Female	Male	Female	Male
Board	20%	80%	0%	100%
Senior Executive	47%	53%	38%	62%
Group	37%	63%	34%	66%

Board & committee performance (principle 1.6)
The Chairman conducts a review of Board and Committee performance at least once each calendar year, with this process conducted in this financial year. The process usually 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

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 2018 financial year, the Company's Remuneration Committee Charter was expanded to include the functions of a Nomination Committee. A copy of the Nomination Committee functions is outlined within the Remuneration Committee Charter as published on the Company's website.

The Committee comprises Daniel Lipshut (Chairman), Stuart Robertson and Michael Ohanessian, with a majority of whom are independent directors. The Committee met twice during the financial year, with meetings attended by Committee members as disclosed in the Directors Report.

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 may seek independent external advice in regard to its composition, when there is a required change (such as retirement or resignation).

Board composition (principles 2.2 & 2.3)
The Company's Board comprises four non-executive directors and one executive director (Managing Director).

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
Barry Lewin (Chairman)	From May 2017	BCom, BLaw, MBA	Independent
Stuart Robertson	From May 2017	CA, MBA, AICD	Independent
Daniel Lipshut	From May 2017	MBA, AICD	Independent
Claire Willette	From August 2017	BA, IR (Masters)	Independent
Michael Ohanessian	From May 2018	BS, MBA	Executive

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

Area	Competence
Corporate leadership	Business leadership, public listed
Company experience	Successful career as a senior Executive or CEO, assessing senior management
Executive leadership	Successful career as a senior
Executive or CEO, assessing senior management	Accounting, business strategy, competitive business analysis, corporate financing, legal, mergers & acquisitions, commercial agreements, risk management
Strategy	Define strategic objectives, constructively question business plans and implement strategy
Financial acumen	Accounting, business strategy, competitive business analysis, corporate financing, legal, mergers & acquisitions, commercial agreements
Market & industry	Financial services expertise, commercial and business experience
Technology	Technology, infrastructure, product development, product life cycle management
Sustainability & stakeholder	Corporate governance, risk management
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 (Barry Lewin, Stuart Robertson, Daniel Lipshut and Claire Willette) are independent Directors.

Two current 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, Barry Lewin who has held the role of Chairman since May 2017, 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, meetings with customers, shareholders 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 comprises Stuart Robertson (Chairman), Daniel Lipshut and Claire Willette. All members are independent and non-executive. Six Committee meetings were held during the financial year with meetings attended by Committee members (as disclosed in the Directors Report) and on two occasions by the Company's Auditor. The Audit, Risk & Compliance Committee has a formal charter, a copy of which is available on the Company's website. The Charter is reviewed annually and updated where appropriate.

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. The Company's Audit, Risk & Compliance Committee comprises Stuart Robertson (Chairman), Daniel Lipshut and Claire Willette.

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 comprises Daniel Lipshut (Chairman), Stuart Robertson and Michael Ohanessian. The Committee consists of a majority 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.

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FINANCIAL REPORT 2018

CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018	NOTE	2018	2017
		$	$
Revenue	3	42,193,434	34,083,109
Other income	4	988,617	1,314,755
Employee costs		(21,797,153)	(19,645,831)
Depreciation, amortisation and impairments	5	(1,047,478)	(939,852)
Legal, professional, advertising and insurance expense		(4,222,271)	(3,462,860)
IT support		(1,705,565)	(1,057,403)
Commissions expense		(5,091,862)	(2,895,888)
Travel expenses		(1,138,123)	(1,129,002)
Occupancy costs		(1,907,365)	(1,434,588)
Net foreign exchange gains / (losses)	5	123,932	(362,558)
Telecommunication costs		(310,108)	(266,473)
Platform trading & recovery		1,915,665	914,071
Other expenses	5	(59,086)	(125,953)
Share based payments		(1,060,002)	(576,917)
Restructure, Arbitration and Acquisition costs		(1,829,168)	(2,080,592)
Withholding tax not recoverable		(150,850)	(114,916)
Profit before income tax expense		**4,902,617**	**2,219,102**
Income tax expense	6	(3,488,076)	(1,530,833)
Profitable attributable to members of the Group		**1,414,541**	**688,269**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		46,183	(5,150)
Exchange differences on translation of foreign operations		256,954	(636,152)
Total items that may be reclassified subsequently to profit or loss		**303,137**	**(641,302)**
Other comprehensive income/(loss) for the year, net of tax		**303,137**	**(641,302)**
Total comprehensive income/(loss) attributable to Owners of the parent		**1,717,678**	**46,967**
Profit for the year attributable to Owners of the parent		1,717,678	46,967
Total comprehensive income attributable to Owners of the parent		**1,717,678**	**46,967**
Earnings per share			
Basic earnings/(loss) per share (cents per share)	24	0.4	0.2
Diluted earnings/(loss) per share (cents per share)	24	0.4	0.2

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018	NOTE	2018 $	2017 $
Current assets			
Cash and cash equivalents	7	12,120,879	8,983,491
Trade and other receivables	8	7,334,761	6,694,113
Total current assets		**19,455,640**	**15,677,604**
Non-current assets			
Other Financial assets	9	2,287,113	2,242,399
Property, plant and equipment	10	1,316,010	1,239,391
Goodwill	11	3,207,751	2,946,235
Intangible Assets	12	3,245,328	1,435,292
Deferred Tax Assets	13	807,144	629,139
Total non-current assets		**10,863,346**	**8,492,456**
TOTAL ASSETS		**30,318,986**	**24,170,060**
Current liabilities			
Trade and other payables	14	6,899,460	5,359,987
Provisions	15	1,333,384	1,055,558
Income Tax Payable		1,543,770	304,416
Total current liabilities		**9,776,614**	**6,719,961**
Non-current liabilities			
Provisions	15	62,647	76,375
Deferred Tax Liability	13	199,782	280,467
Total non-current liabilities		**262,429**	**356,842**
TOTAL LIABILITIES		**10,039,043**	**7,076,803**
NET ASSETS		**20,279,943**	**17,093,257**
EQUITY			
Share capital	16	65,371,547	64,840,789
Reserves	17	1,201,151	(40,201)
Accumulated losses		(46,292,755)	(47,707,331)
TOTAL EQUITY		**20,279,943**	**17,093,257**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2018	ORDINARY SHARES $	ACCUMULATED LOSSES $	FOREIGN CURRENCY TRANSLATION RESERVE $	OPTION RESERVE $	REVALUATION RESERVE $	TOTAL $
Equity as at beginning of period	**64,840,789**	**(47,707,331)**	**(850,256)**	**804,823**	**5,232**	**17,093,257**
Profit attributable to members of the parent entity	-	1,414,541	-	-	-	1,414,541
Other comprehensive income / (loss)	-	-	256,954	-	46,183	303,137
Total comprehensive income/ (loss) for the year	**-**	**1,414,541**	**256,954**	**-**	**46,183**	**1,717,678**
Transactions with owners in their capacity as owners						
Issue of shares	95,102	-	-	-	-	95,102
Option expense	-	-	-	1,373,871	-	1,373,871
Exchange difference on option reserve	-	35	-	-	-	35
Transfer on exercise of options	435,656	-	-	(435,656)	-	-
	530,758	**35**	**-**	**938,215**	**-**	**1,469,008**
Equity as at 30 June 2018	**65,371,547**	**(46,292,755)**	**(593,302)**	**1,743,038**	**51,415**	**20,279,943**

FOR YEAR ENDED 30 JUNE 2017	ORDINARY SHARES $	ACCUMULATED LOSSES $	FOREIGN CURRENCY TRANSLATION RESERVE $	OPTION RESERVE $	REVALUATION RESERVE $	TOTAL $
Equity as at beginning of period	**64,098,522**	**(48,395,595)**	**(214,104)**	**740,820**	**10,382**	**16,240,025**
Profit attributable to members of the parent entity	-	688,269	-	-	-	688,269
Other comprehensive income/ (loss)	-	-	(636,152)	-	(5,150)	(641,302)
Total comprehensive income/ (loss) for the year	**-**	**688,269**	**(636,152)**	**-**	**(5,150)**	**46,967**
Transactions with owners in their capacity as owners						
Issue of shares	223,386	-	-	-	-	223,386
Performance rights expense	-	-	-	582,884	-	582,884
Exchange difference on performance rights reserve	-	(5)	-	-	-	(5)
Transfer on exercise of performance rights	518,881	-	-	(518,881)	-	-
	742,267	**(5)**	**-**	**64,003**	**-**	**806,265**
Equity as at 30 June 2017	**64,840,789**	**(47,707,331)**	**(850,256)**	**804,823**	**5,232**	**17,093,257**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2018	NOTE	2018 $	2017 $
Cash from operating activities:			
Receipts from customers		43,110,132	34,871,970
Payments to suppliers and employees		(34,987,033)	(30,114,558)
Interest received		21,501	8,957
Unit trust distributions received		2,881	5,519
Income tax paid		(2,735,705)	(3,233,770)
Net cash (used by) /provided from operating activities	22	**5,411,776**	**1,538,118**
Cash flows from investing activities:			
Payments for property, plant and equipment		(522,461)	(872,576)
Proceeds / (Payment) for Investments		5,000	(460,000)
Payment for intangible assets		(2,317,645)	-
Acquisition of subsidiaries, net of cash		-	(790,673)
Net cash used in investing activities		**(2,835,106)**	**(2,123,249)**
Cash flows from financing activities:			
Net cash provided by financing activities		**-**	**-**
Net cash increase (decreases) in cash and cash equivalents		**2,576,670**	**(585,131)**
Cash and cash equivalents at beginning of year		**8,983,491**	**10,425,973**
Effect of exchange rates on cash holdings in foreign currencies		560,718	(857,351)
Cash and cash equivalents at end of year	7	**12,120,879**	**8,983,491**

The accompanying notes form part of 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 2018 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 intercompany 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, 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 equiment	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.

(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. All intangible assets, including customer contracts and databases, are accounted for using the fair value model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1(g).

The following useful lives are applied:

» Customer lists: 5 years

» Databases: 5 years

» Software: 3 years

Amortisation has been included within depreciation and amortisation of non-financial assets.

(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 losswhen 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) 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.

(v) 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) Employee benefits

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

(i) Equity-settled compensation

The Group operates a share-based compensation scheme.

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

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

(j) Provisions

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

(k) Income tax

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

Deferred tax assets and liabilities are recognised using the balance sheet liability method 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-ownedentities within the tax-consolidated group has agreed to fully compensate Praemium Limited for any current tax payable assumed and are compensated by Praemium Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Praemium Limited under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

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

(l) Leases

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

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

The interest expense is recognised in the statement of profit & loss 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.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services is recognised in the accounting period in which the services are rendered. When revenue is received but services 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.

(n) Foreign currency translation

(i) Functional and presentation currency

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

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

The Hong Kong and Shenzhen (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.

(o) Contributed equity
Ordinary shares are classified as equity.

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

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

(q) Earnings per share
(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

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

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

2. For 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.

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

(t) Going concern
The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company has recorded an operating profit before tax of $4,902,617 during the financial year ended 30 June 2018 (June 2017 $2,219,102 with accumulated losses amounting to $46,292,755 as at 30 June 2018. Cash reserves were $12,120,879 at 30 June 2018.

The Directors are of the opinion that the existing cash reserves will provide the Company with adequate funds to ensure its continued viability and operations.

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 2018. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset-carrying amounts and classification of liabilities that might be necessary.

(u) Accounting standards and interpretations issued but not yet effective and not yet adopted
The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2018. 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, the listed unit trust and regulatory reserve will be reclassified to financial assets at fair value through the consolidated statement of profit and loss and other comprehensive income 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.

Adoption is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018, and that comparatives will not be restated. Management has assessed the effect of applying the new standard on retained earnings and estimates that the cumulative impact will be $2.0 million, based on specific Portfolio contracts where upfront recognition of revenue would be amended to recognised over the contract life.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related interpretation 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

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 "Leases" and for lessees will eliminate the classification of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as printers) where an accounting policy choice exists whereby either a 'right-of-use' assets is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by depreciation in profit or loss under AASB 16. The consolidated entity will adopt this standard from 1 July 2019, and the impact on gross assets and gross liabilities is estimated to be approximately $4.1 million per Note 19.

(v) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of available-for-sale financial assets

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value and hierarchy of financial instruments

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

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

Provision for impairment of receivables

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

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and 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.

(w) Business combinations

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

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

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

Where the business combination is achieved in stages, the consolidated entity 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.

(x) Change in Accounting Policies

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2018. 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 2018, financial liabilities have contractual maturities, which are summarised below:

2018	CURRENT		NON-CURRENT	
	WITHIN 6 MONTHS	6-12 MONTHS	1-5 YEARS	LATER THAN 5 YEARS
	$	$	$	$
Trade payables	831,070	-	-	-
Accrued expenses	3,277,041	-	-	-
Other payables	1,434,220	-	-	-
Total	**5,542,331**	**-**	**-**	**-**

2017	CURRENT		NON-CURRENT	
	WITHIN 6 MONTHS	6-12 MONTHS	1-5 YEARS	LATER THAN 5 YEARS
	$	$	$	$
Trade payables	734,740	-	-	-
Accrued expenses	2,477,740	-	-	-
Other payables	984,255	-	-	-
Total	**4,196,735**	**-**	**-**	**-**

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 (2017: +/-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.

		2018 $		2017 $
	+100 BASIS PTS	-100 BASIS PTS	+100 BASIS PTS	-100 BASIS PTS
Cash and cash equivalents	121,209	(121,209)	89,835	(89,835)
Net result	**121,209**	**(121,209)**	**89,835**	**(89,835)**

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	2018 GBP	2017 GBP
Cash at bank and on term deposit	2,876,182	2,971,055

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 2018 (2017: 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 2018 and 2017.

If the Australian dollar had strengthened against the GBP sterling by 5% (2017: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2018 $	2017 $
Profit after tax	(136,961)	(141,479)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2017: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2018	2017
	$	$
Profit after tax	151,378	156,371
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	2018	2017
	USD	USD
Cash at bank and on term deposit	8,499	7,424

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 2018 (2017: 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 2018 and 2017.

If the Australian dollar had strengthened against the USD by 5% (2017: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2018	2017
	$	$
Profit after tax	(405)	(354)
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2017: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2018	2017
	$	$
Profit after tax	447	391
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% (2017: 10%) this would have increased equity for both the Company and Group by $13,317 (2017: $13,453) A decrease of 10% would have reduced equity by the same amount.

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 2018 and 30 June 2017.

2018	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Available-for-sale financial assets:				
- Listed unit trusts	133,166	-	-	133,166
- Shares in unlisted entity	-	-	1,000,000	1,000,000
- Regulatory reserve	1,153,947	-	-	1,153,947
	1,287,113	**-**	**1,000,000**	**2,287,113**

2017	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Available-for-sale financial assets:				
- Listed unit trusts	134,533	-	-	134,533
- Shares in unlisted entity	-	-	1,000,000	1,000,000
- Regulatory reserve	1,107,866	-	-	1,107,866
	1,242,399	**-**	**1,000,000**	**2,242,399**

3. REVENUE

REVENUE FROM	Consolidated 2018 $	Consolidated 2017 $
Sales of services	42,166,276	34,064,059
Interest income from other parties	21,501	8,957
Unit trust distributions	5,657	10,093
Total revenue	**42,193,434**	**34,083,109**

4. OTHER INCOME

	Consolidated 2018 $	Consolidated 2017 $
R&D Incentive Received (UK)	662,506	790,779
Rental income	57,177	100,927
Fund Recoveries	13,857	19,822
Commissions	213,432	303,007
Other	41,645	100,219
	988,617	**1,314,755**

5. EXPENSES

	Consolidated 2018 $	Consolidated 2017 $
Defined contribution superannuation expense	1,554,820	1,285,926
Net foreign exchange (gains)/losses	(123,932)	362,558
Depreciation of plant and equipment	474,610	460,508
Amortisation of intangible assets	572,868	479,344
Other expenses	59,086	125,953
Rental expense relating to operating leases – minimum lease payments	1,504,026	1,048,428
Impairment losses - trade receivables	56,120	63,759

6. INCOME TAX EXPENSE

a) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2018 $	2017 $
Profit before tax	**4,902,617**	**2,219,102**
Prima facie tax expense on profit before income tax at 30% (2017: 30%)	1,470,785	665,731
Expenditure not allowable for income tax purposes[1]	827,057	985,678
R&D incentive tax offsets	(260,233)	(1,697,812)
Tax effect of:		
Difference in overseas tax rates	647,734	511,556
Current year tax losses not brought to account for overseas entities	792,575	1,068,399
Current year temporary differences not brought to account	10,158	(2,719)
Income tax expense	**3,488,076**	**1,530,833**
Tax expense comprises:		
Current tax expense	3,402,954	1,412,803
Deferred tax expense/(income):		
Origination and reversal of temporary differences	85,122	118,030
Tax expense	**3,488,076**	**1,530,833**

[1]: Non allowable expenditure includes R&D incurred for accounting purposes, share based payments and non-deductible entertainment

b) Deferred tax assets not brought to account

	2018 $	2017 $
Unused tax losses for which no deferred tax asset has been recognised	56,463,920	32,583,683
Deductible temporary differences for which no deferred tax asset has been recognised	225,160	191,301
	56,689,080	32,774,984
Potential tax benefit @ 30%	**17,006,724**	**9,832,495**

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.

c) Franking credits

	Parent 2018 $	2017 $
The amount of the franking credits available for subsequent reporting periods are:		
Balance at the end of the reporting period	4,137,182	2,240,885
Franking credits that will arise from the payment of the amount of provision for income tax	172,404	501,000
Total franking credits	**4,309,586**	**2,741,885**

7. CASH AND CASH EQUIVALENTS

	Consolidated 2018 $	2017 $
Cash on hand	1,748	1,644
Term deposit	388,577	499,657
Bank balances	11,730,554	8,482,190
	12,120,879	**8,983,491**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 1.3% (2017: 1.3%), 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% (2017: nil%). Cash on term deposit matures on an annual basis. Cash on hand is non-interest bearing.

RECONCILIATION OF CASH	2018 $	2017 $
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	12,120,879	8,983,491
	12,120,879	**8,983,491**

8. TRADE AND OTHER RECEIVABLES

	Consolidated 2018 $	2017 $
Current		
Trade receivables	4,593,209	4,118,986
Allowance for impairment of receivables	(83,325)	(99,440)
	4,509,884	**4,019,546**
Prepayments	1,936,860	1,463,733
Deposits receivable	434,556	414,934
Other receivables	453,461	795,900
	2,824,877	**2,674,567**
	7,334,761	**6,694,113**

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 $83,325 (2017: $99,440) 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	
	2018	2017
	$	$
Not more than 3 months	7,961	6,708
More than 3 months but not more than 6 months	6,391	11,328
More than 6 months but not more than 1 year	68,973	46,381
More than one year	-	35,023
Total	**83,325**	**99,440**

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	
	2018	2017
	$	$
Not more than 3 months	4,302,548	3,827,168
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	207,336	178,221
More than one year	-	-
Total	**4,509,884**	**4,005,389**

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

	Consolidated	
	2018	2017
	$	$
At 1 July 2017	99,440	38,682
Provision for impairment recognised in the year	56,120	63,759
Receivables written off as uncollectible	(72,235)	(3,001)
Balance at 30 June 2018	**83,325**	**99,440**

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 2018 $	2017 $
Available-for-sale financial assets	2,287,113	2,242,399
	2,287,113	**2,242,399**

a) Available-for-sale financial assets comprised of

	2018 $	2017 $
Listed Investments		
Units in unit trust	133,166	134,533
Regulatory reserve	1,153,947	1,107,866
Unlisted Investments		
Shares in unlisted entity	1,000,000	1,000,000
Total available-for-sale financial assets	**2,287,113**	**2,242,399**

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 $	2017 $
Buildings and leasehold improvements at cost	512,931	481,864
Accumulated depreciation	(204,651)	(96,861)
Total buildings and leasehold improvements	**308,280**	**385,003**
Furniture, fixtures and fittings at cost	1,077,818	968,809
Accumulated depreciation	(816,357)	(760,819)
Total furniture, fixtures and fittings	**261,461**	**207,990**
Computer equipment at cost	4,864,387	4,374,181
Accumulated depreciation	(4,118,118)	(3,727,783)
Total computer equipment	**746,269**	**646,398**
Total property, plant and equipment	**1,316,010**	**1,239,391**

30 JUNE 2018	FURNITURE, FIXTURES AND FITTINGS $	COMPUTER EQUIPMENT $	BUILDINGS & LEASEHOLD IMPROVEMENTS $	TOTAL $
Balance at 1 July 2017	207,990	646,398	385,003	1,239,391
Additions	104,329	411,031	7,101	522,461
Disposals	(2,966)	-	-	(2,966)
Depreciation expense	(55,361)	(318,086)	(101,163)	(474,610)
Exchange differences	7,469	6,926	17,339	31,734
Balance at 30 June 2018	**261,461**	**746,269**	**308,280**	**1,316,010**

10. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2017	FURNITURE, FIXTURES AND FITTINGS $	COMPUTER EQUIPMENT $	BUILDINGS & LEASEHOLD IMPROVEMENTS $	TOTAL $
Balance at 1 July 2016	230,878	620,347	52,308	903,533
Additions	84,312	300,752	487,512	872,576
Acquired through business combination	9,865	-	-	9,865
Disposals	(44,271)	(1,472)	(65,598)	(111,341)
Depreciation expense	(63,160)	(256,888)	(140,460)	(460,508)
Exchange differences	(9,634)	(16,341)	51,241	25,266
Balance at 30 June 2017	**207,990**	**646,398**	**385,003**	**1,239,391**

11. GOODWILL

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

	Consolidated 2018 $	2017 $
Gross carrying amount		
Balance at 1 July 2017	2,969,235	2,903,411
Acquisition through business combination	-	222,023
Net exchange differences	261,516	(156,199)
Balance at 30 June 2018	**3,230,751**	**2,969,235**
Accumulated impairment		
Balance at 1 July 2017	(23,000)	(23,000)
Balance at 30 June 2018	**(23,000)**	**(23,000)**
Carrying amount 30 June 2018	**3,207,751**	**2,946,235**

(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.

	2018 $	2017 $
Praemium Asia Limited (formerly WealthCraft Systems Limited)	657,997	635,768
Plum Software Limited	2,182,995	2,075,153
Wensley Mackay Limited	366,759	235,314
Goodwill allocation at 30 June 2018	**3,207,751**	**2,946,235**

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% (2017: 2.0%) and for Plum is 2.0% (2017: 2.0%).

(c) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit. The discount rate for Praemium Asia is 12.37% (2017: 12.38%) and for Plum is 9.49% (2017: 9.66%)

(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 2018	CUSTOMER CONTRACTS $	DATABASES $	TOTAL $
Gross carrying amount			
Balance at 1 July 2017	1,812,751	901,063	2,713,814
Additions	-	2,321,599	2,321,599
Net exchange differences	-	-	-
Balance at 30 June 2018	**1,812,751**	**3,222,662**	**5,035,413**
Amortisation and Impairment			
Balance at 1 July 2017	(829,894)	(448,628)	(1,278,522)
Amortisation	(326,216)	(246,652)	(572,868)
Impairment losses	-	-	-
Net exchange differences	42,055	19,250	61,305
Balance at 30 June 2018	**(1,114,055)**	**(676,030)**	**(1,790,085)**
Carrying amount 30 June 2018	**698,696**	**2,546,632**	**3,245,328**

INTANGIBLE ASSETS 2017	CUSTOMER CONTRACTS $	DATABASES $	TOTAL $
Gross carrying amount			
Balance at 1 July 2016	1,240,706	901,063	2,141,769
Additions	-	-	-
Acquisition through business combination	540,828	-	540,828
Net exchange differences	31,217	-	31,217
Balance at 30 June 2017	**1,812,751**	**901,063**	**2,713,814**
Amortisation and Impairment			
Balance at 1 July 2016	(476,585)	(238,837)	(715,422)
Amortisation	(311,228)	(168,116)	(479,344)
Impairment losses	-	-	-
Net exchange differences	(42,081)	(41,675)	(83,756)
Balance at 30 June 2017	**(829,894)**	**(448,628)**	**(1,278,522)**
Carrying amount 30 June 2017	**982,857**	**452,435**	**1,435,292**

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 (2017: 5 years) and software is amortised on a straight-line basis over 3 years (2017: nil). 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) 2018	1 JULY 2017 $	RECOGNISED IN OCI* $	RECOGNISED IN BUSINESS COMBINATION $	RECOGNISED IN PROFIT AND LOSS $	30 JUNE 2018 $
Current assets					
Trade and other receivables	29,832	-	-	(12,227)	17,605
Non-current assets					
Intangible assets	(280,467)	-	-	80,685	(199,782)
Plant, property & equipment	-	-	-	82,195	82,195
Non-current liabilities					
Pension and other employee obligations	350,231	-	-	81,408	431,639
Current liabilities					
Provisions	182,118	-	-	22,382	204,500
Unused tax losses	66,958	-	-	4,247	71,205
Net Deferred Tax Assets/(Liabilities)	**348,672**	**-**	**-**	**258,690**	**607,362**
Deferred tax asset as represented on the Statement of Financial Position					807,144
Deferred tax liability as represented on the Statement of Financial Position					(199,782)
Total					**607,362**

DEFERRED TAX ASSETS/(LIABILITIES) 2017	1 JULY 2016 $	RECOGNISED IN OCI* $	RECOGNISED IN BUSINESS COMBINATION $	RECOGNISED IN PROFIT AND LOSS $	30 JUNE 2017 $
Current assets					
Trade and other receivables	11,605	-	-	18,227	29,832
Non-current assets					
Intangible assets	(264,312)	-	(114,477)	98,322	(280,467)
Non-current liabilities					
Pension and other employee obligations	360,116	-	-	(9,885)	350,231
Current liabilities					
Provisions	173,765	-	-	8,353	182,118
Unused tax losses	70,649	-	-	(3,691)	66,958
Net Deferred Tax Assets/(Liabilities)	**351,823**	**-**	**(114,477)**	**111,326**	**348,672**
Deferred tax asset as represented on the Statement of Financial Position					629,139
Deferred tax liability as represented on the Statement of Financial Position					(280,467)
Total					**348,672**

14. TRADE AND OTHER PAYABLES

	Consolidated 2018 $	2017 $
Unsecured liabilities		
Trade payables	831,070	734,740
Accrued expenses	3,277,041	2,477,740
Good and services tax	575,601	476,563
Other payables	1,434,220	984,255
Unearned income	781,528	686,689
	6,899,460	**5,359,987**

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

15. PROVISIONS

	Consolidated 2018 $	2017 $
Current		
Employee benefits	1,333,384	1,055,558
	1,333,384	**1,055,558**
Non-current		
Employee benefits	62,647	76,375
	62,647	**76,375**

16. ISSUED CAPITAL

	Consolidated 2018 $	2017 $
2018: 400,468,586 (2017: 398,536,797) fully paid ordinary shares	65,371,547	64,840,789

Movement in ordinary share capital

DATE				
01-July-2017	**Balance**	**398,536,797**		**64,840,789**
31-August-2017	Share issue costs	-	-	(4,014)
30-September-2017	Issue under employee share plan	1,097,391	0.268	294,041
31-October-2017	Issue under employee STI bonus	185,787	0.560	104,041
31-December-2017	Issue under employee share plan	443,355	0.241	106,783
31-January-2018	Share issue costs	-	-	(4,925)
31-March-2018	Issue under employee share plan	69,975	0.179	12,495
30-June-2018	Issue under employee share plan	135,281	0.165	22,337
30-June-2018	**Balance**	**400,468,586**		**65,371,547**

(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 2018 $	2017 $
Share capital	65,371,547	64,840,789
Available-for-sale financial assets revaluation reserve	51,415	5,232
Foreign currency translation reserve	(593,302)	(850,256)
Option reserve	1,743,038	804,823
Accumulated losses	(46,292,755)	(47,707,331)
Total equity	**20,279,943**	**17,093,257**

17. RESERVES

	Consolidated 2018 $	2017 $
Reserves		
Available-for-sale financial assets revaluation reserve	51,415	5,232
Foreign currency translation reserve	(593,302)	(850,256)
Option reserve	1,743,038	804,823
Total	**1,201,151**	**(40,201)**

(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(n). The reserve is recognised in profit and loss when the net investment is disposed of.

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

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

18. AUDITOR'S REMUNERATION

	2018 $	2017 $
Remuneration of the auditor of the consolidated entity for:		
Grant Thorton		
- Audit and review of financial reports	98,100	88,700
Non-Grant Thornton firm		
- Audit and review of financial reports	193,061	154,267
Audit services remuneration	**291,161**	**242,967**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	70,000	71,500
- Taxation services	20,500	48,749
- Other services	17,434	16,821
Overseas non-Grant Thornton firm		
- Taxation services	33,996	52,770
- Compliance audit	31,381	-
Total other services remuneration	**173,311**	**189,840**
Total Auditors' remuneration	**464,472**	**432,807**

19. CAPITAL AND LEASING COMMITTMENTS

(a) Operating lease commitments

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

	Consolidated	
	2018	2017
PAYABLE-MINIMUM LEASE PAYMENTS	$	$
Not later than 12 months	1,264,799	1,285,247
Between 12 months and 5 years	4,086,049	4,094,661
Total	**5,350,848**	**5,379,908**

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 2018 is as follows:

2018	AUSTRALIA	UNITED KINGDOM	ASIA	TOTAL
Total segment revenue	27,599,416	13,915,409	651,451	42,166,276
Inter-segment revenue	-	-	-	-
Revenue from external customers	**27,599,416**	**13,915,409**	**651,451**	**42,166,276**
				-
EBITDA profit/(loss)	**11,590,961**	**(1,725,801)**	**(1,023,169)**	**8,841,991**
Interest	21,458	-	43	21,501
Intercompany interest and margin	2,155,358	(1,372,167)	(783,191)	-
Depreciation and amortisation	(366,681)	(674,500)	(6,297)	(1,047,478)
Unrealised FX	141,120	(11,737)	(5,451)	123,932
Unit trust income	5,657	-	-	5,657
One-off costs	(1,381,992)	(335,463)	(111,713)	(1,829,168)
Withholding tax not recoverable	(150,850)	-	-	(150,850)
Profit/(Loss) on disposal of fixed assets	-	-	(2,966)	(2,966)
Share based payments	(1,049,625)	(9,662)	(715)	(1,060,002)
Net profit/(loss) before tax	**10,965,406**	**(4,129,330)**	**(1,933,459)**	**4,902,617**
Segment assets	17,997,472	11,094,442	1,227,072	30,318,986
Segment liabilities	(6,141,667)	(3,828,646)	(68,730)	(10,039,043)
Employee benefits expense	12,352,012	8,154,875	1,290,266	21,797,153
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	395,353	120,551	6,557	522,461

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2018 is as follows:

2017	AUSTRALIA	UNITED KINGDOM	ASIA	TOTAL
Total segment revenue	23,209,310	10,381,845	472,904	34,064,059
Inter-segment revenue	-	-	-	-
Revenue from external customers	**23,209,310**	**10,381,845**	**472,904**	**34,064,059**
EBITDA profit/(loss)	**9,759,270**	**(2,225,658)**	**(1,196,531)**	**6,337,081**
Interest	8,911	-	46	8,957
Intercompany interest and margin	399,827	(458,203)	58,376	-
Depreciation and amortisation	(304,518)	(613,092)	(22,242)	(939,852)
Unrealised FX	(357,202)	(1,718)	(3,638)	(362,558)
Unit trust income	10,093	-	-	10,093
Restructure and acquisition costs	(1,765,492)	(255,921)	(59,179)	(2,080,592)
Withholding tax not recoverable	(114,916)	-	-	(114,916)
Share based payments	(535,311)	(52,070)	10,464	(576,917)
Profit/(Loss) on disposal of fixed assets	(63,091)	757	140	(62,194)
Net profit/(loss) before tax	**7,037,571**	**(3,605,905)**	**(1,212,564)**	**2,219,102**
Segment assets	12,954,252	10,004,197	1,211,611	24,170,060
Segment liabilities	(3,640,519)	(3,421,975)	(14,309)	(7,076,803)
Employee benefits expense	10,775,169	7,545,454	1,325,208	19,645,831
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	333,898	534,669	4,009	872,576

(c) Reconciliation

(i) Revenue

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

	Consolidated 2018 $	2017 $
Segment revenue	42,166,276	34,064,059
Interest income from other parties	21,501	8,957
Unit trust distributions	5,657	10,093
Total revenue	**42,193,434**	**34,083,109**

20. SEGMENT INFORMATION Continued

(ii) EBITDA

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

	Consolidated	
	2018	2017
	$	$
EBITDA	8,841,991	6,337,081
Depreciation and amortisation	(1,047,478)	(939,852)
Interest revenue	21,501	8,957
Unrealised FX	123,932	(362,558)
Unit trust income	5,657	10,093
One-off costs	(1,829,168)	(2,080,592)
Withholding tax	(150,850)	(576,917)
Share based payments	(1,060,002)	(114,916)
Profit/(Loss) on disposal of fixed assets	(2,966)	(62,194)
Net profit/(loss) before tax	**4,902,617**	**2,219,102**

(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	
	2018	2017
	$	$
Segment assets	30,318,986	24,170,060
Total assets as per the statement of financial position	**30,318,986**	**24,170,060**

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 $2,599,183 (2017: $502,397) and the total of these non-current assets located in other countries is $5,169,906 (2017: $5,118,521). 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' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2018	2017
	$	$
Segment liabilities	(10,039,043)	7,076,803
Total liabilities as per the statement of financial position	**(10,039,043)**	**7,076,803**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $27,599,416 (2017:$23,209,310) and the total revenue from external customers in other countries is $14,566,860 (2017: $10,854,749). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $3,487,905 (2017: $3,680,712) are derived from a single external customer. These revenues are attributable to the Australian segment.

21. EVENTS AFTER THE REPORTING DATE

(a) Directors have not become aware of any other matter or circumstance not otherwise dealt within the financial statements that since 30 June 2018 has significantly affected or may significantly affect the operations of the Company or the consolidated entity, the results of those operations or the state of affairs in subsequent financial years.

(b) The financial report was authorised for issue on 13 August 2018 by the Board of Directors.

22. CASH FLOW INFORMATION

	Consolidated	
	2018 $	2017 $
Net income for the period	**1,414,541**	**688,269**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	1,047,478	939,852
Share based payments	1,060,002	576,917
Bad debt expense/ (recovery)	56,120	63,759
Shares issued as employee bonus	-	97,228
Unrealised foreign exchange loss	(123,932)	362,558
Loss on disposal of plant and equipment	(2,966)	62,194
Withholding tax receivable	150,850	114,916
Revaluation	(2,777)	(4,573)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase/(decrease) in trade and other receivables	(542,697)	(1,422,985)
Increase/(decrease) in trade payables and accruals	1,263,082	1,435,881
Increase/(decrease) in employee provisions	258,479	99,992
Increase/(decrease) in deferred tax asset / payable	752,371	(1,702,938)
Increase/(decrease) in deferred income	81,225	227,048
Net cash (used by)/provided from operating activities	**5,411,776**	**1,538,118**

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 2018 plans) and 4) the employee must successfully deliver upon certain measurable key performance indicators.

2018

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	33,333	-	-	-	33,333	33,333
		33,333	-	-	-	**33,333**	**33,333**
6-Sep-12	30-Sep-13	60,000	-	-	-	60,000	60,000
		60,000	-	-	-	**60,000**	**60,000**
11-Sep-13	30-Sep-14	80,000	-	(80,000)	-	-	-
	30-Sep-15	195,000	-	(100,000)	-	95,000	95,000
	30-Sep-16	440,000	-	(115,000)	-	325,000	325,000
		715,000	**-**	**(295,000)**	**-**	**420,000**	**420,000**
12-Nov-14	30-Sep-15	98,250	-	(20,250)	-	78,000	78,000
	30-Sep-16	169,500	-	(62,250)	-	107,250	107,250
	30-Sep-17	696,000	-	(523,000)	(20,000)	153,000	153,000
		963,750	**-**	**(605,500)**	**(20,000)**	**338,250**	**338,250**
15-Sep-15	30-Sep-16	110,810	-	(3,038)	(25,516)	82,256	82,256
	30-Sep-17	634,481	-	(449,965)	(17,547)	166,969	166,969
	30-Sep-18	1,561,800	-	-	(96,000)	1,465,800	-
		2,307,091	**-**	**(453,003)**	**(139,063)**	**1,715,025**	**249,225**
20-Sep-16	30-Sep-17	464,430	-	(366,983)	(4,464)	92,983	92,983
	30-Sep-18	860,056	-	-	(70,747)	789,309	-
	30-Sep-19	2,064,134	-	-	(169,793)	1,894,341	-
		3,388,620	**-**	**(366,983)**	**(245,004)**	**2,776,633**	**92,983**
20-Sep-17	30-Sep-18	-	1,400,000	-	-	1,400,000	-
	30-Sep-18	-	719,459	-	(42,937)	676,522	-
	30-Sep-19	-	1,199,098	-	(71,560)	1,127,538	-
	30-Sep-20	-	2,877,835	-	(171,745)	2,706,090	-
		-	**6,196,392**	**-**	**(286,242)**	**5,910,150**	**-**
Total		**7,467,794**	**6,196,392**	**(1,720,486)**	**(690,309)**	**11,253,391**	**1,193,791**

2017

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	183,333	-	(150,000)	-	33,333	33,333
		183,333	**-**	**(150,000)**	**-**	**33,333**	**33,333**
6 Sep 12	30 Sep 13	150,000	-	(90,000)	-	60,000	60,000
	30 Sep 14	90,000	-	(90,000)	-	-	-
	30 Sep 15	120,000	-	(120,000)	-	-	-
		360,000	**-**	**(300,000)**	**-**	**60,000**	**60,000**
11 Sep 13	30 Sep 14	510,000	-	(430,000)	-	80,000	80,000
	30 Sep 15	570,000	-	(365,000)	(10,000)	195,000	180,000
	30 Sep 16	1,620,000	-	(1,030,000)	(150,000)	440,000	420,000
		2,700,000	**-**	**(1,825,000)**	**(160,000)**	**715,000**	**680,000**
12 Nov 14	30 Sep 15	246,000	-	(135,750)	(12,000)	98,250	91,500
	30 Sep 16	637,500	-	(422,250)	(45,750)	169,500	162,750
	30 Sep 17	810,000	-	(40,000)	(74,000)	696,000	-
		1,693,500	**-**	**(598,000)**	**(131,750)**	**963,750**	**254,250**
15 Sep 15	30 Sep 16	466,884	-	(347,504)	(8,570)	110,810	110,810
	30 Sep 17	913,167	-	(50,000)	(228,686)	634,481	-
	30 Sep 18	2,191,600	-	-	(629,800)	1,561,800	-
		3,571,651	**-**	**(397,504)**	**(867,056)**	**2,307,091**	**110,810**
20 Sep 16	30 Sep 17	-	619,114	-	(154,684)	464,430	-
	30 Sep 18	-	1,031,858	-	(171,802)	860,056	-
	30 Sep 19	-	2,476,458	-	(412,324)	2,064,134	-
		-	**4,127,430**	**-**	**(738,810)**	**3,388,620**	**-**
Total		**8,508,484**	**4,127,430**	**(3,270,504)**	**(1,897,616)**	**7,467,794**	**1,138,393**

(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 – 2018	185,787	104,041	0.56
Consolidated – 2017	449,529	195,331	0.43

23. SHARE-BASED PAYMENTS

(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	
	2018 $	2017 $
Shares issued as employee bonus	445,000	9,700
Performance rights	1,060,002	576,917
	1,505,002	**586,617**

24. EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss:

	Consolidated	
	2018 $	2017 $
Profit/(loss) attributable to the parent entity	1,414,541	688,269
Earnings used to calculate basic EPS	1,414,541	688,269
Earnings used in calculation of diluted EPS	1,414,541	688,269

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

	Consolidated	
	2018 $	2017 $
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	399,721,311	396,656,050
Number used in calculating diluted EPS	400,915,102	397,794,443

2018: 10,059,600 (2017: 6,329,401) 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 2018 and 2017.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Praemium Limited, at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2018 $	2017 $
Current assets	7,378,386	5,539,297
Non-current assets	73,032,124	66,459,592
Total assets	**80,410,510**	**71,998,889**
Current liabilities	3,581,010	1,517,080
Non-current liabilities	80,327,181	66,327,682
Total liabilities	**83,908,191**	**67,844,762**
Contributed equity	65,371,547	64,840,789
Accumulated losses	(70,610,947)	(61,490,114)
Option reserve	1,743,038	804,823
Available-for-sale financial assets revaluation reserve	(1,319)	(1,371)
Total equity	**(3,497,681)**	**4,154,127**
Profit /(loss) for the year	(9,120,833)	(7,633,566)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(9,120,833)**	**(7,633,566)**

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 % 2018	OWNERSHIP INTEREST % 2017
Praemium Australia Limited	Australia	100	100
Praemium Portfolio Services Limited	UK	100	100
Praemium (UK) Limited	UK	100	100
Praemium Administration Limited (formerly 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	100
Praemium International Limited	Jersey	100	100
Praemium RA LLC	Armenia	100	100
Praemium Asia Limited	Hong Kong	100	100
WealthCraft Systems (Shenzhen) Limited	China	100	100
Wensley Mackay Limited	UK	100	100
WM Pension Trustee Services Limited	UK	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)

	2018	2017
Short-term employee benefits	1,678,322	1,201,674
Post-employment benefits	134,724	116,821
Long-term benefits	31,026	35,356
Share-based payments	1,016,717	473,403
	2,860,789	**1,827,254**

28. CONTRACTUAL COMMITMENTS AND CONTINGENCIES

Since 2016, the Company has made a claim against a customer for additional billing for 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.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 31-66, 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 2018 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.

Barry Lewin
Chairman
13 August 2018

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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 2018, 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

B L Taylor
Partner - Audit & Assurance

Melbourne, 13 August 2018

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Independent Auditor's Report

To the Members of Praemium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Praemium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described on the next page to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Note 3	
We determined the Group's long terms contracts are Key Audit Matters due to the complexity and variations in terms and conditions attached to each contract. Revenue represents a material amount of the Group's total revenue.	Our procedures included, amongst others: • Reviewing revenue recognition policies of individual customer agreements and contractual arrangements to ensure compliance with AASB 118 *Revenue*; • Documenting and testing the operating effectiveness of the internal controls in respect to revenue from the rendering of services; • Testing a sample of revenue recognised during the year to supporting documentation to verify the occurrence; • Performance of substantive analytical procedures on revenue balances; and Reviewing relevant disclosures in the financial statements including assessing the adequacy of disclosures on the application of AASB 15 when it is first adopted.
Impairment of goodwill balances Note 11	
At 30 June 2018, the Group's statement of financial position includes goodwill amounting to $3,207,751 relating to Praemium Asia Limited, Plum Software Limited and Wensley Mackay Limited. AASB 136 *Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. This area is a key audit matter due to the high degree of judgement required by management and the subjectivity relating to assumptions and key inputs.	Our procedures included, amongst others: • Reviewing the model for compliance with AASB 136 *Impairment of Assets*; • Assessing management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which the segments operate and the Group's internal reporting structure; • Testing the mathematical accuracy and appropriateness of the methodology of the underlying model calculations; • Evaluating the cash flow projections against board approved cash flows and understanding the process by which they were developed; • Assessing management's ability to forecast against historical accuracy; • Assessing the key growth rate assumptions by comparing them to historical results, economic and industry forecasts; • Performing sensitivity analysis of the key assumptions in the model; and Reviewing relevant disclosures in the financial statements.
Valuation of shares in unlisted entity Note 9	
As at 30 June 2018 the Company held shares in an unlisted Company with a carrying value of $1m. In line with AASB 139 Financial Instruments: Recognition and Measurement, the investment is to be measured at fair value. This is a key risk as the determination of the fair value of this investment is subject to judgement as the shares of this Company are not publicly traded	Our procedures included, amongst others: • Obtaining information on any additional arms-length transactions, including recent capital raisings by the investee in respect to the shares of the unlisted Company and comparing the price to the carrying value; • Comparing the carrying value to publicly listed Companies that have comparable businesses; and • Reviewing relevant disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the audit of the financial report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Praemium Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 13 August 2018

ADDITIONAL DISCLOSURES

Required or recommended by the listing rules & Corporations Act

Top 20 Shareholders

RANK	NAME	31 JULY 2018	%IC
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	41,006,498	10.2%
2	CITICORP NOMINEES PTY LIMITED	33,376,575	8.3%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,379,349	7.6%
4	NATIONAL NOMINEES LIMITED	15,469,968	3.9%
5	MR MICHAEL OHANESSIAN	14,295,245	3.6%
6	DR DONALD STAMMER	11,624,866	2.9%
7	BNP PARIBAS NOMS PTY LTD	9,320,002	2.3%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,861,783	2.2%
9	SUPERTCO PTY LTD	7,500,000	1.9%
10	MEROMA PTY LIMITED	5,353,304	1.3%
11	EPR SUPERANNUATION FUND PTY LTD	3,370,408	0.8%
12	BOND STREET CUSTODIANS LIMITED	2,751,394	0.7%
13	COWEN SUPERANNUATION FUND PTY LTD	2,330,000	0.6%
14	DAVID SIMMONDS FRANKS	2,222,223	0.6%
15	PACIFIC CUSTODIANS PTY LIMITED	2,158,751	0.5%
16	LSF 2000 PTY LTD	2,100,000	0.5%
17	EMHAL PTY LTD	2,040,756	0.5%
18	MR PAUL GUTTERIDGE	2,033,703	0.5%
19	MR DANIEL DROGA	2,000,000	0.5%
20	FAT PROPHETS PTY LTD	2,000,000	0.5%
	TOTAL	**200,194,825**	**50.0%**
	Balance of Register	**200,273,761**	**50.0%**
	Grand TOTAL	**400,468,586**	**100.0%**

Substantial Holdings

There are 400,468,586 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.

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

PARADICE INVESTMENT MANAGEMENT	38,984,452	9.7%
BLACKROCK GROUP	20,013,204	5.0%

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	305,376,331	76.3%	341	5.8%
10,001 to 100,000	81,334,695	20.3%	2,496	42.4%
5,001 to 10,000	8,767,291	2.2%	1,088	18.5%
1,001 to 5,000	4,713,872	1.2%	1,524	25.9%
1 to 1,000	276,397	0.1%	431	7.3%
Total	**400,468,586**	**100%**	**5,880**	**100%**

Performance Rights
(includes EMI Options, including those that have vested but have not yet been exercised)

RANGE	SECURITIES		NO. OF HOLDERS	
	NUMBER	%	NUMBER	%
100,001 and over	9,039,847	80.3%	20	18.5%
10,001 to 100,000	2,077,246	18.5%	67	62.0%
5,001 to 10,000	116,115	1.0%	14	13.0%
1,001 to 5,000	19,434	0.2%	6	5.6%
1 to 1,000	750	0.0%	1	0.9%
Total	**11,253,391**	**100.0%**	**108**	**100.0%**

CORPORATE INFORMATION

Registered office and principal place of business
The registered office of the Company is Praemium Limited, Level 19, 367 Collins Street, Melbourne, VIC 3000.

Phone: 1800 571 881

Fax: +613 8622 1200

Website: www.praemium.com.au

Board of Directors
Barry Lewin

Stuart Robertson

Daniel Lipshut

Claire Willette

CEO & Managing Director
Michael Ohanessian

Company Secretary
Paul Gutteridge

Share Registry
Link Market Services: Level 12, 680 George Street, Sydney, NSW 2000. Phone: Within Australia: 1300 554 474

Outside Australia: +61 2 8280 7111

Auditor
Grant Thornton: Collins Square, 727 Collins Street, Melbourne, VIC 3008. Phone: +613 8320 2222

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