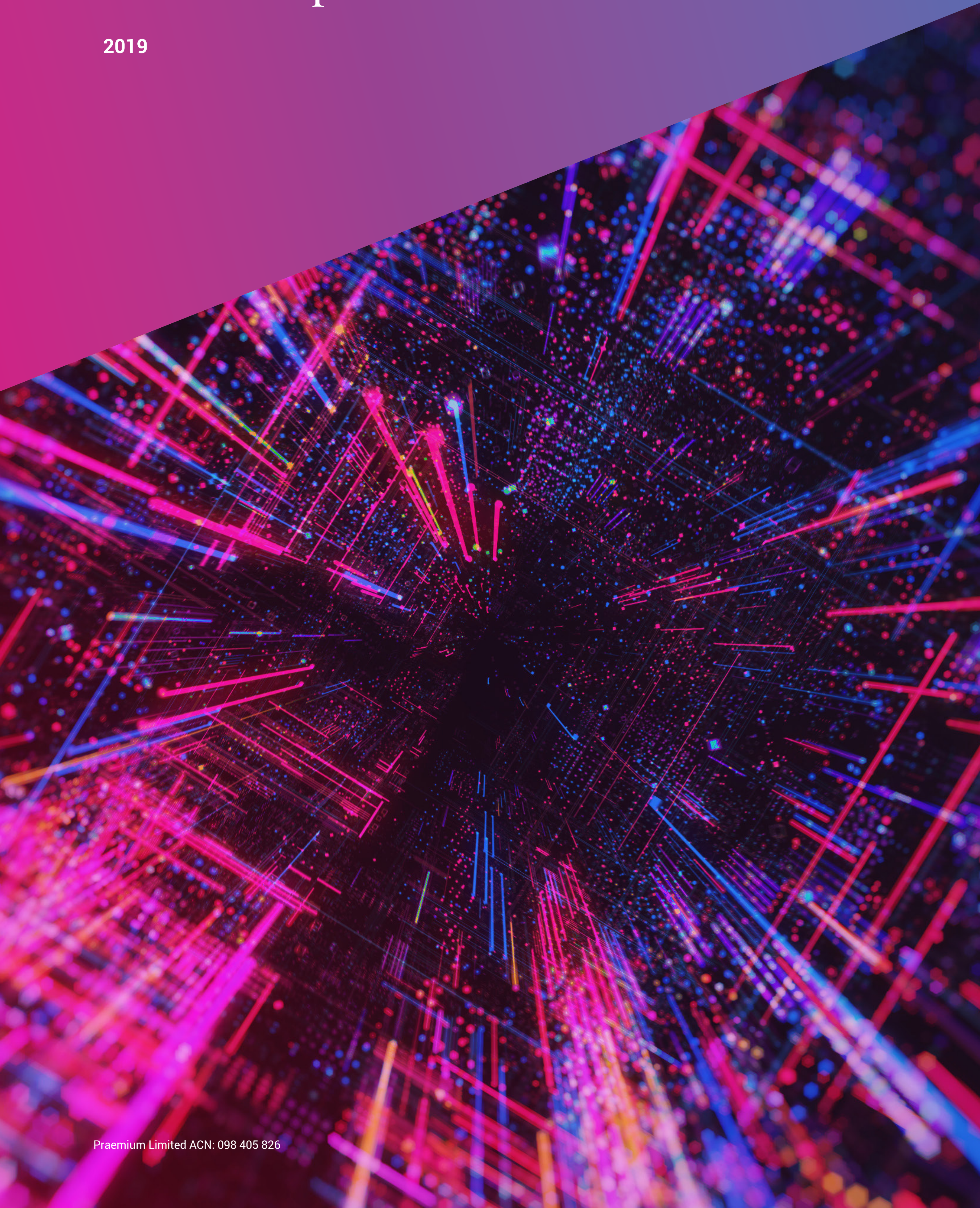
Praemium Annual Report

2019



Praemium Limited ACN: 098 405 826

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With change comes opportunity

The changing face of advice

Advisers in Australia are continuing to assess new business model options post the Royal Commission with a continued shift of the advice market towards a non-aligned approach.

270% ↗ **in advisers leaving the major banks in 2019**

33% ↗ **in licensees over the last 3 years[1]**

A$860b **AUM on retail platforms[2]**

Managed account growth in Australia set to continue

The number of financial advisers who recommend managed accounts has almost doubled in the last 5 years, with new client inflows into managed accounts having tripled on average.

$62.2b **in managed accounts as at 31 March 2019[3]**

200% **growth in FUA in managed accounts in 2 years[4]**

35% **of advisers use managed accounts and intend to continue [5]**

31% **of advisers not currently using managed accounts plan to in future[5]**

46% **of advisers implement managed accounts[5]**

1 Source: Adviser Ratings
2 Source: Strategic Insight March 2019
3 Source: IMAP
4 Source: Morgan Stanley June 12 2019
5 Source: Investment Trends

"Whatever type of adviser business you have, whatever your client base looks like, Praemium's integrated Managed Accounts Platform can offer a solution."

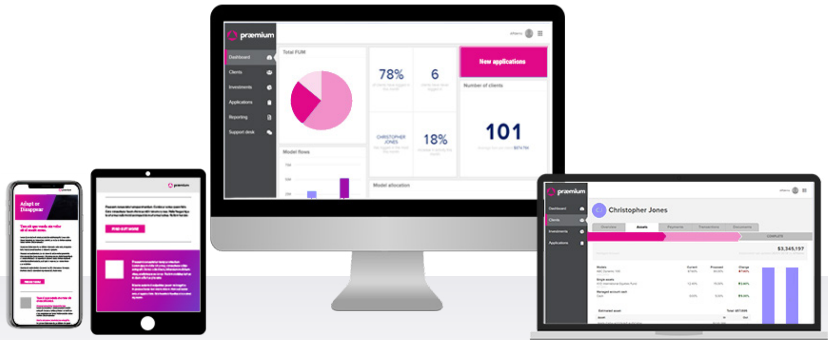
The next generation platform

Well positioned for change

On February 4th 2019 Praemium released its next generation integrated Managed Accounts platform to the market. Under the banner, 'Welcome to the Upgrade', the fully integrated Managed Accounts platform provides advisers and wealth managers with the ability to construct the full breadth of managed accounts solutions for their clients via a seamless digital platform experience.

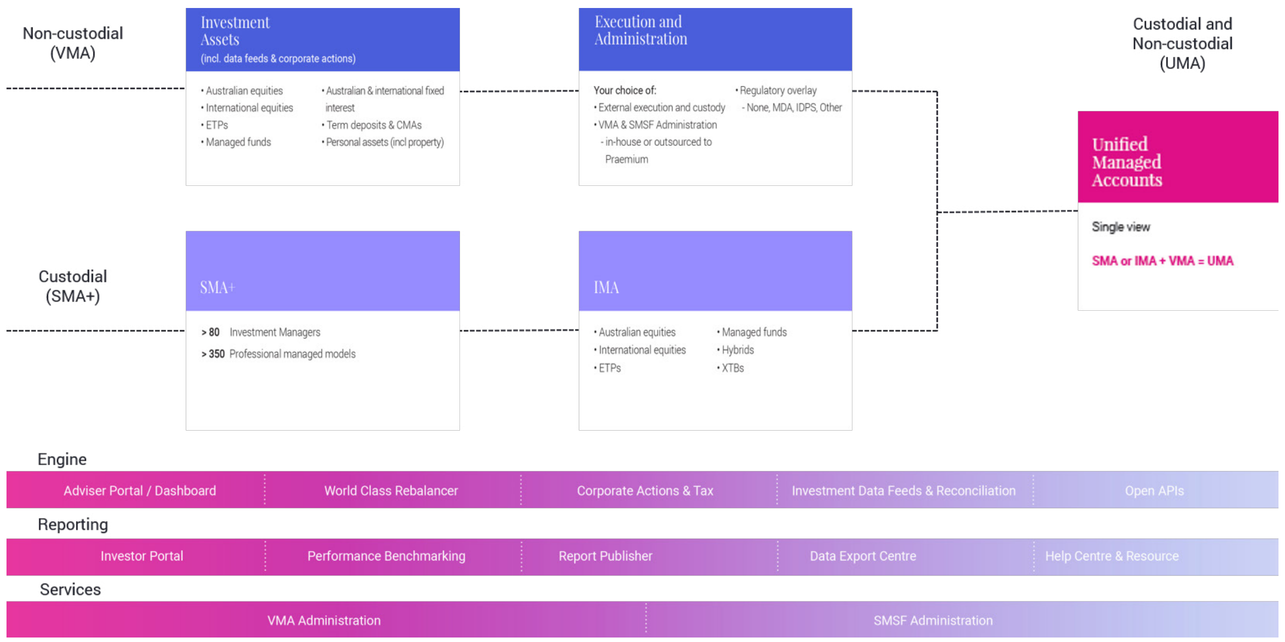
The digital platform includes investor and adviser portals that provide rich insights into portfolio information and advice firm analytics across all managed accounts. In a world where investor expectations are changing rapidly the portals are also important tools to underpin high-quality client engagement.

Another great benefit for advisers is that they can now hold all their clients' portfolios on a single platform under a managed account structure, rather than needing multiple platforms to meet specific client needs, which creates both initial and ongoing inefficiencies.



Well positioned for future growth

- Australian market leader in managed accounts and only Australian domiciled global platform
- Custodial and non-custodial managed accounts solutions to suit existing, new and emerging business models on the one integrated platform
- Can enable almost every kind of investor and investment for every kind of advice business (eg. IFA, Private Wealth, Stockbroking, Family Office, Institutional)
- $860bn market opportunity to tap for managed accounts solutions.



Industry recognition

"The winner has shown persistence over a long period in developing a service that meets the needs of its clients and their clients for a solution which is flexible and able to be used by a range of investors. In a competitive environment the solution needed to support a wide range of business models and the winner achieves that."

-IMAP judging panel

Winner
Innovation Category
IMAP Managed Accounts Awards

Winner
Global Investment Platform of the Year
Investment Adviser Awards

Winner
City of London Wealth Management Awards
Best Fund Platform

Chairman's Report

Barry Lewin
Chairman

I'm very pleased to report to shareholders following another busy and highly productive year for all at Praemium.

Your company is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning.

Praemium administers in excess of 500,000 investor accounts covering over $140 billion in funds globally. The Company currently provides services to more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions. All of this is achieved with a team of 265 people, across offices in Australia, UK, Jersey, Hong Kong, China, Armenia and the UAE. Praemium is the only truly international managed accounts provider.

The past year can be characterised as one where the company has achieved very solid progress across a number of growth-focused initiatives. Further diversification of our business and the significant broadening of our addressable market and product offering have contributed to strong growth in our international business, which is rapidly approaching profitability and should be a growing contributor to the business over many years.

The major rebranding and upgrade in February 2019 expanded Praemium's range of single assets, and created a comprehensive Individual Managed Accounts (IMA) service. The IMA significantly increases Praemium's Australian addressable market, from the $21 billion SMA platform segment (as at the end of 2018) to the $858 billion overall platform market today.

Praemium's unique integrated platform now delivers an integrated Managed Accounts solution, through the combination of its existing market-leading Separately Managed Accounts (SMA), the significant expansion of the Individually Managed Account (IMA) across a wide range of investment assets, and Praemium's Virtual Managed Accounts (VMA) reporting for non-custodial holdings.

Major achievements for the year included:

- Record annual gross inflows across Australia and International markets of $3 billion
- Platform Funds under Administration (FUA) of $9.5 billion
- IMA contributed a rapidly growing 8% of overall FUA growth since its launch in February

> Praemium is the only truly international managed accounts provider."

- With the inclusion of the VMA Administration Service (VMAAS) for the first time, total FUM is $16.1 billion.

Based on the experience thus far, we expect VMAAS to be an important driver of future growth.

Key financial highlights for the year included:

Financial Results	$m	Change on FY18
Revenue & other income	45.1	+5%
Earnings before interest, tax, depreciation and amortisation (underlying EBITDA)	11.4	+29%
Cash balances	13.7	+13%
Platform Funds Under Administration (FUA)		
Australia	6.9	+24%
International	2.6	+29%
VMAAS	6.6	+4330%
Total	**16.1**	**+108%**

In my Chairman's report last year, I commented on the impact of the Financial Services Royal Commission. The reputational damage to the big players has continued along with the winding back of the vertical model (where firms offer both product and advice). There has been further disruption to the industry, with plans being progressed among the banks to divest their wealth businesses and a continued trend of inflows being diverted away from the big 4 domestic banks and major integrated players to the non-aligned platforms, including Praemium. Whilst platform fees have become more competitive, Praemium has always ensured that the pricing of our managed accounts solutions is very competitive in the industry for advisers and their clients.

I should not let the opportunity pass to say how disappointed we were to see a major Australian client make the decision to leave the platform.

While it is of course disappointing to have a valued client choose to go in a different direction, it is important not to overstate the reliance of our business on any one client. Moreover, several major new agreements executed during the financial year will exceed the lost revenue once fully transitioned, including:

- The renewal of our contact with Asgard Capital Management from November 2019 for up to 6 years, with a minimum contract value of $3 million per year;
- Morgan Stanley Wealth Management Australia now utilising all of the products and services available through our fully Integrated Managed Accounts Platform, with a contract expansion in April 2019 of approximately $1 million per annum; and
- Shaw and Partners now utilising all of the products and services available through our fully Integrated Managed Accounts Platform, with a contract expansion in April 2019 of approximately $1 million per annum.

These contract wins demonstrate just how diversified and robust our business has become, and this is a great credit to Michael and his team.

On behalf of the Board, I extend sincere thanks to our dedicated staff and management around the world for delivering another strong financial result. They are working hard to assure our continued success.

My fellow Directors and I also 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.

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

Michael Ohanessian
CEO

FY2019 was a transformative year for Praemium. Several key strategic initiatives worked in combination to deliver strong financial results.

We ended the year with $16 billion of assets under administration, a 108% increase over last year. We also received several industry awards, which is a gratifying confirmation of our strategy.

A full-service managed accounts platform

February's major upgrade created a full-service Integrated Managed Accounts Platform with more than 2,000 single assets. The upgrade enables advisers to create bespoke Individually Managed Accounts (IMAs) in addition to using model portfolios in a Separately Managed Accounts (SMA) structure.

The IMA significantly expands our addressable markets globally. In Australia alone our market has expanded from the $21 billion SMA platform segment (as at end 2018) to the $858 billion overall platform market. Although it is early days, we are very encouraged by the strong client interest in Australia and internationally for our new IMA capability.

Finally, recent financial press coverage has suggested that some Australian investment platforms are providing low or negative interest rates on platform cash. Praemium has always ensured that the pricing of our managed accounts solutions is competitive for advisers and their clients. As such, the Praemium platform continues to deliver an attractive interest rate net of fees despite a reducing RBA rate. We also offer highly competitive brokerage rates and provide clients the benefits that accrue from the aggregation and netting of trades. In the June quarter, for instance, the netting benefit represented an average 20% reduction in brokerage costs for investors.

Non-custodial administration service

Also contributing to this strong result is the significant expansion of our Virtual Managed Accounts Administration Service (VMAAS), launched in December 2017. VMAAS has grown to $6.6 billion in FUA across more than 4,000 investor portfolios as at the end of FY2019.

VMAAS is an important addition to Praemium's Integrated Managed Accounts Platform. SMA and IMA are both custodial solutions, whereas Virtually Managed Accounts (VMA) enable advisers to manage clients' off-platform assets directly with the ASX in a HIN-based structure and use the platform for reporting

> "In Australia alone our market has expanded from the $21 billion SMA platform segment to the $858 billion overall platform market."

and administration purposes. This is a popular option for advisers, especially with higher-value clients, but it still requires advice businesses to carry out a variety of administrative tasks. Adding full administration support – from mail house, portfolio management, account reconciliation, corporate action election processing through to full annual reporting – makes the HIN-based managed account a much more attractive option. It enables advisers to efficiently cater for their entire client base, in both custodial and non-custodial accounts, on a single platform.

VMAAS also rounds out the comprehensive and complex year-end tax reporting process. With the ATO expected to capture many billions of digital transactions, making easy work of complexity is more important than ever before.

From a revenue perspective, the VMAAS is based on a flat fee per account. Based on our experience thus far, we expect VMAAS to deliver an average revenue per client similar to that of our custodial platform and hence will be an important driver of future growth.

Growth of the international business

I'm delighted to say that our international business is now growing very strongly and is on target to reach profitability next year. We had hoped to achieve this milestone sooner, but challenging trading conditions in the UK interrupted our momentum in the early part of the financial year.

Our momentum in the second half of the financial year has been very strong. We delivered a record $521 million of inflows in the second half versus $328 million in the first. Gross inflows were up 62% from the previous year and momentum has continued. The international platform's huge uplift is due in part to the impact of regulation in offshore markets such as the Middle East and Asia, where advice practices are being driven to adopt platform technology as they transition from front-loaded commissions to a more transparent fee-for-service model.

Expanding the footprint of financial planning software

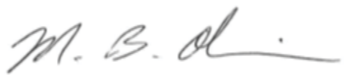
This year also saw a considerable increase in international sales of our financial planning software, WealthCraft, with the addition of 22 new firms. The release of digital fact-find and risk profiling functionality has garnered positive feedback, and this in turn has led to a high proportion of WealthCraft users also adopting our next-generation platform, demonstrating that advisers clearly appreciate the merits of an integrated solution.

Our longer-term vision

We see our new upgraded platform as the 5th generation in platform technology. This new tech leaps ahead of traditional wrap platforms that have attempted to bolt on a managed accounts capability. Our ability to provide discretionary SMA model portfolios alongside stock picks within the same account structure is a game changer.

Our next major program is to fully integrate the platform and our WealthCraft financial planning system. The global reach of our combined platform and financial planning system puts us in a unique competitive position and helps us support adviser firms to deliver excellence in management of client wealth.

Praemium as a company is evolving very quickly into a special business with superior technology and a huge addressable market. I want to thank our shareholders and our board for their support. And most importantly, I want to thank our incredible employees for all their hard work and dedication. I am terribly proud of them all.



Michael Ohanessian
CEO

Corporate Highlights

$3.0b
record gross annual inflows

$777m
managed by Smart[im]

$6.6bn
FUA on VMA administration service in 18 mths

25%
increase in funds under administration

29%
increase in underlying EBITDA

1,638
new model portfolios and single assets added to the platform

Continued growth: Funds on platform reached $9.5 billion

Directors' Report
Review of operations

Managed Accounts Platform

Praemium's proprietary Managed Accounts Platform is the only Australian platform to serve Australia, UK and International markets.

On February 4th, 2019 Praemium released its next-generation Integrated Managed Accounts Platform to the market. Launched under the banner 'Welcome to the Upgrade', the fully integrated Managed Accounts Platform provides advisers and wealth managers with the ability to construct the full breadth of managed accounts solutions for their clients via a seamless digital platform experience. The integrated platform includes: the custodial Separately Managed Accounts (SMA) and Individually Managed Accounts (IMA); non-custodial Virtual Managed Accounts (VMA) to underpin Managed Discretionary Accounts (MDA), Investor Directed Portfolio Services (IDPS) and similar structures; and Unified Managed Accounts (UMAs) that enable a consolidated view of custody and non-custody investment assets.

The Integrated Managed Accounts Platform represents a full business model transition for Praemium, incorporating a technology, process and client engagement upgrade that brings together our well-regarded non-custodial platform (VMA) with our custodial SMA platform under an efficient single platform structure suitable for Independent Financial Advisers (IFAs), stockbrokers, private wealth managers, family offices and institutional clients both domestically and globally, for our clients who access the platform via their local jurisdictions.

To support the launch of the new integrated Managed Accounts Platform, Praemium initiated the 'Welcome to the Upgrade' marketing campaign with a brand re-fresh and new website. A measure of the success of the campaign was indicated by our selection as a finalist for Financial Standard's MAX Marketing Campaign of the Year Award - with Praemium being the only investment platform nominated in this category.

Praemium's Australian platform has again set records this year with FUA up 24% to $6.9 billion, from net inflows of $1 billion.

Praemium has continued to develop a range of product and technology solutions that provide significant improvements to the way advisers deliver advice to their clients. Throughout the financial year, we delivered:

» A major expansion of available platform custodial assets with the addition of ASX 300 & MSCI 200 equities along with a broad range of managed funds, hybrids, XTBs and local and international ETFs

» Launch of an intuitive Adviser Portal and dashboard with individual adviser customisation

» Addition of new investment managers and model portfolios, with Praemium the first to offer SMA models for Magellan, Russell and State Street

» A new term deposit facility via Praemium's integration with Cashwerkz, where advisers can now access a range of multiple-term and interest-rate options across 21 approved deposit institutions

» A new 'Data Exchange' facility, providing advisers with a streamlined way to manage integrations with cash providers, financial planning and accounting software providers and other financial institutions

» A range of new and innovative cash management features that will assist advisers with targeted cash flow management to better manage sequencing risk

» Richer platform reporting for advisers and clients, with the addition of an innovative range of interactive charting tools

» Release of Praemium's first AI app, 'Insights' which integrates machine-learning artificial intelligence technology to help advisers better engage with clients.

Praemium continues to pioneer R&D advancement that can support advisers in their understanding and awareness of client satisfaction. This commitment was recognised during the year with Praemium winning the Innovation Award for our Integrated Managed Accounts Platform at the Institute of Managed Accounts Professionals (IMAP Awards) in June 2019.

Our International platform also delivered a strong performance this year, with record gross inflows of $849 million, up 62% on the prior comparable period. International platform FUA closed at $2.6 billion at 30 June 2019, a 29% improvement over last year.

During the year The Enhance Group (a specialist investment reporting and advice provider for UK and international trustees, family offices and charities with over $3 billion under administration) and The Fry Group's Hong Kong, Singapore, Dubai and UK offices chose Praemium as their platform.

Our pension offering achieved a significant boost in the past 12 months, with 1,088 schemes at 30 June 2019, a 141% increase. This included the launch of Praemium's Expatriate Retirement Account in 2019, which is a UK Self-Invested Personal Pension designed to help UK expatriates across the globe plan and save for their retirement.

Praemium's unique platform continued to win accolades during the year, receiving two international major awards. Praemium won "International Platform of the Year" at International Adviser Global Financial Services Awards and "Best Fund Platform" at the City of London Wealth Management Awards (COLWMA) against a large field of UK nominees.

Virtual Managed Accounts (VMA)

Praemium's Virtual Managed Accounts is a non-custodial solution for investment and SMSF portfolios, with first-class reporting, performance analysis and a digital Investor Portal.

Using our proprietary technology, VMA manages complex corporate actions, performance analytics, asset allocation, tax and multi-asset investment reporting. Investment asset coverage includes all ASX-listed securities, more than 5,000 international securities on 40 exchanges and many types of unlisted investments, bonds, managed funds and cash management accounts (CMAs). VMA provides the broadest range of investment data feeds in the market with high-quality client and business reporting tools, accessible through our Investor Portal, Report Publisher or Export Centre.

Praemium VMA has continued its positive momentum, with 4% growth in billable portfolios across FY2019 and the extension of the Asgard contract for a further 3 to 6 years from November 2019.

Major enhancements to VMA in the reporting period include:

» A new validation dashboard for non-custodial reporting that identifies at a glance the source of any portfolio reconciliation breaks, thus helping to ensure portfolios are always fully up to date.

» A suite of new report options that includes the ability to calculate performance on externally held cash accounts as well as enabling advisers to split out FX gains/losses.

» A range of new options for performance reporting and reporting on advice fees.

VMA Administration Service (VMAAS)

The VMA Administration Service is an add-on to the Praemium VMA that enables financial planning practices to outsource the administration of their client portfolios to Praemium, freeing up advisers from the time-consuming tasks associated with managing clients' investment portfolios.

Managing client assets directly with the ASX in a HIN-based structure is a popular option for advisers, especially for their higher-value clients, but can become a substantial administration burden. Adding full administration support – from mail house, portfolio management, account reconciliation, corporate action election processing through to full annual reporting – makes the HIN-based managed account a more attractive option. VMAAS can also be combined with Praemium's Managed Accounts platform for professional investment management and reporting. VMAAS is an important addition to Praemium's Integrated Managed Accounts Platform as it enables advisers to serve their clients' administration and investment needs from a single platform.

The reporting period saw a significant expansion of VMAAS with both Morgan Stanley Wealth Management Australia and Shaw and Partners signing up to the service. At 30 June 2019, VMAAS FUA had reached $6.6 billion across 4,421 portfolios, compared to $148 million 12 months ago.

CRM and Financial Planning

Praemium's CRM and financial planning solution, WealthCraft, offers a complete back-office service to reduce data input, spend less time on administration, increase efficiency and better serve clients. WealthCraft provides a single view of clients, efficient practice management tools, integrated client communication, adviser remuneration, portfolio valuation and a suite of professional reporting tools. WealthCraft is Microsoft O365-based so integrates with Outlook, Word and Excel for a seamless solution accessible from most devices.

The reporting period saw a rollout of new fact find and risk assessment tools that have been well received by clients and prospects. Additionally, ongoing regulatory changes in the European and Middle East markets, such as the General Data Protection Regulation (GDPR), continue to drive interest in WealthCraft's CRM and financial planning software.

WealthCraft has grown strongly in the UK and international markets, with users increasing 33% over the past 12 months.

Investment management

Smart Investment Management (Smart[im]) is an FCA-authorised investment management business that provides a range of innovative model portfolios and funds for the UK and international adviser markets. The London-based in-house team provides a range of multi-asset and multi-currency portfolios, available in GBP, USD and EUR. Assets can include equities, property, fixed interest, absolute return and cash.

During the financial year, Model Portfolios FUA increased 9% to $358 million from improving platform flows.

Market declines and lower flows into the Smartfund impacted overall FUM, which declined 39% to $419 million.

The year ahead

February 2019's upgrade to a full-service integrated Managed Accounts Platform marked an important milestone in Praemium's history. In particular, the significant expansion of our Individually Managed Account (IMA) solution, with an investment universe of over 2,000 single investment assets, has seen strong client interest in Australia and internationally and we expect this continue.

The competitive landscape for the Australia platform market continues to change to favour independent, nimble and technically advanced players like Praemium, and we will invest in capitalising on this change over the next few years. There has been a marked shift in adviser intentions with more than two thirds of advisers in Australia using or intending to use managed accounts in the near future and a high percentage of asset flows being directed to them. This shift is essentially due to the inherent investment, transparency and cost benefits for investors as well as for the business efficiency gains for advice businesses. Our appeal to the broader advice segment is expected to increase, following the release in August 2019 of new Praemium SMA and SuperSMA pricing structures that are highly competitive for all client segments.

To ensure we capture new business in the coming year, Praemium launched a competitive new pricing strategy for SMA and SuperSMA. These changes came about on 1 August and have been well received by clients.

Also in Australia, our VMA Administration Service (VMAAS) is an important addition to Praemium's Integrated Managed Accounts Platform. Based on our experience thus far, we expect VMAAS to deliver an average revenue per client similar to that of our Managed Accounts Platform and hence will be an important driver of future growth.

Looking internationally, 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. We remain focused on accelerating the strong performance of our International business, which has seen record platforms inflows this year. Furthermore, although the UK is well advanced in creating model portfolio solutions for its clients, it lags behind managed accounts technology in effective execution. For this reason, Praemium has great potential in the UK and we will look to increasing our distribution efforts for the year ahead.

We also saw considerable take-up of WealthCraft CRM internationally, often in conjunction with the platform as advisers appreciate the merits of an integrated solution.

Implementation of the International version of the innovative Adviser Portal, ready for client beta testing in the September quarter, will save advice businesses time on implementation and administration. It will also enable higher quality client engagement through easy access to rich client portfolio and adviser business information.

Our global focus on retirement solutions continues to gather momentum. We believe that our presence in Australia and the UK gives us the requisite technical, regulatory and platform expertise to meet the needs of UK and Australian expats, whose retirement accounts represent a large and underserved market. Praemium's strategy is to be the destination of choice for investors looking to maximise the benefits of their savings for retirement.

We also remain committed to pension portability, especially for UK expats moving to Australia. With Australian platforms no longer deemed to be compliant as qualifying UK pension scheme operators, a substantial segment of the market has been left without a satisfactory solution. 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.

Continued innovation

Launch of insights

Praemium is proud to have launched an innovative artificial intelligence function, Insights. The application is designed to enhance client engagement and strengthen the adviser-client relationship.

Insights uses data science and technology to examine client behavioural patterns that may indicate a need for additional advice or guidance. Whether patterns are driven by investment/market performance or a change in a client's personal circumstances, the adviser will be equipped with the knowledge and insight to engage with their client at a time when they most need it.

Future positioning

- New pricing strategy for SMA, SuperSMA and SMSF
- Targeting future growth in investment choices with 500 managed funds
- Further platform functionality updates on data feeds, adviser resources, reporting and performance
- Launch of expatriate managed account solutions and SIPP to support growing expat requirements

Key facts and figures

Financial Metrics

	FY2019	FY2018	Change	Change
	$000	$000	$000	%
Revenue and other income^	45,141	43,182	1,959	5%
Expenses	33,759	34,340	(581)	(2%)
EBITDA (underlying)*	11,382	8,842	2,540	29%
Profit before tax	5,439	4,903	536	11%
Tax (expense)	2,889	3,488	(599)	(17%)
Net profit/(loss) after tax	2,550	1,415	1,135	80%
Earnings per share	0.6	0.4	0.2	78%
Cash	13,748	12,121	1,627	13%
Net Assets	23,573	20,280	3,293	16%
Operating cashflow	6,193	5,412	781	14%

^Other income as outlined in Note 4 of the financial statements
*Underlying EBITDA excludes restructure, arbitration and acquisitions costs of -$1.6 million (2018: -$1.8 million), share based payments of -$2.0 million (2018: -$1.1 million) and foreign exchange movements of currencies held on deposit of $0.0 million (2018: $0.0 million), as detailed in Note 20 of the attached annual report

Service Metrics

FUA	FY2019	FY2018	Change	Change
Managed Account Platform (Australia)	A$6.96bn	A$5.61bn	$1.35bn	24%
Managed Account Platform (International)	A$2.57bn	A$2.00bn	$0.58bn	29%
Virtual Managed Account Administration Service	A$6.56bn	A$0.15bn	$6.41bn	4,330%

International funds based on closing FX rate 0.5535 (2018: 0.5634)

Overview of 2019 financial position

Results

The consolidated profit attributable to the members of the Group was $2,549,883. This was from a 5% increase in revenue and other income, compared to a 2% reduction in expenses, resulting in a 29% increase in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) to $11.4 million. The company's net profit before tax was $5,438,859, 11% higher than the prior year, while the current year's tax expense of $2,888,976 was 17% lower than the prior financial year due to a reduction in the company tax rate from 30% to 27.5%.

The Group's net asset position at 30 June 2019 was $23,572,895 with $13,748,441 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 2019 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.

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 is currently non-executive chairman for ASX-listed entities Elmo Software (ELO) and QuickFee (QFE). He 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. Barry 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 and is currently the head of private assets and distribution at Ellerston Capital Limited.

Stuart is non-executive chairman of Money3 Corporation Limited (since November 2018, director 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, co-founder of One Atmosphere Pty. Limited, a Tasmanian start up developing helicopter safety systems 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.

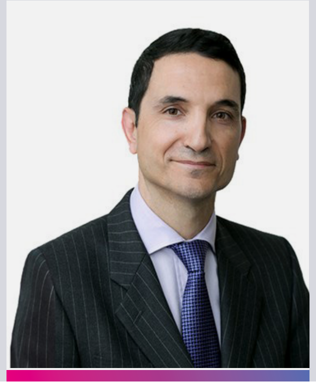
Claire Willette

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 and Remuneration 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. He is also currently non-executive director at Bluechiip Limited, and holds a Bachelor of Engineering 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.

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

Disclosures relating to Directors and Senior Management

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

	Board Of Directors 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	-	-	-	-
Stuart Robertson	11	10	6	6	2	2
Daniel Lipshut	11	11	6	5	2	2
Claire Willette	11	10	6	5	2	1
Michael Ohanessian	11	11	-	-	-	-

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 Note 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 $62,000 (ex GST).

Further disclosures

11 million performance rights, based on achievement of vesting hurdles after 3 years, have been issued to senior executives 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 2019

Remuneration Report

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

- Barry Lewin
- Stuart Robertson
- Daniel Lipshut
- Claire Willette
- Michael Ohanessian

Remuneration philosophy and principles

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

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

Remuneration policies

The Board has established a Remuneration Committee, which is currently chaired by non-executive director Daniel Lipshut and includes non- executive directors Stuart Robertson and Claire Willette. 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:

	2019	2018	2017	2016
EBITDA^ ($m)	11.4	8.8	6.3	2.6
NPAT($m)	2.5	1.4	0.8	(2.1)
EPS (cents)	0.6	0.4	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 20.

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:

- Michael Ohanessian - Chief Executive Officer
- 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. Overachievement 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.

Remuneration Report (continued)

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 a 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.

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 2019 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 95.0% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Detail of key management personnel remuneration - 2019

2019	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	124,886	-	-	11,864	-	136,750	0%
Stuart Robertson	86,250	-	-	-	-	86,250	0%
Daniel Lipshut	71,005	-	-	6,745	-	77,750	0%
Claire Willette	60,502	-	-	5,748	-	66,250	0%
Michael Ohanessian	510,000	-	121,881	25,000	22,531	679,412	18%
Key management personnel							
Paul Gutteridge	298,813	44,822	118,091	28,387	13,023	503,136	32%
Anna Itsiopoulos	266,775	40,620	96,972	25,344	4,803	434,514	32%
Adam Pointon	242,785	36,418	109,100	23,065	14,158	425,526	34%
Christine Silcox	199,639	29,946	82,286	18,966	8,108	338,945	33%
2019 total	**1,860,655**	**151,806**	**528,330**	**145,119**	**62,623**	**2,748,533**	**25%**

1. Bonus by way of shares relates to FY2019's STI for key executives, with annual results achieving target. Achievement of STI is calculated as a percentage of base salary, with amounts accrued into FY2019's financial results, but not yet issued/paid at the date of this report.
2. Performance rights relates to entitlements under the Praemium Directors & Employee Benefits Plan, with amounts recognised over the life of the vesting period in accordance with AASB 2: Share Based Payments, and does not reflect actual remuneration received within the year.
3. Director fees for Stuart Robertson and Daniel Lipshut include chair fees for the Audit, Risk and Compliance Committee and Remuneration & Nomination Committee respectively

Detail of key management personnel remuneration - 2018

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	-	50,992	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 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.

Bonuses Included In Remuneration

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

	Percentage vested in year	Percentage forfeited in year
Parent entity directors		
Michael Ohanessian	0%	100%
Key management personnel		
Paul Gutteridge	21%	79%
Anna Itsiopoulos	21%	79%
Adam Pointon	21%	79%
Christine Silcox	21%	79%

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	16-Oct-18	30-Sep-21	278,614	235,429	-	(15,607)	219,822
Key management personnel							
Paul Gutteridge	16-Oct-18	30-Sep-21	111,329	94,073	-	(7,154)	86,919
Anna Itsiopoulos	16-Oct-18	30-Sep-21	100,891	85,253	-	(6,484)	78,769
Adam Pointon	16-Oct-18	30-Sep-21	90,454	76,434	-	(5,813)	70,621
Christine Silcox	16-Oct-18	30-Sep-21	13,578	11,473	-	(5,817)	5,656

Remuneration Report (continued)

Other Information

A) Performance rights holdings

	Alloted Date	Balance 1 July 2018	Granted as compensation	Vested/ Exercised	Forfeited/ lapsed during the year	Balance 30 June 2019
Parent entity directors						
Michael Ohanessian	16-Oct-18	476,744	278,614	(107,268)	(18,470)	629,620
Key management personnel						
Paul Gutteridge	16-Oct-18	800,000	111,329	(471,945)	(20,485)	418,899
Anna Itsiopoulos	16-Oct-18	533,326	100,891	(195,616)	(20,420)	418,181
Adam Pointon	16-Oct-18	749,490	90,454	(448,523)	(17,641)	373,780
Christine Silcox	16-Oct-18	508,503	13,578	(219,882)	(109,935)	192,264
		3,068,063	**594,866**	**(1,443,234)**	**(186,951)**	**2,032,744**

B) Shareholdings directly and indirectly beneficially held

2019	Balance 1 July 2018	Received as Compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2019
Parent entity directors					
Barry Lewin	215,000	-	-	250,000	465,000
Stuart Robertson	220,000	-	-	165,000	385,000
Daniel Lipshut	-	-	-	250,000	250,000
Claire Willette	-	-	-	-	-
Michael Ohanessian	15,119,786	-	107,268	296,000	15,523,054
Key management personnel					
Paul Gutteridge	2,093,703	-	471,945	(564,222)	2,001,426
Anna Itsiopoulos	53,992	-	195,616	(99,999)	149,609
Adam Pointon	777,358	-	448,523	(132,282)	1,093,599
Christine Silcox	4,003,386	-	219,882	-	4,223,268
	22,483,225	**-**	**1,443,234**	**164,497**	**24,090,956**

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 32-36 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 $123,000 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.

Barry Lewin,
Chairman

12 August 2019

FY2019 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: https://www.praemium.com/au/about-us/shareholders/corporate-governance/ or are otherwise available under the "Shareholders" section (under "About Us") of the Praemium website.

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

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

Principle 1 – Lay solid foundations for management and oversight

Board role & responsibilities (Principle 1.1)

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

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

Directors' appointment (Principle 1.2)

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

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

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

Terms of appointment (Principle 1.3)

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

Company Secretary (Principle 1.4)

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

Diversity policy (Principle 1.5)

The Company is required to report on matters relating to diversity, in particular board diversity. The Company has a formal diversity policy, 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 2019;
- 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 2019		30 June 2018	
	Female	Male	Female	Male
Board	20%	80%	20%	80%
Senior Executive	33%	67%	47%	53%
Group	39%	61%	37%	63%

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 Committee members 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.

FY2019 Corporate Governance Statement (continued)

Principle 2 – Structure the board to add value

Nomination committee (Principle 2.1)

The functions of a Nomination Committee are outlined in the Company's Remuneration Committee Charter, with a copy of the Charter published on the Company's website.

The Committee comprises Daniel Lipshut (Chairman), Stuart Robertson and Claire Willette, 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 20, 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, AICD	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	BE, MBA	Executive

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

Area	Competence
Corporate leadership	Business leadership, public listed company experience
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
Executive or CEO, assesing 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, risk management
Market & Industry	Financial services expertise, commercial and business experience
Technology	Technology, infrastructure, product development, product life cycle management
Sustainability & stakeholder management	Corporate governance
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.

Three non-executive 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. The relevant qualifications and experience of the members of the committee are outlined in Table 1 of principle 2.2.

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.

FY2019 Corporate Governance Statement (continued)

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 Claire Willette. All members are independent and non-executive.

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 pages 24-31 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.

Financial Report 2019

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2019	Note	2019 $	2018 $
Revenue from contracts with customers	3	44,177,663	42,193,434
Other income	4	962,850	988,617
Employee costs		(23,883,127)	(21,797,153)
Depreciation, amortisation and impairments	5	(1,861,302)	(1,047,478)
Legal, professional, advertising and insurance expense		(5,041,981)	(4,222,271)
IT support		(1,998,412)	(1,705,565)
Commissions expense		(2,417,653)	(5,091,862)
Travel expenses		(1,283,306)	(1,138,123)
Occupancy costs		(2,037,174)	(1,907,365)
Net foreign exchange gains	5	8,033	123,932
Telecommunication costs		(374,404)	(310,108)
Platform trading & recovery		3,281,786	1,915,665
Other expenses	5	31,383	(59,086)
Share based payments		(1,968,101)	(1,060,002)
Restructure, arbitration and acquisition costs		(1,636,668)	(1,829,168)
Withholding tax not recoverable		(520,728)	(150,850)
Profit before income tax expense		**5,438,859**	**4,902,617**
Income tax expense	6	(2,888,976)	(3,488,076)
Profit attributable to members of the Group		**2,549,883**	**1,414,541**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of other financial assets		-	46,183
Exchange differences on translation of foreign operations		142,754	256,954
Total items that may be reclassified subsequently to profit or loss		142,754	**303,137**
Other comprehensive income for the year, net of tax		142,754	**303,137**
Total comprehensive income attributable to owners of the parent		2,692,637	**1,717,678**
Profit for the year attributable to owners of the parent		2,692,637	1,717,678
Total comprehensive income attributable to owners of the parent		**2,692,637**	**1,717,678**
Earnings per share			
Basic earnings per share (cents per share)	24	0.6	0.4
Diluted earnings per share (cents per share)	24	0.6	0.4

The accompanying notes form part of the financial statements.

Statement of Financial Position

As at 30 June 2019	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	7	13,748,441	12,120,879
Trade and other receivables	8	5,727,252	5,397,901
Prepayments		1,908,442	1,936,860
Total current assets		**21,384,135**	**19,455,640**
Non-current assets			
Other financial assets	9	1,363,476	2,287,113
Property, plant and equipment	10	1,302,725	1,316,010
Goodwill	11	2,810,502	3,207,751
Intangible assets	12	7,118,779	3,245,328
Deferred tax assets	13	1,398,641	807,144
Total non-current assets		**13,994,123**	**10,863,346**
TOTAL ASSETS		**35,378,258**	**30,318,986**
Current liabilities			
Trade and other payables	14	6,013,280	6,117,932
Provisions	15	1,492,999	1,333,384
Unearned income		2,395,444	781,528
Income tax payable		1,669,012	1,543,770
Total current liabilities		**11,570,735**	**9,776,614**
Non-current liabilities			
Provisions	15	128,721	62,647
Deferred tax liability	13	105,907	199,782
Total non-current liabilities		**234,628**	**262,429**
TOTAL LIABILITIES		**11,805,363**	**10,039,043**
NET ASSETS		**23,572,895**	**20,279,943**
Equity			
Share capital	16	67,019,085	65,371,547
Reserves	17	1,329,317	1,201,151
Accumulated losses		(44,775,507)	(46,292,755)
TOTAL EQUITY		**23,572,895**	**20,279,943**

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For year ended 30 June 2019	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Revaluation Reserve $	Total $
Equity as at beginning of period	**65,371,547**	**(46,292,755)**	**(593,302)**	**1,743,038**	**51,415**	**20,279,943**
Change in accounting policy	-	(1,032,692)	-	-	(51,415)	(1,084,107)
Restated total equity at the beginning of the financial year	**65,371,547**	**(47,325,447)**	**(593,302)**	**1,743,038**	**-**	**19,195,836**
Profit attributable to members of the parent entity	-	2,549,883	-	-	-	2,549,883
Other comprehensive income/(loss)	-	-	142,754	-	-	142,754
Total comprehensive income/(loss) for the year	**-**	**2,549,883**	**142,754**	**-**	**-**	**2,692,637**
Transactions with owners in their capacity as owners						
Issue of shares	21,501	-	-	-	-	21,501
Option expense	-	-	-	1,662,864	-	1,662,864
Exchange difference on option reserve	-	57	-	-	-	57
Transfer on exercise of options	1,626,037	-	-	(1,626,037)	-	-
	1,647,538	**57**	**-**	**36,827**	**-**	**1,684,422**
Equity as at 30 June 2019	**67,019,085**	**(44,775,507)**	**(450,548)**	**1,779,865**	**-**	**23,572,895**

For year ended 30 June 2018	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments 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	-	-	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**

The accompanying notes form part of the financial statements.

Statement of Cash Flows

For year ended 30 June 2019	Note	2019 $	2018 $
Cash flows from operating activities:			
Receipts from customers		44,930,666	43,110,132
Payments to suppliers and employees		(35,733,191)	(34,987,033)
Interest received		25,110	21,501
Unit trust distributions received		4,142	2,881
Income tax paid		(3,034,049)	(2,735,705)
Net cash provided by operating activities	22	**6,192,678**	**5,411,776**
Cash flows from investing activities:			
Payments for property, plant and equipment		(490,588)	(522,461)
Proceeds from Investments		879,826	5,000
Payment for intangible assets		(4,716,687)	(2,317,645)
Net cash used in investing activities		**(4,327,449)**	**(2,835,106)**
Cash flows from financing activities:			
Net cash provided by financing activities		**-**	**-**
Net cash increase in cash and cash equivalents		**1,865,229**	**2,576,670**
Cash and cash equivalents at beginning of year		12,120,879	8,983,491
Effect of exchange rates on cash holdings in foreign currencies		(237,667)	560,718
Cash and cash equivalents at end of year	7	**13,748,441**	**12,120,879**

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.

(i) New standards adopted by the Group

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of AASB 9 and AASB 15. This is disclosed in note 1(w).

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Based on the Group's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 31 December 2019 will have a material impact on the transactions and balances recognised in the financial statements, in particular:

- lease assets and financial liabilities on the balance sheet will increase by $4,974,052 and $4,673,477 respectively (based on the facts at the date of the assessment)
- earnings before income tax in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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 financial assets through profit or loss, 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 2019 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 loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables are generally due for settlement within 30 days.

(ii) Cash and cash equivalents

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

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

(iii) Financial liabilities and equity

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

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

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of profit & loss and comprehensive income line items "finance costs" or "finance income".

(iv) 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) Financial assets at fair value through profit or loss (FVTPL) (Adopted on 1 July 2018)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

(vi) Available-for-sale financial assets (applicable to periods ending 30 June 2018 and earlier)

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 1 July 2005. The head entity within the tax-consolidated group for the purposes of tax consolidation is Praemium Limited.

Praemium Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Praemium Limited and each of the entities within the tax-consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Praemium Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

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

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

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

(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 (applicable to periods ending 30 June 2018 and earlier)

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 $5,438,859 during the financial year ended 30 June 2019 (June 2018 $4,902,617) with accumulated losses amounting to $44,775,507 as at 30 June 2019. Cash reserves were $13,748,441 at 30 June 2019.

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, European 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 2019. 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) 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 (applicable to periods ending 30 June 2018 and earlier)
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 (applicable to 30 June 2018 and earlier)
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.

(v) 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.

(w) Change in Accounting Policies

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2018.

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatory to apply to the current reporting period.

Disclosures required by these standards that are deemed material have been included in the financial statements on the basis that they represent a significant change in information from that previously made available.

AASB 15 and AASB 9 became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

New standards adopted as at 1 July 2018:

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

While this represents significant new guidance, the implementation of the new guidance did not have a material impact on trade receivables and any gain and loss from changes in market value of financial instruments held. As such, the Group has applied transitional relief, elected not to restate prior periods and have not recognised differences in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has mostly impacted the following areas:

Classification and measurement of the Group's financial assets

- Listed financial assets - Available for sale financial assets under AASB 139 included listed equity investments of $1,287,113 at 30 June 2018. These were reclassified to fair value through profit or loss (FVPL) under AASB 9.
- $51,415 was transferred from the revaluation reserve to retained earnings on 1 July 2018.

Impairment of financial assets

For trade receivables and contract assets under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

Reconciliation of financial instruments on adoption of AASB 9 - 1 July 2018

	Measurement category		Carrying amount		
	Original AASB 139 classification	New AASB 9 classification	Closing balance 30 June 2018 (AASB 139)	Adoption of AASB 9	Opening balance 1 July 2018 (AASB 9)
Financial Assets					
Trade and other receivables	Loans and receivables	Amortised cost	83,325	-	83,325
Listed equities	Available for Sale	FVPL	1,287,113	-	1,287,113

AASB 15 Revenue from Contracts with Customers
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The adoption of AASB 15 has affected Virtual Managed Accounts revenue. VMA revenue is billed either yearly or quarterly depending on the terms of the service agreement. Under AASB 118, certain revenues were recognised at the time of delivery of the risks and rewards of the product(s) in question to customers of the Group. Upon application of AASB 15 and a transfer to the requisite "control" model – where revenue is recognised as and when control of a good or service is transferred – revenue for these product(s) is changed to an over-time model of revenue recognition.

The tables below highlight the impact of AASB 15 on the Group's statement of profit or loss and other comprehensive income and the statement of financial position for the period ending 30 June 2019. The adoption of AASB 15 did not have a material impact on the Group's statement of cash flows

Statement of Profit or Loss and Other Comprehensive Income (Extract)

	Amounts under AASB 118	Adjustments	Amounts under AASB 15
Revenue	43,962,525	215,138	44,177,663

Statement of Financial Position (Extract)

	Amounts under AASB 118 $	Adjustments $	Amounts under AASB 15 $
Non-current assets			
Deferred tax asset	934,023	464,618	1,398,641
Total assets	**934,023**	**464,618**	**1,398,641**
Current liabilities			
Unearned income	908,817	1,486,627	2,395,444
Total liabilities	**908,817**	**1,486,627**	**2,395,444**
Equity			
Retained earnings	46,292,755	1,084,107	47,376,862

On the date of the initial application of AASB 9 and AASB 15, 1 July 2018, the impact to retained earnings of the Group is as follows:

	$
Equity as at 1 July 2018	**46,292,755**
Recognition of contract liability for portfolio administration and reporting	1,548,725
Permanent tax difference from recognition of contract liability for portfolio administration and reporting	(464,618)
Transfer of (gain)/loss on equity investments at fair value through other comprehensive income to retained earnings	(51,415)
Adjustment to retained earnings	**1,032,692**
Restated equity as at 1 July 2018	**47,325,447**

Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 and AASB 9 became mandatorily effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the period ended 30 June 2019. Changes to the Group's accounting policies arising from these standards are summarised below:

(i) Revenue
Revenue arises mainly from the provision of Managed Accounts Platform services, investment management, portfolio administration and reporting and financial planning software.

Managed Accounts Platform and Investment Management – The Group provides platform administration and/or investment management services for investments held on our custodial platforms. Revenue is determined monthly in arrears based on the value of investor portfolios, or transaction costs relating to the buying and selling investments in investor portfolios and the revenue is recognised in the accounting period in which the services are rendered. This method best depicts the transfer of services to the customer because the entire benefit has been transferred to the customer in the accounting period.

Portfolio Administration – The Group enters into contracts with its customers based on provision of technology services for terms between one and five years in length. Contract values are determined based on the usage of technology licences and investor portfolios. Customers are required to pay in advance for each quarterly or annual service period as specified in each contract. Revenue is recognised over time on a straight-line basis over the term of each contract in the accounting period in which the services are rendered. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of the services.

Virtual Managed Accounts Administration Service – The Group enters into contracts with its customers based on provision of administration of client portfolios for terms between 1 and 5 years in length. Revenue is determined monthly in arrears based on the asset classes held in the portfolio and is recognised in the accounting period in which the services are rendered. This method best depicts the transfer of services to the customer because the entire benefit has been transferred to the customer in the accounting period.

Financial Planning Software – The Group enters into contracts with its customers based on provision of technology services up to 1 year in length. Contract values are determined based on the usage of technology licences and revenue is recognised in the accounting period in which the services are rendered and the total benefit has been transferred to the customer in the accounting period. Customers are required to pay in advance for each monthly or annual service period as specified in each contract.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group may enter into transactions involving a range of the Group's products and services, for example for the delivery of SMA and portfolio administration or financial planning software. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

(ii) Financial Instruments
Recognition and derecognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets in the unit trust and regulatory reserve are classified as financial assets at fair value through profit or loss (FVPL) upon initial recognition.

Classifications are determined by both:

» the entity's business model for managing the financial asset

» the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

» they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

» the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss.

Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Financial assets at FVTPL include listed equity securities and listed unit trusts.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

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". Management reviews trade receivables balances, and aging profiles of the total trade receivables on a monthly basis.

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 2019, financial liabilities have contractual maturities, which are summarised below:

2019	Current		Non-current	
	Within 6 months $	6-12 Months $	1-5 Years $	Later than 5 years $
Trade payables	638,673	-	-	-
Accrued expenses	2,950,617	-	-	-
Other payables	1,738,667	-	-	-
Total	**5,327,957**	**-**	**-**	**-**

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

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 (2018: +/-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.

	2019 $		2018 $	
	+100 basis pts	**-100 basis pts**	**+100 basis pts**	**-100 vasis pts**
Cash and cash equivalents	137,484	(137,484)	121,209	(121,209)
Net result	**137,484**	**(137,484)**	**121,209**	**(121,209)**

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	**2019 GBP**	**2018 GBP**
Cash at bank and on term deposit	1,366,320	2,876,182

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 2019 (2018: 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 2019 and 2018.

If the Australian dollar had strengthened against the GBP sterling by 5% (2018: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2019 $	**2018 $**
Profit after tax	(65,063)	(136,961)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2018: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2019 $	**2018 $**
Profit after tax	71,912	151,378
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	**2019 USD**	**2018 USD**
Cash at bank and on term deposit	15,494	8,499

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 2019 (2018: 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 2019 and 2018.

If the Australian dollar had strengthened against the USD by 5% (2018: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2019 $	**2018 $**
Profit after tax	(738)	(405)
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2018: 5%) then this would have had the following impact on profit and other equity:

		Consolidated
	2019 $	**2018 $**
Profit after tax	815	447
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 financial assets at fair value through profit or loss.

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% (2018: 10%) this would have increased other income for both the Company and Group by $136,348 (2018: $13,317) A decrease of 10% would have reduced other income 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 2019 and 30 June 2018.

2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
- Listed unit trusts	130,415	-	-	130,415
- Shares in unlisted entity	-	-	-	-
- Regulatory reserve	1,233,061	-	-	1,233,061
	1,363,476	**-**	**-**	**1,363,476**

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
- 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**

3. Revenue from contracts with customers

	Consolidated	
Revenue From	**2019 $**	**2018 $**
Portfolio services and administration	15,933,586	15,434,505
Managed accounts and investment management	25,950,715	24,496,151
Financial planning software	2,256,792	2,235,620
Interest income from other parties	25,110	21,501
Unit trust distributions	11,460	5,657
Total revenue	**44,177,663**	**42,193,434**

4. Other Income

	Consolidated	
	2019 $	**2018 $**
R&D Incentive Received (UK)	875,366	662,506
Lease revenue	86,737	57,177
Fund Recoveries	-	13,857
Commissions	747	213,432
Other	-	41,645
	962,850	**988,617**

5. Expenses

	Consolidated	
	2019 $	**2018 $**
Defined contribution superannuation expense	1,887,712	1,554,820
Net foreign exchange gains	(8,033)	(123,932)
Depreciation of plant and equipment	514,908	474,610
Amortisation of intangible assets	1,346,394	572,868
Other expenses	(31,383)	59,086
Rental expense relating to operating leases – straight line expense	1,636,248	1,504,026
Impairment losses - trade receivables	(31,940)	56,120

6. Income Tax Expense

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

	Consolidated	
	2019 $	**2018 $**
Profit before tax	**5,438,859**	**4,902,617**
Prima facie tax expense on loss before income tax at 27.5% (2018: 30%)	1,495,686	1,470,785
Non-deductible expenses	(429,226)	827,057
R&D incentive tax offsets	-	(260,233)
Tax effect of:		
Difference in overseas tax rates	623,526	647,734
Current year tax losses not brought to account for overseas entities	1,196,230	792,575
Current year temporary differences not brought to account	2,760	10,158
Income tax expense	**2,888,976**	**3,488,076**
Tax expense comprises:		
Current tax expense	2,818,128	3,402,954
Deferred tax expense:		
Origination and reversal of temporary differences	70,848	85,122
Tax expense	**2,888,976**	**3,488,076**

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

	2019 $	**2018 $**
Unused tax losses for which no deferred tax asset has been recognised	55,561,453	56,463,920
Deductible temporary differences for which no deferred tax asset has been recognised	234,360	225,160
	55,795,813	56,689,080
Potential tax benefit @ 27.5% (2018: 30%)	**15,343,849**	**17,006,724**

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 unused tax losses and deductible temporary differences 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 which adversely affect the Group's ability to realise the benefit.

c) Franking credits

	2019 $	**2018 $**
The amount of the franking credits available for subsequent reporting periods are:		
Balance at the end of the reporting period	4,927,437	4,137,182
Franking credits that will arise from the payment of the amount of provision for income tax	1,228,022	172,404
Total franking credits	**6,155,459**	**4,309,586**

7. Cash and Cash Equivalents

	Consolidated	
	2019 $	**2018 $**
Cash on hand	1,380	1,748
Term deposit	388,965	388,577
Bank balances	13,358,096	11,730,554
	13,748,441	**12,120,879**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 0.4% (2018: 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% (2018: nil%). Cash on term deposit matures on an annual basis. Cash on hand is non-interest bearing.

8. Trade, Other Receivables and Contract Assets

	Consolidated	
	2019 $	**2018 $**
Current		
Trade receivables	2,722,370	3,181,412
Allowance for credit losses	(5,555)	(83,325)
	2,716,815	**3,098,087**
Contract assets	1,825,897	1,411,797
Deposits receivable	454,557	434,556
Other receivables	729,983	453,461
	3,010,437	**2,299,814**
	5,727,252	**5,397,901**

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 $5,555 (2018: $83,325) 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	
	2019 $	**2018 $**
Not more than 3 months	2,640	7,961
More than 3 months but not more than 6 months	330	6,391
More than 6 months but not more than 1 year	2,585	68,973
More than one year	-	-
Total	**5,555**	**83,325**

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	
	2019 $	**2018 $**
Not more than 3 months	2,280,435	2,890,751
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	326,815	207,336
More than one year	109,565	-
Total	**2,716,815**	**3,098,087**

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

	Consolidated	
	2019 $	**2018 $**
At 1 July 2018	83,325	99,440
Provision for impairment recognised in the year	(31,940)	56,120
Receivables written off as uncollectible	(45,830)	(72,235)
Balance at 30 June 2019	**5,555**	**83,325**

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

Financial assets at fair value through profit or loss

	2019 $	2018 $
Listed Investments		
Units in unit trust	130,415	133,166
Regulatory reserve	1,233,061	1,153,947
Unlisted Investments		
Shares in unlisted entity	-	1,000,000
Total financial assets of fair value through profit or loss	**1,363,476**	**2,287,113**

Shares in the unlisted entity were disposed of during the reporting period.

10. Property, Plant and Equipment

	Consolidated	
	2019 $	2018 $
Buildings and leasehold improvements at cost	525,565	512,931
Accumulated depreciation	(312,948)	(204,651)
Total buildings and leasehold improvements	**212,617**	**308,280**
Furniture, fixtures and fittings at cost	1,219,435	1,077,818
Accumulated depreciation	(896,335)	(816,357)
Total furniture, fixtures and fittings	**323,100**	**261,461**
Computer equipment at cost	5,269,968	4,864,387
Accumulated depreciation	(4,502,960)	(4,118,118)
Total computer equipment	**767,008**	**746,269**
Total property, plant and equipment	**1,302,725**	**1,316,010**

10. Property, Plant and Equipment

30 June 2019	Furniture, fixtures and fittings $	Computer Equipment $	Buildings & leasehold improvements $	Total $
Balance at 1 July 2018	261,461	746,269	308,280	1,316,010
Additions	132,508	354,711	3,369	490,588
Disposals	(1,168)	(2,214)	-	(3,382)
Depreciation expense	(70,964)	(339,297)	(104,647)	(514,908)
Exchange differences	1,263	7,539	5,615	14,417
Balance at 30 June 2019	**323,100**	**767,008**	**212,617**	**1,302,725**

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**

11. Goodwill

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

	Consolidated	
	2019 $	2018 $
Gross carrying amount		
Balance at 1 July 2018	3,230,751	2,969,235
Transfer to intangible asset	(450,485)	-
Net exchange differences	53,236	261,516
Balance at 30 June 2019	**2,833,502**	**3,230,751**
Accumulated impairment		
Balance at 1 July 2018	(23,000)	(23,000)
Balance at 30 June 2019	**(23,000)**	**(23,000)**
Carrying amount 30 June 2019	**2,810,502**	**3,207,751**

(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.

	2019 $	2018 $
Praemium Asia Limited (formerly WealthCraft Systems Limited)	696,939	657,997
Plum Software Limited	1,862,539	2,182,995
Praemium Retirement Services Ltd (formerly Wensley Mackay Limited)	251,024	366,759
Goodwill allocation at 30 June 2019	**2,810,502**	**3,207,751**

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% (2018: 3.0%), for Plum Software is 2.0% (2018: 2.0%) and for Praemium Retirement Services is 2.0% (2018: 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 12.40% (2018: 12.37%), for Plum Software is 9.56% (2018: 9.49%) and for Praemium Retirement Services is 9.56% (2018: 9.49%).

(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 2019	Customer Contracts $	Databases $	Total $
Gross carrying amount			
Balance at 1 July 2018	1,812,751	3,222,662	5,035,413
Additions	302,963	4,896,494	5,199,457
Net exchange differences	26,618	19,849	46,467
Balance at 30 June 2019	**2,142,332**	**8,139,005**	**10,281,337**
Amortisation and Impairment			
Balance at 1 July 2018	(1,114,055)	(676,030)	(1,790,085)
Amortisation	(302,952)	(1,043,442)	(1,346,394)
Net exchange differences	(14,033)	(12,046)	(26,079)
Balance at 30 June 2019	**(1,431,040)**	**(1,731,518)**	**(3,162,558)**
Carrying amount 30 June 2019	**711,292**	**6,407,487**	**7,118,779**

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
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)
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**

Database assets includes Plum's technical database and capitalised software costs. As at 30 June 2019, we had software assets under development amounting to $3,436,319 (2018: $1,562,344). As these assets were not installed and ready for use, no amortisation has been charged on the amounts.

Additions to database include $4,896,494 (2018: $2,321,599) of capitalised software costs for internally generated assets. Database includes $6,104,624 for capitalised software costs and $302,863 for technical database.

Praemium has assessed that the customer contracts and technical database intangibles are amortised on a straight-line basis over 5 years (2018: 5 years). The capitalised software costs are amortised on a straight-line basis over 3 years (2018: 3 years). This is based on an estimate of customers' future term using Praemium's services. All amortisation charges are included within depreciation and amortisation on non-financial assets.

Of the $1,043,442 amortisation in databases, $862,873 relates to capitalised software costs, and $180,569 is for technical databases.

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) 2019	1 July 2018 $	Recognised In Profit And Loss $	30 June 2019 $
Current assets			
Trade and other receivables	17,605	(16,077)	1,528
Non-current assets			
Intangible assets	(199,782)	93,875	(105,907)
Plant, property & equipment	82,195	223,983	306,178
Non-current liabilities			
Pension and other employee obligations	431,639	40,604	472,243
Current liabilities			
Provisions	204,500	392,947	597,447
Unused tax losses	71,205	(49,960)	21,245
Net deferred tax assets	**607,362**	**685,372**	**1,292,734**
Deferred tax asset as represented on the Statement of Financial Position			1,398,641
Deferred tax liability as represented on the Statement of Financial Position			(105,907)
Total			**1,292,734**

Deferred Tax Assets/(Liabilities) 2018	1 July 2017 $	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	**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**

14. Trade and Other Payables

	Consolidated	
	2019 $	**2018 $**
Unsecured liabilities		
Trade payables	638,673	831,070
Accrued expenses	2,950,617	3,277,041
Good and services tax	685,323	575,601
Witholding tax on intercompany loan	1,267,651	1,080,969
Other payables	471,016	353,251
	6,013,280	**6,117,932**

15. Provisions

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

	Consolidated	
	2019 $	**2018 $**
Current		
Employee benefits	1,492,999	1,333,384
	1,492,999	**1,333,384**
Non-current		
Employee benefits	128,721	62,647
	128,721	**62,647**

16. Issued Capital

	Consolidated	
	2019 $	2018 $
2019: 405,285,531 (2018: 400,468,586) fully paid ordinary shares	67,019,085	65,371,547

Movement in ordinary share capital

Date	Details	Number Of Shares	Issue Price	Total $
01-July-2018	**Opening Balance**	**400,468,586**		**65,371,547**
30-September-2018	Issue under employee share plan	2,883,719	0.366	1,054,634
30-September-2018	Issue under employee STI bonus	34,088	1.020	34,770
31-October-2018	Issue under employee share plan	1,550,034	0.288	446,760
30-November-2018	Issue under employee share plan	138,214	0.384	53,101
31-January-2019	Share issue costs	-	-	(13,269)
31-January-2019	Issue under employee share plan	195,790	0.345	67,518
31-March-2019	Issue under employee share plan	15,100	0.266	4,024
30-June-2019	**Closing Balance**	**405,285,531**		**67,019,085**

(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, 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	
	2019 $	2018 $
Share capital	67,019,085	65,371,547
Revaluation reserve	-	51,415
Foreign currency translation reserve	(450,548)	(593,302)
Option reserve	1,779,865	1,743,038
Accumulated losses	(44,775,507)	(46,292,755)
Total equity	**23,572,895**	**20,279,943**

17. Reserve

	Consolidated	
	2019 $	2018 $
Reserves		
Revaluation reserve	-	51,415
Foreign currency translation reserve	(450,548)	(593,302)
Option reserve	1,779,865	1,743,038
Total	**1,329,317**	**1,201,151**

(a) Movement in reserves

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

(b) Nature and purpose of reserves

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

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, not forfeited and not exercised.

18. Auditor's Remuneration

	2019 $	2018 $
Remuneration of the auditor of the consolidated entity for:		
Grant Thornton		
- Audit and review of financial reports	101,700	98,100
Non-Grant Thornton firm		
- Audit and review of financial reports	187,485	193,061
Audit services remuneration	**289,185**	**291,161**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls review	70,000	70,000
- Taxation services	53,000	20,500
- Other services	-	17,434
Overseas non-Grant Thornton firm		
- Taxation services	36,118	33,996
- Compliance audit	34,340	31,381
Total other services remuneration	**193,458**	**173,311**
Total Auditor's remuneration	**482,643**	**464,472**

19. Capital And Leasing Committments

Operating lease commitments

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

	Consolidated	
Payable-Minimum Lease Payments	**2019 $**	**2018 $**
Not later than 12 months	1,286,008	1,264,799
Between 12 months and 5 years	3,509,591	4,086,049
Total	**4,795,599**	**5,350,848**

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 2 reportable segments, being Australia and International.

(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 2019 is as follows:

2019	**Australia**	**International**	**Total**
Total segment revenue	31,404,068	12,737,025	44,141,093
Revenue from external customers	**31,404,068**	**12,737,025**	**44,141,093**
EBITDA profit/(loss)	**14,050,051**	**(2,668,415)**	**11,381,636**
Interest	25,016	94	25,110
Intercompany interest and margin	2,547,489	(2,547,489)	-
Depreciation and amortisation	(1,158,197)	(703,105)	(1,861,302)
Un/Realised FX	18,459	(10,426)	8,033
Unit trust income	181,084	(169,624)	11,460
Restructure, arbitration and acquistion costs	(800,181)	(836,487)	(1,636,668)
Withholding Tax	(193,353)	(327,375)	(520,728)
Profit/(loss) on disposal of fixed assets	(581)	-	(581)
Share based payments	(1,968,101)	-	(1,968,101)
Net Profit/(loss) Before Tax	**12,701,686**	**(7,262,827)**	**5,438,859**
Segment assets	22,217,199	13,161,059	35,378,258
Segment liabilities	(8,228,213)	(3,577,150)	(11,805,363)
Employee benefits expense	13,902,939	9,980,188	23,883,127
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	388,990	101,598	490,588

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**	**International**	**Total**
Total segment revenue	27,599,416	14,566,860	42,166,276
Revenue from external customers	**27,599,416**	**14,566,860**	**42,166,276**
EBITDA profit/(loss)	**11,590,961**	**(2,748,970)**	**8,841,991**
Interest	21,458	43	21,501
Intercompany interest and margin	2,155,358	(2,155,358)	-
Depreciation and amortisation	(366,681)	(680,797)	(1,047,478)
Unrealised FX	141,120	(17,188)	123,932
Unit trust income	5,657	-	5,657
Restructure, arbitration and acquistion costs	(1,381,992)	(447,176)	(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)	(10,377)	(1,060,002)
Net profit/(loss) before tax	**10,965,406**	**(6,062,789)**	**4,902,617**
Segment assets	17,997,472	12,321,514	30,318,986
Segment liabilities	(6,141,667)	(3,897,376)	(10,039,043)
Employee benefits expense	12,352,012	9,445,141	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	127,108	522,461

(c) Reconciliation

(i) Revenue

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

	Consolidated	
	2019 $	**2018 $**
Segment revenue	44,141,093	42,166,276
Interest income from other parties	25,110	21,501
Unit trust distributions	11,460	5,657
Total revenue	**44,177,663**	**42,193,434**

20. Segment Information Continued

(ii) EBITDA

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

	Consolidated	
	2019 $	2018 $
EBITDA	11,381,636	8,841,991
Depreciation and amortisation	(1,861,302)	(1,047,478)
Interest revenue	25,110	21,501
Unrealised FX	8,033	123,932
Unit trust income	11,460	5,657
Restructure, arbitration and acquistion costs	(1,636,668)	(1,829,168)
Withholding tax	(520,728)	(150,850)
Share based payments	(1,968,101)	(1,060,002)
Profit/(loss) on disposal of fixed assets	(581)	(2,966)
Net profit before tax	**5,438,859**	**4,902,617**

(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	
	2019 $	2018 $
Segment assets	35,378,258	30,318,986
Total assets as per the statement of financial position	**35,378,258**	**30,318,986**

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 $6,212,800 (2018: $2,599,183) and the total of these non-current assets located in other countries is $5,019,206 (2018: $5,169,906). 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	
	2019 $	2018 $
Segment liabilities	(11,805,363)	(10,039,043)
Total liabilities as per the statement of financial position	**(11,805,363)**	**(10,039,043)**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $31,404,068 (2018: $27,599,416) and the total revenue from external customers in other countries is $12,737,025 (2018: $14,566,860). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $4,413,496 (2018: $3,487,905) 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 2019 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 12 August 2019 by the Board of Directors.

22. Cash Flow Information

	Consolidated	
	2019 $	2018 $
Profit attributable to members of the Group	**2,549,883**	**1,414,541**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	1,861,302	1,047,478
Share based payments	1,968,101	1,060,002
Bad debt expense/(recovery)	(31,940)	56,120
Unrealised foreign exchange loss	(8,033)	(123,932)
Loss on disposal of plant and equipment	(557)	(2,966)
Withholding tax receivable	520,728	150,850
Revaluation	(7,319)	(2,777)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase/(decrease) in trade and other receivables	(189,473)	(542,697)
Increase/(decrease) in trade payables and accruals	(606,775)	1,263,082
Increase in employee provisions	223,271	258,479
Increase/(decrease) in deferred tax asset / payable	(143,499)	752,371
Increase in deferred income	56,989	81,225
Net cash provided by operating activities	**6,192,678**	**5,411,776**

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

2019

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-15	95,000		(95,000)		-	-
	30-Sep-16	325,000		(240,000)		85,000	85,000
		420,000	**-**	**(335,000)**	**-**	**85,000**	**85,000**
12-Nov-14	30-Sep-15	78,000		(61,500)		16,500	16,500
	30-Sep-16	107,250		(61,500)		45,750	45,750
	30-Sep-17	153,000		(92,000)		61,000	61,000
		338,250	**-**	**(215,000)**	**-**	**123,250**	**123,250**
15-Sep-15	30-Sep-16	82,256		(50,301)		31,955	31,955
	30-Sep-17	166,969		(102,863)		64,106	64,106
	30-Sep-18	1,465,800		(1,122,600)	(3,600)	339,600	339,600
		1,715,025	**-**	**(1,275,764)**	**(3,600)**	**435,661**	**435,661**
20-Sep-16	30-Sep-17	92,983		(43,244)		49,739	49,739
	30-Sep-18	789,309	5,750	(621,266)	(7,750)	166,043	166,043
	30-Sep-19	1,894,341		(222,455)	(113,182)	1,558,704	-
		2,776,633	**5,750**	**(886,965)**	**(120,932)**	**1,774,486**	**215,782**
20-Sep-17	30-Sep-18	1,400,000		(1,400,000)		-	-
	30-Sep-18	676,522	39,277	(545,762)	(23,183)	146,854	146,854
	30-Sep-19	1,127,538		(36,578)	(75,313)	1,015,647	-
	30-Sep-20	2,706,090		(87,788)	(270,017)	2,348,285	-
		5,910,150	**39,277**	**(2,070,128)**	**(368,513)**	**3,510,786**	**146,854**
16-Oct-18	30-Sep-19		369,734		(100,089)	269,645	-
	30-Sep-20		616,230		(37,446)	578,784	-
	30-Sep-21		1,478,868		(89,870)	1,388,998	-
		-	**2,464,832**	**-**	**(227,405)**	**2,237,427**	**-**
Total		**11,253,391**	**2,509,859**	**(4,782,857)**	**(720,450)**	**8,259,943**	**1,099,880**

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**

(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 – 2019	34,088	34,770	1.02
Consolidated – 2018	185,787	104,041	0.56

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	
	2019 $	**2018 $**
Shares issued as employee bonus	298,387	445,000
Performance rights	1,662,864	1,060,002
	1,961,251	**1,505,002**

24. Earnings Per Share

Reconciliation of earnings to profit or loss:

	Consolidated	
	2019 $	**2018 $**
Profit/(loss) attributable to the parent entity	2,549,883	1,414,541
Earnings used to calculate basic EPS	2,549,883	1,414,541
Earnings used in calculation of diluted EPS	2,549,883	1,414,541

	2019 $	**2018 $**
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	403,852,414	399,721,311
Number used in calculating diluted EPS	404,952,294	400,915,102

2019: 7,160,063 (2018: 10,059,600) 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 2019 and 2018.

25. Parent Entity Information

The following details information related to the parent entity, Praemium Limited, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2019 $	**2018 $**
Current assets	8,589,064	7,378,386
Non-current assets	83,778,303	73,032,124
Total assets	**92,367,367**	**80,410,510**
Current liabilities	3,767,710	3,581,010
Non-current liabilities	100,063,231	80,327,181
Total liabilities	**103,830,941**	**83,908,191**
Contributed equity	67,019,085	65,371,547
Accumulated losses	(80,262,524)	(70,610,947)
Option reserve	1,779,865	1,743,038
Available-for-sale financial assets revaluation reserve	-	(1,319)
Total equity	**(11,463,574)**	**(3,497,681)**
Loss for the year	(9,650,259)	(9,120,833)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(9,650,259)**	**(9,120,833)**

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 % 2019	Ownership interest % 2018
Praemium Australia Limited	Australia	100	100
Praemium Portfolio Services Limited	UK	100	100
Praemium (UK) Limited	UK	100	100
Praemium 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
Praemium Retirement Services Ltd (formerly 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.

Key management personnel compensation (including non-executive directors)

	2019	2018
Short-term employee benefits	1,860,655	1,678,322
Post-employment benefits	145,119	134,724
Long-term benefits	62,623	31,025
Share-based payments	680,136	1,016,718
	2,748,533	**2,860,789**

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 38-78, 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 2019 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
12 August 2019

GrantThornton

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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 2019, 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, 12 August 2019

GrantThornton

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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 2019, 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 2019 and of its performance for the year ended on that date; 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.

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Note 3	
We determined the Company'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 Company's total revenue.	Our procedures included, amongst others: • Reviewing revenue recognition policies of individual customer agreements and contractual arrangements to ensure compliance with AASB 15 *Revenue from Contracts with Customers;* • 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.
Capitalised Development Costs Note 12	
Capitalised product development costs had a net carrying value of $6,104,624 at 30 June 2019. During the year the Group capitalised $4,896,494 of project development costs. These intangible assets are being amortised over a 3 year period, and an amortisation expense of $862,873 has been included in the statement of profit or loss and other comprehensive income. AASB 138: Intangible Assets sets out the specific requirements to be met in order to capitalise development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138. This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138 and in relation to the estimate of the assets' useful lives.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138; • Evaluating management's assessment of each project for compliance with the recognition criteria set out in AASB 138, including discussing project plans with management and project leaders to develop an understanding of the nature and feasibility of key projects at 30 June 2019; • Testing a sample of costs capitalised by tracing to underlying support such as vendor invoices and payroll records in order to understand the nature of the item and whether the expenditure was attributable to the development of the related asset, and therefore whether capitalisation was in accordance with the recognition criteria of AASB 138; • Evaluating the reasonableness of useful lives to be applied in future reporting periods; and • Assessing the adequacy of related disclosures in the financial statements.
Recoverable amount of intangible assets Note 12	
As at 30 June 2019, the Group's capitalised software costs was $6,104,624. Of this amount, $3,436,319 related to software costs not available for use. The Group is required to perform an annual impairment test of software costs not ready for use in accordance with AASB 136: Impairment of Assets. This area is a key audit matter due to the inherent subjectivity involved within impairment testing.	Our procedures included, amongst others: • Obtaining an understanding of management's processes and controls related to the assessment of impairment; • Obtain management's assessment of impairment; • Apply professional scepticism around the inputs and forecast cash flows using historical estimates; and • Assess the disclosures in the financial statements around impairment.

Independent Audit Report

Grant Thornton

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 2019, 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 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 remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 24 to 31 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Praemium Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Independent Audit Report

GrantThornton

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, 12 August 2019

Additional disclosures

Required or recommended by the listing rules & Corporations Act

Top 20 Shareholders

Rank	Name	31 July 2019	%IC
1	J P Morgan Nominees Australia Pty Limited	38,572,039	9.5%
2	HSBC Custody Nominees (Australia) Limited	16,319,519	4.0%
3	Mr Michael Ohanessian	14,430,513	3.6%
4	Dr Donald Stammer	11,624,866	2.9%
5	Citicorp Nominees Pty Limited	11,519,471	2.8%
6	Bond Street Custodians Limited	10,187,968	2.5%
7	Bnp Paribas Noms Pty Ltd	8,584,598	2.1%
8	Supertco Pty Ltd	7,500,000	1.9%
9	National Nominees Limited	6,624,382	1.6%
10	Mirrabooka Investments Limited	5,700,000	1.4%
11	Meroma Pty Limited	5,353,304	1.3%
12	Pacific Custodians Pty Limited	3,936,056	1.0%
13	Epr Superannuation Fund Pty Ltd	3,606,869	0.9%
14	Ecapital Nominees Pty Limited	3,353,022	0.8%
15	Ubs Nominees Pty Ltd	2,955,860	0.7%
16	Mr David Franks	2,222,223	0.5%
17	Mr Paul Gutteridge	2,001,426	0.5%
18	Fat Prophets Pty Ltd	2,000,000	0.5%
19	Sylvania Pty Ltd	2,000,000	0.5%
20	Superfos Pty Ltd	1,850,000	0.5%
	TOTAL	**160,342,116**	**39.6%**
	Balance of Register	244,943,415	60.4%
	Grand TOTAL	**405,285,531**	**100.0%**

Substantial Holdings

There are 405,285,531 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:

Blackrock Group	25,713,191	6.3%

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	273,377,317	67.5%	393	4.8%
10,001 to 100,000	112,308,721	27.7%	3,419	41.8%
5,001 to 10,000	12,438,979	3.1%	1,525	18.7%
1,001 to 5,000	6,781,141	1.7%	2,260	27.6%
1 to 1,000	379,373	0.1%	577	7.1%
Total	**405,285,531**	**100%**	**8,174**	**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	16,902,068	87.8%	19	13.4%
10,001 to 100,000	2,133,599	11.1%	73	51.4%
5,001 to 10,000	126,134	0.7%	18	12.7%
1,001 to 5,000	96,196	0.5%	28	19.7%
1 to 1,000	1,945	0.0%	4	2.8%
Total	**19,259,943**	**100.0%**	**142**	**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

Praemium Limited
Level 19, 367 Collins Street
Melbourne VIC 3000 Australia

Postal address:
PO Box 322 Collins Street West
Victoria 8007 Australia

General enquiries: 1800 571 881
Sales enquiries: 1800 702 488
Email: support@praemium.com.au