

Praemium Limited

Appendix 4D – Half Yearly Report

Reporting period: Half-year ended 31 December 2010

APPENDIX 4D

ASX HALF-YEAR REPORT

Name of entity: Præmium Limited
ABN: 74 098 405 826
Reporting period: Half-year ended 31 December 2010
Previous corresponding period: Half-year ended 31 December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS

Revenue from ordinary activities	increased	31.8% to	7,022,753
Loss from ordinary activities after tax attributable to members	decreased	45.4% to	(2,168,328)
Net loss for the period attributable to members	decreased	45.4% to	(2,168,328)

Dividends	Amount per security	Franked amount per security
Current period	-	-
Ordinary dividend	-	-
Previous corresponding period	-	-
Ordinary dividend	-	-
No dividends are proposed for the period		

BRIEF EXPLANATION OF THE FIGURES REPORTED ABOVE:

Refer to the attached Half-Year Report (Directors' Report – Review of Operations section), for commentary on the half-year results.
 No dividends have been proposed for the period.

NOTES TO APPENDIX 4D FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NET TANGIBLE ASSETS PER SECURITY

	Current period	Previous period
Net tangible asset backing per ordinary security	2.4 cents	3.2 cents

CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT

Name of entity (or group of entities)	N/A
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LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT

Name of entity (or group of entities)	N/A
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ADDITIONAL DIVIDEND INFORMATION

Details of dividend declared or paid during or subsequent to the current period or the previous corresponding period are as follows:

Record date	Payment date	Type	Amount per security	Franked amount per security	Total dividend

DIVIDEND REINVESTMENT PLAN

Not applicable.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of entities	Current period	Previous period
Consolidated entity's percentage holding in each of these entities	-	-
Aggregate share of profits after tax of these entities	-	-
Contribution to net profit after tax	-	-
Contribution to net profit after tax	-	-

COMPLIANCE STATEMENT

This report is based on financial statements reviewed by the auditor, copies of which are attached.

Signed:



Arthur Naoumidis
Managing Director

23 February 2011

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DIRECTORS' REPORT

The directors present their report, together with the condensed financial report of the consolidated entity consisting of Præmium Limited and the entities it controls, for the half year ended 31 December 2010, and an independent review report thereon.

This financial report has been prepared in accordance with Australian International Financial Reporting Standards.

DIRECTORS' NAMES

Each of the persons named below held the office of director since prior to the start of the financial period:

Dr Don Stammer

Mr Arthur Naoumidis

Mr Robert Edgley

Mr John Bryson

Ms Cathryn Nolan

REVIEW OF OPERATIONS

FINANCIAL SUMMARY

	Revenue (‘000)		Costs including R&D expense (‘000)		EBITDA (‘000)	
	1HFY10	1HFY11	1HFY10	1HFY11	1HFY10	1HFY11
Praemium Australia Pty Ltd						
V-Wrap Administration Services ¹	4,909	4,921	2,691	2,685	2,218	2,236
SMA	190	266	657	534	(467)	(268)
Managed Investments Platform Services ²	-	1,167	-	131	-	1,036
Total Praemium Australia Pty Ltd	5,099	6,354	3,348	3,350	1,751	3,004
Praemium United Kingdom	144	575	2,159	2,068	(2,015)	(1,493)
Corporate including Research & Development	45	32	3,515	3,484	(3,470)	(3,452)
Total Group	5,288	6,961	9,022	8,902	(3,734)	(1,941)

1 Operational revenue and costs include V-Wrap Adviser and V-Wrap Investor

2 Operational revenue and costs include SMARTwrap

CAPITAL RAISING

During the half year the Company issued additional capital by way of a private placement to institutional and sophisticated investors (issuing a total of 17.9million shares to raise \$2.5million). The funds were raised for general working capital purposes, including continuing to grow and expand Præmium’s businesses in both Australia and the UK.

On 9 February 2011 the Company announced that a further 13,209,867 new fully paid ordinary shares in the Company’s capital were placed with sophisticated and professional investors at \$0.23 per share to raise \$3,061,269.41. This placement completed the capital raising process that commenced during the half year period.

DIRECTORS' REPORT (cont.)

COMMENTS ON FINANCIAL PERFORMANCE

The period saw continued improvement in the Company's financial performance, driven by both increasing revenues and containing costs. This trend of improved financial performance is expected to continue over the second half of FY11.

Some of the Australian revenues during the period reflect the substantial minimum fees Praemium is paid for the deployment of the latest addition to its suite of proprietary technologies: a platform for managed investment products.

To further expand the penetrable market for the financial services that Praemium provides, badged versions of SMARTwrap Investments and SMARTwrap Super were launched during the reporting period. The revenue stream from these services will further assist Praemium to meet its growth strategy.

Revenues from our UK businesses continue to grow. Costs in the UK are expected to increase modestly over the current half year, in order to support the expected strong revenue growth from both existing services and new business. Some of these costs will be to establish a discretionary platform offering in Jersey.

THE FINANCIAL SERVICES INDUSTRY IS CHANGING

Praemium's service offerings are directed at the financial services industries in Australia and the UK. In both locations, the industry is facing and reacting to a range of challenges due to changes to the structure and dynamics of providing financial planning, investment and taxation advice. Change has been driven in part by the economic impact of the GFC, the uncertainties that have followed, and significant changes to government policy and laws that impact the ways in which Praemium's client base is required to do business.

Praemium's technologies, which are built to enhance transparency, efficiency and effective business processes, are well suited to adapt to these changes and industry developments. Praemium is well positioned to take advantage of developments in the industries that it services to consolidate and extend the gains that it made during the half year.

ALL DEVELOPMENT IS EXPENSED

The Group continues to be conservative and chooses to expense all development charges. These charges in the six months to December 2010 were approximately \$1.3m (no material difference from the amount spent (\$1.3m) on development in the similar period in 2009). A significant component of R&D costs in Australia relate to the enhancement and further development of V-Wrap and SMA technologies for deployment as platform technologies (namely the Powerwrap/SMARTwrap offering).

AUSTRALIAN OPERATIONS & BUSINESS

- This financial period saw pleasing results for Praemium's Australian operations and business.
- Highlights for the financial period included the launch of Praemium's own badged investment wrap offering for resale through its extensive client base of financial advisers, followed not long after by a badged superannuation offering, both operated on Praemium's proprietary technology.
- During this period, Praemium Australia's key development and operational focus has been managed investments platform technology. The majority of system enhancements and changes have been related to the wrap platform functionality and the introduction of online trading functionality. Additional development effort has also been assigned to SMA, both to deliver prioritised enhancements requested by current users of the platform and to ensure that the technology meets the requirements of additional operators in the short to medium term.

DIRECTORS' REPORT (cont.)

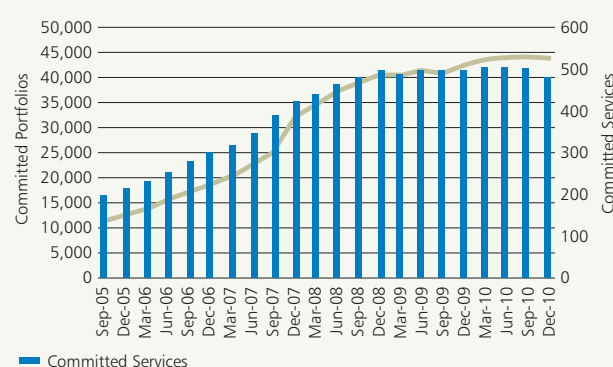
AUSTRALIAN OPERATIONS & BUSINESS (cont.)

- As at 31 December 2010 there were 27 firms signed to the SMARTwrap or Powerwrap offerings and we have started to see the first inflows of assets. A further 11 SMARTwrap contracts were outstanding on that date with a high or very high likelihood of finalisation.
- Præmium Australia's client base and V-Wrap portfolio numbers have not changed materially during the 6 months. There are a number of reasons for the decline in the rate of growth of its portfolio administration service business, in particular:
 - Præmium has already had a significant share of the market to which its service offerings are best suited (being independent financial advisers and tax agents);
 - Præmium's core service offering is geared towards the requirements of higher net wealth investors who predominantly hold Australian listed securities, and as the consequences of the GFC, retain larger proportions of investments within their portfolios in cash rather than equities; and
 - Uncertainty amongst financial advisers in respect to both economic conditions and regulatory changes has had the effect that many firms are slower to select technology solutions and to make changes to their business processes.

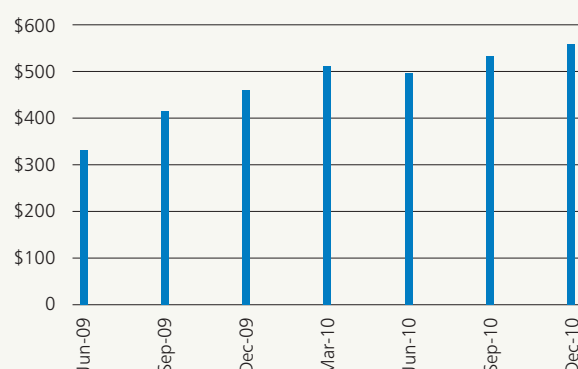
To combat these factors Præmium's primary strategy, as previously advised in its Annual Report and disclosures to the market, has been the launch of SMARTwrap suite of services, which include SMARTwrap Scheme³ launched at the end of August 2010 and SMARTwrap Super which was launched in November 2010. These offerings use Præmium's proprietary technology, and Præmium promotes them to financial planning firms who can utilise these services together with V-Wrap, to deliver a range of investments to their clients. Online trading functionality has been incorporated into V-Wrap and SMARTwrap since mid December 2010, allowing advisers to streamline the process of executing trades for their clients on market.

- During the period, in addition to providing standard tax reports to all of E*TRADE's active Australian retail trading clients, Præmium's technology was deployed to deliver the standard tax reporting and tax tools service to ANZ E*TRADE Investment Lending customers in mid December.
- SMA Funds under Management increased by more than 12% to more than \$558 million since the beginning of the period. 185 firms use the BlackRock Customised Portfolio Service powered by Præmium's proprietary SMA technology. Almost 30% of the increase FUM is net inflows (ie. new investments) into the SMA, with the balance being the performance of the fund.

Number of Committed Portfolios and Services



SMA FUM (\$ million)



³ The SMARTwrap Scheme is a registered Managed Investment Scheme ('MIS') under the Corporations Act 2001 (Cth) (ARSN 137 053 073) issued by Powerwrap Limited ABN 67 129 756 850, AFSL 329829.

DIRECTORS' REPORT (cont.)

PROGRESS TOWARDS STRATEGIC PRIORITIES – AUSTRALIAN BUSINESS

Strategic priority	Progress during the period
To consolidate and drive revenue growth through the products and services already offered.	✓ Revenues have continued to grow in challenging market conditions.
Generate additional cash receipts through V-Wrap to bolster our cash position whilst the non V-Wrap and UK Revenues Grow.	✓ V-Wrap remains Præmium's core service offering. The V-Wrap technology has been leveraged to create the now launched fully functional wrap platform that is a key component of Præmium's strategy to address the challenges faced in growing this business at this time.
Continue to increase V-Wrap's market share, especially within the SMSF market.	✓ Præmium continues to grow its share of SMSF portfolios. This is expected to further increase in the second half of FY11 when Præmium intends to launch, most likely as part of the SMARTwrap suite of service offerings, an enhanced SMSF solution.
Expand our SMA market presence by continuing work with existing operators and seeking new operators and increasing market awareness of the benefits and efficiencies of SMAs.	✓ Development effort during the period has included addressing enhancement requests from operators. Discussions with potential new operators / promoters of SMA continue to progress well. Præmium plans to deploy functionality model portfolios of direct equities within SMARTwrap prior to the end of this financial year.
Distribute SMARTwrap to maximise the accumulation of funds under management.	✓ Præmium remains confident in progress being made towards this goal.

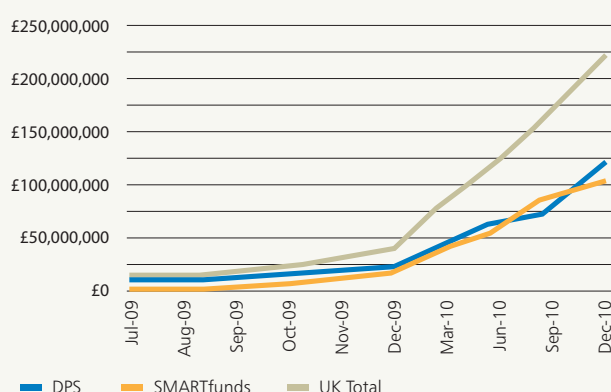
DIRECTORS' REPORT (cont.)

UK OPERATIONS & BUSINESS

Key achievements for Præmium's UK Operations during the period since 1 July 2010 have included:

- The launch of the UK's first Sharia-compliant retail discretionary portfolio service, in conjunction with the Islamic Bank of Britain.
- Development activity has focussed on scalability and compliance (including trustee reporting) enhancements required to meet the needs of the expanding business requirements. Other enhancements and development activity related to service changes required to meet the specific requirements of the Sharia and offshore services.
- The graph below shows relative contributions of SMARTfund and *dps* funds on platform (FOP) to the total value of funds under management / administration utilising Præmium technologies for the UK business. The growth in FOP demonstrates the positive response of the UK market to Præmium's unique product and service offerings.
- Præmium's Investment Models are now approved within 23 SIPPs (Self Invested Pension Plans) and 8 Offshore Bonds (both common forms of 'tax wrappers' used by mainstream financial planners in the UK) as well as several other product types.
- Funds on platform (FOP) in the SMARTfunds, *dps Select* and *dps* grew to £207.4 Million at 31 December, representing a 33% gain in the past quarter and a 79% increase this financial year to date.
- The number of firms signed up to use our services continues to grow; as a reflection of this we have 18 Investment Managers running models on the platform. The first monies have now been received into our Sharia-complaint platform (Islamic Bank of Britain), our multi-currency platform (Russell Investments), our US Tax-compliant platform (London & Capital) and into QROPS (existing Adviser Firms). We continue to expect significant growth in UK FOP and revenues in the second half of FY11.
- The industry is demonstrating an understanding of how our platform's functionality can help their business evolve, as shown by recent press coverage by our users (Alan Miller of SCM Private and Pointon York).

Relative contributions of SMARTfund & dps funds on platform (FOP)



DIRECTORS' REPORT (cont.)

PROGRESS TOWARDS STRATEGIC PRIORITIES – UK BUSINESS

Strategic priority	Progress during the period
Continue to extend Præmium's presence in the UK by increasing distribution and funds under management on our platform for the <i>dps</i> and SMARTfund services.	✓ Continued strong growth both in terms of the number of clients using the services and funds on platform over the period.
Utilise our existing services to target new market segments (including Offshore, Group Pensions, Islamic, Charities, Trusts and Pension Funds).	✓ Præmium has launched the UK's first Sharia (Islamic) compliant discretionary platform service and has made significant progress towards establishing offshore services to be based in Jersey.
Develop our client services and increase penetration to existing accounts.	✓ Præmium is pleased with its progress towards this strategic priority. Due to consistent flow of new business, a dedicated Implementation Team is being assembled to assist with the integration of Præmium's services into their business.
Continue to evolve our products and services to improve the user experience and increase sales opportunities.	✓ Good progress has been made during the period on development projects designed to increase scalability, compliance and user experience.

POST BALANCE SHEET EVENTS

With the exception of the capital raising exercise referred to above, there have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION



Grant Thornton Audit Pty Ltd
ACN 130 913 594

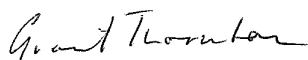
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Auditor's Independence Declaration To The Directors of Praemium Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Praemium Limited for the half-year ended 31 December 2010, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Director - Audit & Assurance Services

Melbourne, 23 February 2011

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ACCOUNTS FOR THE HALF YEAR ENDING 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Economic Entity Half Year 2010 \$	Economic Entity Half Year 2009 \$
Revenue	6,987,133	5,283,347
Other income	35,620	45,181
Employee benefits expense	(6,252,112)	(5,953,993)
Depreciation, amortisation and impairments	(268,115)	(291,407)
Legal, professional, advertising and market data expense	(1,222,708)	(1,436,166)
Insurance	(143,660)	(136,785)
Commissions expense	(111,234)	(123,718)
Travel expenses	(131,638)	(115,430)
Telecommunication Costs	(100,446)	(114,129)
IT Support Expenses	(387,242)	(450,418)
Net Foreign Exchange (losses)/gains	(72,950)	(156)
Occupancy Costs	(437,166)	(452,803)
Finance Costs	-	(1,971)
Withholding tax write back	(21,403)	(209,196)
Other expenses	(42,407)	(13,200)
Loss before income tax expense	(2,168,328)	(3,970,844)
Income tax expense	-	-
Loss attributable to members of the parent entity	(2,168,328)	(3,970,844)
Other comprehensive income:		
Foreign currency translation reserve	(123,998)	(181,083)
Revaluation reserve	18,455	27,096
Other comprehensive income for the half year	(105,543)	(153,987)
Total Comprehensive income attributable to:		
Owners of Præmium Limited	(2,273,871)	(4,124,831)
Loss for the year attributable to:		
Owners of Præmium Limited	(2,168,328)	(3,970,844)
Total comprehensive income for the half year attributable to:		
Owners of Præmium Limited	(2,273,871)	(4,124,831)
Basic earnings/(loss) per share (cents per share)	(0.010)	(0.04)
Diluted earnings/(loss) per share (cents per share)	(0.010)	(0.04)

The accompanying notes form part of these financial statements.

ACCOUNTS (cont.) FOR THE HALF YEAR ENDING 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Economic Entity 31 December 2010 \$	Economic Entity 30 June 2010 \$
Current assets		
Cash and cash equivalents	5,073,707	5,614,270
Trade and other receivables	2,712,790	3,372,611
Total current assets	7,786,497	8,986,881
Non current assets		
Financial assets	1,747,525	232,008
Property, plant and equipment	1,106,596	1,354,618
Total non current assets	2,854,121	1,586,626
TOTAL ASSETS	10,640,618	10,573,507
Current liabilities		
Trade and other payables	4,096,927	4,632,118
Provisions	932,223	734,001
Total current liabilities	5,029,150	5,366,119
Non current liabilities		
Provisions	96,609	50,331
Total non current liabilities	96,609	50,331
TOTAL LIABILITIES	5,125,759	5,416,450
NET ASSETS	5,514,859	5,157,057
Equity		
Share capital	47,522,440	44,847,706
Reserves	(1,220,411)	(933,911)
Accumulated (losses)	(40,787,170)	(38,756,738)
TOTAL EQUITY	5,514,859	5,157,057

The accompanying notes form part of these financial statements.

ACCOUNTS (cont.) FOR THE HALF YEAR ENDING 31 DECEMBER 2010

Consolidated Changes of Statement of Changes in Equity

	Economic Entity 2010					
	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at July 1 2010	44,847,706	(38,756,738)	(1,270,297)	350,275	(13,889)	5,157,057
Profit (Loss) for the half year	-	(2,168,328)	-	-	-	(2,168,328)
Foreign currency translation reserve	-	-	(152,448)	-	-	(152,448)
Assets available for sale Revaluation reserve	-	-	-	-	18,455	18,455
Total Comprehensive income for the half year	-	(2,168,328)	(152,448)	-	18,455	(2,302,321)
Transactions with owners in their capacity as owners:						
Issue of Shares	2,764,954	-	-	-	-	2,764,954
Share Issue Transaction Costs	(90,220)	-	-	-	-	(90,220)
Option reserve	-	-	-	(14,611)	-	(14,611)
Transfer on lapsing of options	-	137,896	-	(137,896)	-	-
Sub total	2,674,734	137,896	-	(152,507)	-	2,660,123
Equity as at 31 December 2010	47,522,440	(40,787,170)	(1,422,745)	197,768	4,566	5,514,859

The accompanying notes form part of these financial statements

ACCOUNTS (cont.) FOR THE HALF YEAR ENDING 31 DECEMBER 2010

Consolidated Statement of Changes in Equity

	Economic Entity 2009					
	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at July 1 2009	38,476,239	(33,185,463)	(1,064,795)	222,972	-	4,448,953
Profit (Loss) for the half year	-	(3,970,844)	-	-	-	(3,970,844)
Foreign currency translation reserve	-	-	(181,083)	-	-	(181,083)
Assets available for sale Revaluation reserve	-	-	-	-	27,096	27,096
Total Comprehensive income for the half year	-	(3,970,844)	(181,083)	-	27,096	(4,124,831)
Transactions with owners in their capacity as owners:						
Issue of Shares	6,598,365	-	-	-	-	6,598,365
Share Issue Transaction Costs	(345,338)	-	-	-	-	(345,338)
Option reserve	-	-	-	34,620	-	34,620
Transfer on lapsing of options	-	123,379	-	(123,379)	-	-
Sub total	6,253,027	123,379	-	(88,759)	-	6,287,647
Equity as at 31 December 2009	44,729,266	(37,032,928)	(1,245,878)	134,213	27,096	6,611,769

The accompanying notes form part of these financial statements.

ACCOUNTS (cont.) FOR THE HALF YEAR ENDING 31 DECEMBER 2010

Consolidated Statement of Cash Flows

	Note	Economic Entity Half Year 2010 \$	Economic Entity Half Year 2009 \$
Cash from operating activities:			
Receipts from customers		6,243,093	5,209,902
Payments to suppliers and employees		(9,150,429)	(9,251,051)
Interest received		54,890	38,133
Net cash (used by) /provided from operating activities		(2,852,446)	(4,003,016)
Cash flows from investing activities:			
Dividends received		6,993	16,482
Payments for property, plant and equipment		(83,693)	(66,661)
Acquisition of other investments		-	(16,232)
Net cash used in investing activities		(76,700)	(66,411)
Cash flows from financing activities:			
Proceeds from the issue of share capital		2,500,001	6,491,866
Share issue transaction costs		(90,220)	(345,338)
Net cash provided by financing activities		2,409,781	6,146,528
Net cash increase (decreases) in cash and cash equivalents		(519,365)	2,077,101
Cash and cash equivalents at beginning of year		5,614,270	5,620,129
Effect of exchange rates on cash holdings in foreign currencies		(21,198)	(97,028)
Cash and cash equivalents at end of the half year		5,073,707	7,600,202

The accompanying notes form part of these financial statements.

Notes to the Accounts

1. Statement of Significant Accounting Policies

(a) General information

The half year financial report is a general purpose financial report that covers the consolidated position of Præmium Limited and controlled entities. Præmium Limited is a listed public company, incorporated and domiciled in Australia.

This half year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2010 and any public announcements made by Præmium Ltd during the half year in accordance with any continuance disclosure obligations arising under the Corporations Act 2001.

The financial report for this half year is prepared in accordance with the accounting policies, methods and computations as that used in the financial report for the year ended 30 June 2010.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of preparation

The financial report of Præmium Limited and controlled entities has been prepared in accordance with AASB 134 "Interim Financial Reporting".

(i) Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

The accounting policies set out below have been consistently applied to all years presented, except as noted above.

(ii) Adoption of new and revised accounting standards

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

2. Segment Reporting

Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions.

The committee considers performance on a geographic basis and has identified 2 reportable segments, being Australia and the United Kingdom.

Notes to the Accounts (cont.)

2. Segment Reporting (cont.)

Segment Information (cont.)

(b) Segment information provided to the board of directors

The following tables presents information for reportable segments for the half year ended 31 December 2010 and 31 December 2009:

Half Year ending 31 December 2010

	Australia	United Kingdom	Total
	Half Year 2010	Half Year 2010	Half Year 2010
	\$	\$	\$
REVENUE			
Total Segment Revenue	6,582,720	1,593,213	8,175,933
Intersegment Revenue	(197,636)	(1,017,427)	(1,215,063)
Revenue from External Customers	6,385,084	575,786	6,960,870
EBITDA Profit/(Loss)	(447,980)	(1,492,713)	(1,940,693)
Interest	54,517	373	54,890
Interest Intercompany and Margin	158,256	(158,256)	-
Depreciation	(189,915)	(78,200)	(268,115)
Unit Trust Income	6,993	-	6,993
Withholding Tax	(21,403)	-	(21,403)
Net Profit /(Loss) Before Tax	(439,532)	(1,728,796)	(2,168,328)
Segment Assets 31.12.2010	8,453,577	2,187,041	10,640,618
Segment Liabilities 31.12.2010	(3,619,652)	(1,506,107)	(5,125,759)
Employee Benefits Expense	4,117,695	2,134,417	6,252,112
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	41,722	41,971	83,693

Notes to the Accounts (cont.)

2. Segment Reporting (cont.)

Segment Information (cont.)

(b) Segment information provided to the board of directors (cont.)

Half Year ending 31 December 2009

	Australia	United Kingdom	Total
	Half Year 2009	Half Year 2009	Half Year 2009
	\$	\$	\$
REVENUE			
Total Segment Revenue	5,313,331	1,143,969	6,457,300
Intersegment Revenue	(183,664)	(999,723)	(1,183,387)
Revenue from External Customers	5,129,667	144,246	5,273,913
EBITDA (Loss)	(1,650,583)	(1,874,274)	(3,524,857)
Interest	37,453	680	38,133
Interest Intercompany and Margin	140,670	(140,670)	-
Depreciation	(210,521)	(80,885)	(291,406)
Unit Trust Income	16,482	-	16,482
Withholding Tax	(209,196)	-	(209,196)
Net Profit /(Loss) Before Tax	(1,875,695)	(2,095,149)	(3,970,844)
Segment Assets 31.12.2009	9,803,631	2,068,653	11,872,284
Segment Liabilities 31.12.2009	(4,291,700)	(968,816)	(5,260,516)
Employee Benefits Expense	3,982,336	1,947,936	5,930,272
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	57,537	5,092	62,629

Notes to the Accounts (cont.)

2. Segment Reporting (cont.)

Segment Information (cont.)

(c) Reconciliations:

	Half Year 2010 \$	Half Year 2009 \$
(i) REVENUE		
A reconciliation of Segment revenue to entity revenue is provided as follows:		
Segment Revenue	6,960,870	5,273,913
Interest Income from other parties	54,890	38,133
Unit Trust Distributions	6,993	16,482
Total Revenue and other income	7,022,753	5,328,528
(ii) EBITDA		
A reconciliation of EBITDA to operating profit before income tax is provided as follows:		
EBITDA (Loss)	(1,940,693)	(3,524,856)
Depreciation and Amortisation	(268,115)	(291,407)
Interest Revenue	54,890	38,133
Unit Trust Income	6,993	16,482
Withholding Tax	(21,403)	(209,196)
Net Profit /(Loss) Before Tax	(2,168,328)	(3,970,844)
(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:		
Segment Assets	10,640,618	11,872,284
Total Assets as per the statements of financial position	10,640,618	11,872,284
(iv) Segment Liabilities		
The amounts provided to the board of directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Reportable segments' assets are reconciled to total liabilities as follows:		
Segment Liabilities	5,125,759	5,260,516
Total Liabilities as per the statements of financial position	5,125,759	5,260,516

(d) Entity Wide Information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$6,385,084 (2009: \$5,129,667), and the total revenue from external customers in other countries is \$575,786 (2009: \$144,246). Segment revenues are allocated based on the country in which revenue and profit are derived.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 12 to 20 in accordance with the *Corporations Act 2001*:

- a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Præmium Limited will be able to pay its debts as and when they become payable.

This declaration is made in accordance with a resolution of Directors.



Arthur Naoumidis

Director

Dated: 23 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent Auditor's Review Report To the Members of Praemium Limited

We have reviewed the accompanying half-year financial report of Praemium Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Praemium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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INDEPENDENT AUDITOR'S REVIEW REPORT (cont.)



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

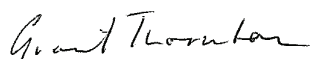
Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of Praemium Limited for the half-year ended 31 December 2010 included on Praemium Limited's web site. The Company's directors are responsible for the integrity of Praemium Limited's web site. We have not been engaged to report on the integrity of Praemium Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Praemium Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Director - Audit & Assurance Services

Melbourne, 23 February 2011

