



## **Praemium's FY2011 Preliminary Final Results**

**31 August 2010**

Praemium (ASX:PPS) has delivered its Preliminary Final Results for the financial year ending 30 June 2011. In summary, the Group's results were:

- Revenue and other income increased by 9% to \$13.1 million (\$12.1 million for FY2010);
- EBITDA loss increased by 1% to \$5.06 million (\$4.99 million loss for FY2010);
- Net Loss Before Tax decreased by 3% to \$5,536,420 (\$5,723,715 loss in FY2010);
- Cash at 30 June 2011 of \$4.6 million with no Group debt; and
- Basic earnings per share increased by 17% to (2.5) cents (from (3.0) cents in FY2010).

Newly appointed CEO Michael Ohanessian commented on the challenging year for the group: "It is fair to say that the FY2011 financial results were less than satisfactory. On the operational side, the company has continued to progress numerous initiatives and achieve top-line growth. The core Australian business was profitable and we continued investment in the UK where we see considerable upside potential."

Mr Ohanessian noted that Praemium's UK business "has made a solid step up in sales and funds-on-platform. Sales in the UK were up 51% and funds-on-platform were up 145%. This is an excellent result in just our second full year of revenue generation."



Mr Ohanessian said he and the management team understood the challenges facing the Company and are determined to deliver improved financial performance. “The company has recorded an EBITDA loss of \$5.1 million. Given that this is the same as the loss recorded in the previous year, it is clearly not satisfactory to either our investors or customers. As such, our immediate priority is to implement an organisational restructure and review of our operating expenses. This review will be conducted in a structured manner to ensure we do not jeopardise our core customer offering and to ensure we maintain the high operational and quality standards our customers have come to expect. We expect that the review will be completed and implemented prior to the end of calendar 2011 and place the company on a much stronger financial footing.”

- End of Release -

**About Praemium:** Praemium Ltd (ASX:PPS) is one of Australia’s leading suppliers of online financial portfolio administration and Separately Managed Account (SMA) technology, administering over AUD 45.6 billion\* of assets. Praemium currently provides services to around 480\* financial institutions and intermediaries, including some of Australia’s largest financial institutions.

\*As at 30 June 2011

# Appendix 4E

## Preliminary Final Report – Results for Announcement to the Market

Name of entity

PRAEMIUM LIMITED

ABN

74 098 405 826

### 1. Reporting period:

|                                                            |              |
|------------------------------------------------------------|--------------|
| Report for the financial year ended:                       | 30 June 2011 |
| Previous corresponding period is the financial year ended: | 30 June 2010 |

### 2. Results for announcement to the market:

|                                                                                       |           |                  |
|---------------------------------------------------------------------------------------|-----------|------------------|
| Revenues from ordinary activities ( <i>item 2.1</i> )                                 | up 8.9%   | to \$13,036,650  |
| (Loss) from ordinary activities after tax attributable to members ( <i>item 2.3</i> ) | down 3.3% | to (\$5,536,420) |
| Net (Loss) for the period attributable to members ( <i>item 2.3</i> )                 | down 3.3% | to (\$5,536,420) |

| <b>Dividends (<i>item 2.4</i>)</b>                                                                                           | <b>Amount per security</b> | <b>Franked amount per security</b> |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------|
| Interim dividend                                                                                                             | - cents                    | - cents                            |
| Final dividend                                                                                                               | - cents                    | - cents                            |
| Record date for determining entitlements to the dividend ( <i>item 2.5</i> )                                                 |                            |                                    |
| Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ): |                            |                                    |

### 3. Statement of Comprehensive Income

Refer to Attachment A attached

### 4. Statement of financial position

Refer to Attachment A attached.

### 5. Statement of Changes in Equity

Refer to Attachment A attached

### 6. Statement of Cash Flows

Refer to Attachment A attached

**7. Dividends (item 7):**

|                                          | Date of payment | Total amount of dividend |
|------------------------------------------|-----------------|--------------------------|
| Interim dividend-year ended 30 June 2011 | N/A             | \$0.00                   |
| Final dividend-year ended 30 June 2011   | N/A             | \$0.00                   |

**Amount per security**

|                               | Amount per security | Franked amount per security | Amount per security of foreign sourced dividend |
|-------------------------------|---------------------|-----------------------------|-------------------------------------------------|
| Total dividend: Current Year  | - cents             | - cents                     | - cents                                         |
| Total dividend: Previous Year | - cents             | - cents                     | - cents                                         |

**8. Details of dividend or distribution reinvestment plans in operation are described below (item 8):**

|                                                                                                                      |                 |
|----------------------------------------------------------------------------------------------------------------------|-----------------|
| Not applicable.                                                                                                      |                 |
| The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan | Not applicable. |

**9. Statement of retained earnings (item 9)**

Consolidated Entity

|                                                                | 2011                | 2010                |
|----------------------------------------------------------------|---------------------|---------------------|
| Balance at the beginning of the year                           | (38,756,738)        | (33,185,463)        |
| <b>Net profit attributable to members of the parent entity</b> | <b>(5,536,420)</b>  | <b>(5,723,715)</b>  |
| Adjustment on introduction to Australian Equivalent to IFRS    |                     |                     |
| Total available for appropriation                              |                     |                     |
| Dividends paid                                                 |                     |                     |
| Lapsing of Options                                             | 113,585             | 152,440             |
| <b>Balance at end of year</b>                                  | <b>(44,179,573)</b> | <b>(38,756,738)</b> |

**10. Net tangible assets per security (item 10)**

|                                                  | Current period | Previous corresponding period |
|--------------------------------------------------|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | \$0.023        | \$0.025                       |

**11. Details of entities over which control has been gained or lost during the period: (item 11)****Control gained over entities/acquisitions**

| Name of entities | Date(s) of gain of control |
|------------------|----------------------------|
| Not applicable   |                            |

Loss of control of entities/Disposals

| Name of entities | Date(s) of loss of control |
|------------------|----------------------------|
| Not applicable   |                            |

**12. Details of associates and joint venture entities (item 12)**

| Name of associate or joint venture entity (item 12.1) | % Securities held (item 12.2) |
|-------------------------------------------------------|-------------------------------|
| Non applicable                                        |                               |

**Aggregate share of profits (losses) of associates and joint venture entities (item 12.3)****13. Details significant information relating to the entity's financial performance and financial position.****Results**

The consolidated loss after income tax attributable to the members of the company was \$5,536,420.

The Group's net asset position at 30 June 2011 was \$5,493,766 with \$4,643,958 held in cash or cash equivalents. The Group is debt free.

**Significant Change in the State of Affairs**

Subsequent to the reporting date, on 8 August 2011 Arthur Naoumidis resigned as Chief Executive Officer and as an Executive Director of the Company. Michael Ohanessian commenced as Chief Executive Officer on 9 August 2011. On 19 August 2011, Dr Don Stammer stepped down as the Chairman of the Board for health reasons, but will stay on as a Non-Executive Director. On the same day Bruce Parncutt was appointed as Chairman of the Board.

**After Balance Date Events**

No matters or circumstances, other than noted above have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

**Dividend Recommended, Declared or Paid**

The Company has not recommended, declared or paid a dividend in respect of the full year result.

**14. This item relates to foreign entities and is not applicable to the company (item 14)****15. Commentary on the results for the period (item 15).**

The Company and its controlled entities made a full year net loss of \$5,536,420 after tax. This compares to a net loss in the prior year of \$5,723,715 after tax in 2010. Total consolidated revenue and other income for this period is \$13,128,690 compared to the preceding period of \$12,084,309, an increase of 8.6%. The growth in billed and committed portfolios for the same period of 45,075 compared to 44,167 for the preceding period, is an increase of 2%.

Basic earnings/(loss) per share for this period is (2.5 cents) and diluted earnings/(loss) per share was (2.4 cents), whilst for the preceding period basic and diluted earnings(loss) per share were (3.0 cents and 2.9 cents) respectively.

**Segment Reporting**

| <b>2011</b>                                                                                                                                           | <b>Australia</b>  | <b>United Kingdom</b> | <b>Total</b>       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------|--------------------|
| <b>Revenue</b>                                                                                                                                        |                   |                       |                    |
| Total segment revenue                                                                                                                                 | 12,041,627        | 3,299,262             | 15,340,889         |
| Inter-segment revenue                                                                                                                                 | (432,591)         | (2,036,175)           | (2,468,766)        |
| <b>Revenue from external customers</b>                                                                                                                | <b>11,609,036</b> | <b>1,263,087</b>      | <b>12,872,123</b>  |
| <b>EBITDA (loss) excluding Group Overheads *</b>                                                                                                      | <b>1,271,815</b>  | <b>(5,411,107)</b>    | <b>(4,139,292)</b> |
| <b>EBITDA (loss)</b>                                                                                                                                  | <b>352,157</b>    | <b>(5,411,107)</b>    | <b>(5,058,950)</b> |
| Interest                                                                                                                                              | 147,829           | 410                   | 148,239            |
| Interest Intercompany and Margin                                                                                                                      | 325,383           | (325,383)             | -                  |
| Depreciation                                                                                                                                          | (373,035)         | (153,700)             | (526,735)          |
| Unrealised FX                                                                                                                                         | (71,552)          | -                     | (71,552)           |
| Unit Trust Income                                                                                                                                     | 16,288            | -                     | 16,288             |
| Withholding Tax                                                                                                                                       | (43,710)          | -                     | (43,710)           |
| <b>Net Profit / (Loss) Before Tax</b>                                                                                                                 | <b>353,360</b>    | <b>(5,889,780)</b>    | <b>(5,536,420)</b> |
| Segment assets                                                                                                                                        | 7,572,494         | 1,956,009             | 9,528,503          |
| Segment liabilities                                                                                                                                   | (2,709,044)       | (1,325,692)           | (4,034,736)        |
| Employee benefits expense                                                                                                                             | 7,792,916         | 4,732,673             | 12,525,589         |
| Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts) | 119,630           | 106,877               | 226,507            |

\* Group overheads relate to costs associated with operating a public company, including Board of Directors, share registry and public relations costs as well as a percentage allocation for the Group CEO, Group CFO and General Counsel on investor relations.

**Basis of Preparation**

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The preliminary financial report is a general purpose financial report that 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.

The preliminary financial report covers the consolidated group of Praemium Limited and its controlled entities. Praemium Limited is a listed public company, incorporated and domiciled in Australia. The preliminary financial report of Praemium Limited and its controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

**Reporting Basis and Conventions**

The preliminary financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied

**15. Audit of the financial report (*item 15*)**

The financial report is in the process of being audited.

**16. Are the audited accounts subject to review and are subject to dispute or qualification?**  
(*item 16*)

At this point in the audit process there have not been any disputes nor issues that will be subject to audit qualification.

A handwritten signature in black ink, appearing to read 'Cathryn Nolan', with a stylized flourish at the end.

Sign here:

Date: 31 August 2011

Print name: CATHRYN NOLAN  
(Company Secretary)

# Attachment A

## Praemium Limited

ACN 098 405 826

Statement of comprehensive income  
For the Year Ended 30 June 2011

|                                                                               | Consolidated       |                    |
|-------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                               | 2011               | 2010               |
|                                                                               | \$                 | \$                 |
| Revenue                                                                       | 13,036,650         | 11,974,341         |
| Other income                                                                  | 92,040             | 109,968            |
| Employee costs                                                                | (12,525,589)       | (11,300,286)       |
| Depreciation, amortisation and impairments                                    | (526,735)          | (570,677)          |
| Legal, professional, advertising and insurance expense                        | (2,932,921)        | (3,132,399)        |
| IT support                                                                    | (732,309)          | (765,967)          |
| Commissions expense                                                           | (221,326)          | (229,898)          |
| Travel expenses                                                               | (365,434)          | (304,641)          |
| Occupancy costs                                                               | (873,816)          | (873,932)          |
| Net foreign exchange losses                                                   | (71,552)           | (72,927)           |
| Telecommunication costs                                                       | (195,836)          | (220,827)          |
| Other expenses                                                                | (175,882)          | (105,584)          |
| Withholding tax not recoverable                                               | (43,710)           | (228,833)          |
| Finance costs                                                                 | -                  | (2,055)            |
| <b>Loss before income tax expense</b>                                         | <b>(5,536,420)</b> | <b>(5,723,715)</b> |
| Income tax expense                                                            | -                  | -                  |
| <b>Loss attributable to members of the Group</b>                              | <b>(5,536,420)</b> | <b>(5,723,715)</b> |
| <b>Other comprehensive income</b>                                             |                    |                    |
| Changes in the fair value of available-for-sale financial assets              | 18,819             | (13,889)           |
| Exchange differences on translation of foreign operations                     | (195,937)          | (205,502)          |
| Income tax relating to components of other comprehensive income               | -                  | -                  |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>             | <b>(177,118)</b>   | <b>(219,391)</b>   |
| <b>Total comprehensive income/(loss) attributable to members of the Group</b> | <b>(5,713,538)</b> | <b>(5,943,106)</b> |
| Basic earnings/(loss) per share (cents per share)                             | (2.5)              | (3.0)              |
| Diluted earnings/(loss) per share (cents per share)                           | (2.4)              | (2.9)              |

**Praemium Limited**

ACN 098 405 826  
Statement of Financial Position  
For the Year Ended 30 June 2011

|                                      | 2011             | 2010              |
|--------------------------------------|------------------|-------------------|
|                                      | \$               | \$                |
| <b>Current assets</b>                |                  |                   |
| Cash and cash equivalents            | 4,643,958        | 5,614,270         |
| Trade and other receivables          | 1,940,686        | 3,152,009         |
| <b>Total current assets</b>          | <b>6,584,644</b> | <b>8,766,279</b>  |
| <b>Non-current assets</b>            |                  |                   |
| Other receivables                    | 220,602          | 220,602           |
| Other financial assets               | 1,740,817        | 232,008           |
| Property, plant and equipment        | 982,439          | 1,354,618         |
| <b>Total non-current assets</b>      | <b>2,943,858</b> | <b>1,807,228</b>  |
| <b>TOTAL ASSETS</b>                  | <b>9,528,502</b> | <b>10,573,507</b> |
| <b>Current liabilities</b>           |                  |                   |
| Trade and other payables             | 3,077,238        | 4,632,118         |
| Provisions                           | 846,779          | 734,001           |
| <b>Total current liabilities</b>     | <b>3,924,017</b> | <b>5,366,119</b>  |
| <b>Non-current liabilities</b>       |                  |                   |
| Provisions                           | 110,719          | 50,331            |
| <b>Total non-current liabilities</b> | <b>110,719</b>   | <b>50,331</b>     |
| <b>TOTAL LIABILITIES</b>             | <b>4,034,736</b> | <b>5,416,450</b>  |
| <b>NET ASSETS</b>                    | <b>5,493,766</b> | <b>5,157,057</b>  |
| <b>EQUITY</b>                        |                  |                   |
| Share capital                        | 50,498,731       | 44,847,706        |
| Reserves                             | (825,392)        | (933,911)         |
| Accumulated losses                   | (44,179,573)     | (38,756,738)      |
| <b>TOTAL EQUITY</b>                  | <b>5,493,766</b> | <b>5,157,057</b>  |

**Praemium Limited**

ACN 098 405 826

**Statement of Changes in Equity****For the Year Ended 30 June 2011**

|                                                      | Ordinary Shares | Accumulated Losses | Foreign Currency Translation Reserve | Option Reserve | Revaluation Reserve | Total       |
|------------------------------------------------------|-----------------|--------------------|--------------------------------------|----------------|---------------------|-------------|
|                                                      | \$              | \$                 | \$                                   | \$             | \$                  | \$          |
| Equity as at beginning of period                     | 44,847,706      | (38,756,738)       | (1,270,297)                          | 350,275        | (13,889)            | 5,157,057   |
| Loss attributable to members of the parent entity    | -               | (5,536,420)        | -                                    | -              | -                   | (5,536,420) |
| Other comprehensive income /(loss)                   | -               | -                  | (195,937)                            | -              | 18,819              | (177,118)   |
| Total comprehensive income/(loss) for the year       | -               | (5,536,420)        | (195,937)                            | -              | 18,819              | (5,713,538) |
| Transactions with owners in their capacity as owners |                 |                    |                                      |                |                     |             |
| Issue of shares                                      | 5,414,722       | -                  | -                                    | -              | -                   | 5,414,722   |
| Option expense                                       | -               | -                  | -                                    | 642,919        | -                   | 642,919     |
| Exchange difference on option reserve                | -               | -                  | -                                    | (7,394)        | -                   | (7,394)     |
| Transfer on exercise of options                      | 236,303         | -                  | -                                    | (236,303)      | -                   | -           |
| Transfer on lapsing of options                       | -               | 113,585            | -                                    | (113,585)      | -                   | -           |
|                                                      | 5,651,025       | 113,585            | -                                    | 285,637        | -                   | 6,050,247   |
| Equity as at 30 June 2011                            | 50,498,731      | (44,179,573)       | (1,466,234)                          | 635,912        | 4,930               | 5,493,766   |

## Praemium Limited

ACN 098 405 826

### Statement of Changes in Equity For the Year Ended 30 June 2010

|                                                      | Ordinary Shares | Accumulated<br>Losses | Foreign<br>Currency<br>Translation<br>Reserve | Option<br>Reserve | Revaluation<br>Reserve | Total       |
|------------------------------------------------------|-----------------|-----------------------|-----------------------------------------------|-------------------|------------------------|-------------|
|                                                      | \$              | \$                    | \$                                            | \$                | \$                     | \$          |
| Equity as at beginning of period                     | 38,476,239      | (33,185,463)          | (1,064,795)                                   | 222,972           | -                      | 4,448,953   |
| Loss attributable to members of the parent entity    | -               | (5,723,715)           | -                                             | -                 | -                      | (5,723,715) |
| Other comprehensive income /(loss)                   | -               | -                     | (205,502)                                     | -                 | (13,889)               | (219,391)   |
| Total comprehensive income/(loss) for the year       | -               | (5,723,715)           | (205,502)                                     | -                 | (13,889)               | (5,943,106) |
| Transactions with owners in their capacity as owners |                 |                       |                                               |                   |                        | -           |
| Issue of shares                                      | 6,371,467       | -                     | -                                             | -                 | -                      | 6,371,467   |
| Option expense                                       | -               | -                     | -                                             | 277,287           | -                      | 277,287     |
| Exchange difference on option reserve                | -               | -                     | -                                             | 2,456             | -                      | 2,456       |
| Transfer on lapsing of options                       | -               | 152,440               | -                                             | (152,440)         | -                      | -           |
|                                                      | 6,371,467       | 152,440               | -                                             | 127,303           | -                      | 6,651,210   |
| Equity as at 30 June 2010                            | 44,847,706      | (38,756,738)          | (1,270,297)                                   | 350,275           | (13,889)               | 5,157,057   |

## Praemium Limited

ACN 098 405 826

### Cashflow Statement

For the Year Ended 30 June 2011

|                                                                  | Consolidated       |                    |
|------------------------------------------------------------------|--------------------|--------------------|
|                                                                  | 2011               | 2010               |
|                                                                  | \$                 | \$                 |
| <b>Cash from operating activities:</b>                           |                    |                    |
| Receipts from customers                                          | 12,076,157         | 12,076,626         |
| Payments to suppliers and employees                              | (18,077,750)       | (17,895,212)       |
| Interest received                                                | 147,828            | 102,716            |
| <b>Net cash (used by) /provided from operating activities</b>    | <b>(5,853,765)</b> | <b>(5,715,870)</b> |
| <b>Cash flows from investing activities:</b>                     |                    |                    |
| Unit trust distributions received                                | 16,288             | 34,002             |
| Payments for property, plant and equipment                       | (226,508)          | (176,079)          |
| Acquisition of unit trust                                        | (5,125)            | (96,639)           |
| <b>Net cash used in investing activities</b>                     | <b>(215,345)</b>   | <b>(238,716)</b>   |
| <b>Cash flows from financing activities:</b>                     |                    |                    |
| Proceeds from the issue of share capital                         | 5,563,717          | 6,491,865          |
| Share issue transaction costs                                    | (275,165)          | (345,337)          |
| <b>Net cash provided by financing activities</b>                 | <b>5,288,552</b>   | <b>6,146,528</b>   |
| <b>Net cash increase (decrease) in cash and cash equivalents</b> | <b>(780,558)</b>   | <b>191,942</b>     |
| <b>Cash and cash equivalents at beginning of year</b>            | <b>5,614,270</b>   | <b>5,620,129</b>   |
| Effect of exchange rates on cash holdings in foreign currencies  | (189,754)          | (197,801)          |
| <b>Cash and cash equivalents at end of year</b>                  | <b>4,643,958</b>   | <b>5,614,270</b>   |