

Praemium's FY2013 Preliminary Final Results

21 August 2013, Melbourne: Praemium (ASX: PPS) has delivered its Preliminary Final Results for the financial year ending 30 June 2013. In summary, the Group's results were:

RESULTS SUMMARY	FY2013	FY2012	Change	Change
	\$000	\$000	\$000	%
Revenue	14,095	13,045	1,050	8%
Expenses	14,387	16,713	(2,326)	(14%)
EBIT*	(292)	(3,668)	3,376	92%
Net Profit / (Loss) after Tax	4,359	(3,945)	8,304	210%
Earnings per Share	1.2	(1.4)	2.6	186%
Cash	8,061	4,713	3,348	71%
Net Assets	15,912	6,592	9,320	141%
Operating Cashflow*	(245)	(4,400)	4,155	94%

*EBIT includes acquisition costs in FY2013 and restructure costs in FY2012

Revenue growth was achieved in all regions Praemium operates (Australia, UK, and now Asia following the acquisition of WealthCraft during the year). The Company's EBIT loss before items that are unrelated to underlying operations was \$1.3 million for the year, a 36% improvement on the prior year. Non-operational items incurred during the year were:

- \$1.1 million in other income from receipt of R&D tax credits and fund recoveries in H1;
- \$0.4 million in unrealised foreign exchange gains from holding GBP currency to fund the UK operations;
- The recognition of a \$4.7 million deferred tax asset, due to the Australian business now generating maintainable profits that enable it to use carry-forward tax losses; and
- \$0.5 million in one-off costs, including transaction costs associated with the acquisitions of BlackRock's SMA platform and WealthCraft.

The impact of the above items resulted in a Net Profit After Tax (NPAT) of \$4.4 million.

Commenting on the full-year results, CEO Michael Ohanessian stated, "I am very pleased with the significant progress made by the Company during the year. We have delivered on strategies for growth with two important acquisitions, plus launched new products into both the Australian and UK markets. The acquisitions of WealthCraft and BlackRock's SMA platform (also known as the Customised Portfolio Service) add key building blocks to our existing product suite, with the returns on these investments already evident. With a strong uplift in profitability during the second half of FY2013, we expect these acquisitions to be highly accretive in FY2014 and beyond."

Mr Ohanessian said, "Underlying earnings have continued to improve in FY2013. While this result benefitted from some one-off items (noted earlier), we have also invested in growth for the medium term. Increasing profitability in the Australian business following the acquisition of the SMA platform will allow us to continue supporting our operations in the UK and internationally."

Additional financial information is provided in the attached Appendix 4E: Preliminary Final Report.

About Praemium: Praemium Ltd (ASX: PPS) is one of Australia's leading suppliers of online financial portfolio administration and customer relationship management technology, administering in excess of AUD47 billion-FUA*. Praemium also provides and operates Separately Managed Account (SMA) technology platforms, with more than \$0.9 billion in funds in Australia and more than £0.4 billion in the UK. Praemium currently provides services to approximately 600 financial institutions and intermediaries, including some of the world's largest financial institutions.

*As at 30 June 2013

For further information contact:

Mr Michael Ohanessian, Managing Director +613 8622 1222

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 2013
Previous corresponding period is the financial year ended:	30 June 2012

2. Results for announcement to the market:

Revenues from ordinary activities (<i>item 2.1</i>)	up 8.0% to \$14,094,851
Profit (Loss) from ordinary activities after tax attributable to members (<i>item 2.3</i>)	up 210.5% to \$ 4,358,792
Net Profit (Loss) for the period attributable to members (<i>item 2.3</i>)	up 215.6% to \$ 4,610,631

Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security
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 Attachment A

4. Statement of Financial Position

Refer Attachment A

5. Statement of Changes in Equity

Refer Attachment A

6. Statement of Cash Flows

Refer Attachment A

7. Dividends (item 7):

	Date of payment	Total amount of dividend
Interim dividend-year ended 30 June 2012	N/A	\$0.00
Final dividend-year ended 30 June 2012	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

	2013	2012
Balance at the beginning of the year	(48,080,695)	(44,179,573)
Net profit attributable to members of the parent entity	4,358,792	(3,945,140)
Adjustment on introduction to Australian Equivalent to IFRS	-	-
Total available for appropriation	-	-
Dividends paid	-	-
Lapsing of Options	-	44,018
Balance at end of year	(43,721,903)	(48,080,695)

10. Net tangible assets per security (item 10)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.043	\$0.022

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
WealthCraft Systems Limited	30/09/2012

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**

Refer Item 15 for commentary on the results for the period.

Significant Change in the State of Affairs

The Company completed two acquisitions during the year; WealthCraft Systems Limited and BlackRock's Customised Portfolio Service. There were no other significant changes in the state of affairs during the year.

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 profit of \$4,610,631 after tax, due to an 8% increase in revenue across all regions, a decrease in expenses of 14% following the Group's restructure in FY2012 and the recognition of a \$4,711,798 deferred tax asset. This compares to a net loss in the prior year of \$3,945,140 after tax in 2012.

Total consolidated revenue for this period is \$14,094,851 compared to the preceding period of \$13,045,198, an increase of 8.0%. The Group's net asset position at 30 June 2013 was \$15,911,637 with \$8,061,090 held in cash or cash equivalents, following a successful capital raising in October 2012 for \$4.2 million. The Group is debt free.

Basic earnings per share for this period is 1.2 cents and diluted earnings per share was 1.2 cents, whilst for the preceding period basic and diluted earnings (loss) per share were (1.4 cents and 1.4 cents) respectively.

Segment Reporting

2013	Australia	United Kingdom	Asia	Total
Revenue				
Total segment revenue	12,036,666	2,062,561	97,418	14,196,645
Inter-segment revenue	(179,583)	-	-	(179,583)
Revenue from external customers	11,857,083	2,062,561	97,418	14,017,062
EBITDA (loss) excluding Group Overheads *	3,912,016	(2,657,688)	(600,337)	(653,991)
EBITDA (loss)	3,329,037	(2,657,688)	(600,337)	71,012
Interest	64,964	(2,008)	(199)	62,757
Interest Intercompany and Margin	622,616	(622,616)	-	-
Depreciation and amortisation	(231,141)	(83,507)	(4,983)	(319,631)
Unrealised FX	396,298	-	-	396,298
Unit Trust Income	15,032	-	-	15,032
Restructure and acquisition costs	(339,128)	(134,351)	(44,080)	(517,559)
Impairment of available for sale financial assets	-	-	-	-
Withholding Tax	(60,915)	-	-	(60,915)
Net Profit / (Loss) Before Tax	3,796,763	(3,500,170)	(649,599)	(353,006)
Segment assets	15,540,779	2,745,889	787,641	19,074,308
Segment liabilities	(2,126,562)	(1,055,717)	19,608	(3,162,671)
Employee benefits expense	6,484,258	4,723,246	586,374	11,793,878
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	349,292	83,098	28,234	460,625

* Group overheads relate to costs associated with operating a public company.

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.

Sign here:

Date: 21 August 2013

A handwritten signature in black ink, appearing to be 'Paul Gutteridge', written over a horizontal line.

Print name: Paul Gutteridge
(CFO & Company Secretary)

Attachment A

Praemium Limited

ACN 098 405 826

Statement of comprehensive income For the Year Ended 30 June 2013

	2013 \$	2012 \$
Revenue	14,094,851	13,045,198
Other income	1,942,089	126,562
Employee costs	(11,793,878)	(10,137,829)
Depreciation, amortisation and impairments	(319,631)	(390,562)
Legal, professional, advertising and insurance expense	(1,782,636)	(2,154,604)
IT support	(790,983)	(692,358)
Commissions expense	(91,834)	(117,459)
Travel expenses	(469,178)	(400,963)
Occupancy costs	(851,308)	(848,866)
Net foreign exchange gains / (losses)	396,298	43,378
Telecommunication costs	(164,741)	(161,062)
Other expenses	56,419	(113,146)
Restructure and acquisition costs	(517,559)	(1,359,816)
Impairment of available for sale financial assets	-	(500,000)
Finance costs	-	(6,137)
Withholding tax not recoverable	(60,915)	(277,476)
Profit (Loss) before income tax expense	(353,006)	(3,945,140)
Income tax benefit	4,711,798	-
Profit (Loss) for the year	4,358,792	(3,945,140)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of available-for-sale financial assets	40,613	(16,351)
Exchange differences on translation of foreign operations	211,226	(27,110)
Tax on items that may be reclassified subsequently to profit or loss	-	-
Total items that may be reclassified subsequently to profit or loss	251,839	(43,461)
Other comprehensive income/(loss) for the period, net of tax	251,839	(43,461)
Total comprehensive income/(loss) for the period	4,610,631	(3,988,601)
Profit for the year attributable to Owners of the parent	4,610,631	(3,988,601)
Total comprehensive income attributable to Owners of the parent	4,610,631	(3,988,601)

Earnings per share

Basic earnings/(loss) per share (cents per share)	1.2	(1.4)
Diluted earnings/(loss) per share (cents per share)	1.2	(1.4)

Praemium Limited

ACN 098 405 826

**Statement of Financial Position
For the Year Ended 30 June 2013**

	2013 \$	2012 \$
Current assets		
Cash and cash equivalents	8,061,090	4,713,179
Trade and other receivables	3,208,758	2,468,411
Total current assets	11,269,848	7,181,590
Non-current assets		
Other Financial assets	1,259,218	1,212,951
Property, plant and equipment	864,477	661,831
Goodwill	553,802	-
Intangible Assets	305,678	-
Deferred Tax Assets	4,821,285	-
Total non-current assets	7,804,460	1,874,782
TOTAL ASSETS	19,074,308	9,056,372
Current liabilities		
Trade and other payables	2,380,118	1,892,514
Provisions	673,480	490,469
Total current liabilities	3,053,598	2,382,983
Non-current liabilities		
Provisions	109,073	81,378
Total non-current liabilities	109,073	81,378
TOTAL LIABILITIES	3,162,671	2,464,361
NET ASSETS	15,911,637	6,592,011
EQUITY		
Share capital	60,014,229	55,522,531
Reserves	(380,689)	(849,825)
Accumulated losses	(43,721,903)	(48,080,695)
TOTAL EQUITY	15,911,637	6,592,011

Praemium Limited

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Statement of Changes in Equity**For the Year Ended 30 June 2013**

	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	55,522,531	(48,080,695)	(1,493,344)	654,940	(11,421)	6,592,011
Profit attributable to members of the parent entity	-	4,358,792	-	-	-	4,358,792
Other comprehensive income /(loss)	-	-	211,226	-	40,613	251,839
Total comprehensive income/(loss) for the year	-	4,358,792	211,226	-	40,613	4,610,631
Transactions with owners in their capacity as owners						
Issue of shares	4,360,823	-	-	-	-	4,360,823
Option expense	-	-	-	348,663	-	348,663
Exchange difference on option reserve	-	-	-	(491)	-	(491)
Transfer on exercise of options	130,875	-	-	(130,875)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
	4,491,698	-	-	217,297	-	4,732,318
Equity as at 30 June 2013	60,014,229	(43,721,903)	(1,282,118)	872,237	29,192	15,911,637

For the Year Ended 30 June 2012

	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	50,498,731	(44,179,573)	(1,466,234)	635,912	4,930	5,493,766
Loss attributable to members of the parent entity	-	(3,945,140)	-	-	-	(3,945,140)
Other comprehensive income /(loss)	-	-	(27,110)	-	(16,351)	(43,461)
Total comprehensive income/(loss) for the year	-	(3,945,140)	(27,110)	-	(16,351)	(3,988,601)
Transactions with owners in their capacity as owners						
Issue of shares	4,835,750	-	-	-	-	4,835,750
Option expense	-	-	-	250,378	-	250,378
Exchange difference on option reserve	-	-	-	718	-	718
Transfer on exercise of options	188,050	-	-	(188,050)	-	-
Transfer on lapsing of options	-	44,018	-	(44,018)	-	-
	5,023,800	44,018	-	19,028	-	5,086,846
Equity as at 30 June 2012	55,522,531	(48,080,695)	(1,493,344)	654,940	(11,421)	6,592,011

Praemium Limited

ACN 098 405 826

Cashflow Statement

For the Year Ended 30 June 2013

	2013 \$	2012 \$
Cash from operating activities:		
Receipts from customers	16,379,147	12,706,629
Payments to suppliers and employees	(17,635,159)	(17,245,482)
Interest received	62,757	121,685
Borrowing costs	-	(6,137)
Unit trust distributions received	15,032	23,161
Income tax received	933,646	-
Net cash (used by) /provided from operating activities	(244,577)	(4,400,144)
Cash flows from investing activities:		
Payments for property, plant and equipment	(460,625)	(62,031)
Payment for Intangible assets	(253,950)	-
Payment for loans to other entities	-	(202,502)
Acquisition of subsidiaries, net of cash:	(351,437)	-
Net cash used in investing activities	(1,066,012)	(264,533)
Cash flows from financing activities:		
Proceeds from the issue of share capital	4,464,207	5,000,200
Share issue transaction costs	(301,818)	(231,450)
Net cash provided by financing activities	4,162,389	4,768,750
Net cash increase (decrease) in cash and cash equivalents	2,851,800	104,073
Cash and cash equivalents at beginning of year	4,713,179	4,643,958
Effect of exchange rates on cash holdings in foreign currencies	496,111	(34,852)
Cash and cash equivalents at end of year	8,061,090	4,713,179