praemium

Half-year Report

31 December 2016

Praemium Limited
ACN: 098 405 826

Contents

Appendix 4D

ASX HALF-YEAR REPORT

Name of entity:	Praemium Limited
ABN:	74 098 405 826
Reporting period:	Half year ended 31 December 2016
Previous corresponding period:	Half year ended 31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS

Revenue from ordinary activities	increased 23% to $16,409,093
Profit from ordinary activities before tax attributable to members	increased 27% to $1,759,117*
Net profit for the period attributable to members	decreased 57% to $575,672

*Excludes restructure and acquisition costs

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.

NOTES TO APPENDIX 4D - FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Net tangible assets per security	Current period	Previous period
Net tangible assets per ordinary security	4.3 cents	4.4 cents

Control gained over entities having a material effect	
Name of entity (or group of entities)	Wensley Mackay Limited

Loss of control of entities having a material effect	
Name of entity (or group of entities)	N/A

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
N/A					

Dividend reinvestment plan

Not applicable.

Details of associates and joint venture 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	-	-

Compliance statement

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

Michael Ohanessian
Managing Director
13 February 2017

Half Year Financial Report

Praemium Limited is a leading provider of portfolio administration, investment platforms, and financial planning tools to the wealth management industry.

23%
increase in operating revenues

STRONG AND GROWING
ASSET INFLOWS

39% INCREASE IN
UNDERLYING PROFIT

FUA* ON PLATFORM AND IN FUNDS REACHED
$5.4 BILLION

29%
increase in FUA*

*Funds Under Administration
% compared to H1 FY2016
(GBP FX rate 0.5892)

DIRECTORS' REPORT

The Directors present this report, together with the condensed financial report for the half year ended 31 December 2016, and an independent review report thereon. The consolidated entity consists of Praemium Limited ('the Company') and the entities it controls ('the Group'). This financial report has been prepared in accordance with Australian & International Financial Reporting Standards.

Directors' Names

The names of the Directors of the Company during or since the end of the half year are:

- Mr Greg Camm – Non-Executive Chairman (Appointed 27 September 2016)
- Mr Bruce Loveday – Non-Executive Chairman (Retired 22 November 2016)
- Mr Robert Edgley – Non-Executive Director
- Mr Peter Mahler – Non-Executive Director
- Mr Andre Carstens – Non-Executive Director
- Mr Michael Ohanessian – Managing Director & CEO

Review of Operations

Company Overview

Founded in 2001, Praemium is a developer and provider of investment portfolio software whose strength is in multi-asset administration, particularly direct equities. Our technology specialises in corporate actions processing, CGT optimisation, and sophisticated tax and investment reporting.

In Australia, Praemium's investment portfolio technology is branded as V-Wrap and is available both directly and embedded in our Separately Managed Account (SMA) technology.

Through V-Wrap, Praemium offers a range of portfolio management services used by accountants, financial advisers, stockbrokers, self-managed superannuation fund (SMSF) administrators and large institutions who usually rebrand and package the services for their own customers. We also offer SMSF compliance and reporting capabilities, thereby increasing the appeal of V-Wrap for SMSF administrators. Our SMA investment platform in Australia is a regulated management investment scheme, where investors are able to participate directly in the stock market whilst still benefitting from professional investment management advice and beneficial ownership of their underlying holdings.

Shortly after the Company was listed on the Australian Stock Exchange in 2006, Praemium moved into the offshore market with the launch of Praemium UK. We have subsequently captured new opportunities in international markets, with the establishment of Praemium International in Jersey in 2011, the purchase of Plum Software Limited in 2015 and our recent acquisition of Wensley Mackay Limited in 2016. Wensley Mackay is a privately owned and FCA-authorised Self-Invested Personal Pension (SIPP) provider, founded in 1992 and based in Cumbria, England. This acquisition allows Praemium to enter the UK private pension space and access opportunities created by the UK's pension freedom reforms.

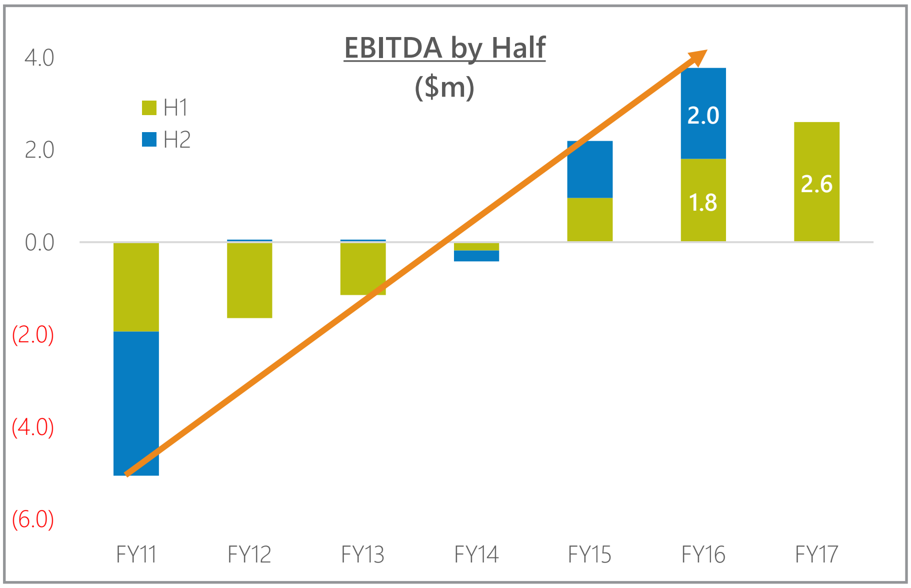
In the UK and internationally, our core proprietary SMA technology enables financial advisers to select investment models provided by third-party investment managers or by Praemium's in-house investment management solution, Smart Investment Management (Smart^{im}). Client portfolios can be invested in one or more models without having to transfer their money into a managed fund.

To complete our offering to the financial services industry, Praemium also provides customer relationship management (CRM) and financial planning software. Known as WealthCraft, it is powered by Microsoft Dynamics CRM and allows advisors to seamlessly manage their client, practice and campaign information while complying with enhanced regulatory requirements. WealthCraft is also fully integrated with V-Wrap to provide a complete business solution.

Financial summary

FINANCIAL METRICS

Results summary	H1 FY17 $000	H1 FY16 $000	CHANGE $000	CHANGE %
Revenue & other income	17,175	14,768	2,407	16
Expenses	14,615	12,921	1,694	13
EBITDA	**2,560**	**1,847**	**713**	**39**
Net Profit/(Loss) before Tax	1,309	1,147	162	14
Net Profit/(Loss) after Tax	576	1,338	(762)	(57)
Cash	**8,207**	**11,215**	**(3,008)**	**(27)**
Net Assets	16,947	17,471	(524)	(3)
Operating Cashflow	128	26	102	392



SERVICE METRICS

Revenue by region	H1 FY17	H1 FY16	CHANGE	CHANGE
Australia Revenue ($'000)	**11,243**	**9,801**	**1,442**	**15%**
FUA – SMA ($m)	3,538	2,802	736	26%
Portfolios (V-Wrap)	47,814	47,678	136	0%
UK Revenue ($'000)	**5,035**	**3,364**	**1,671**	**50%**
FUA - SMA ($m)	1,864	1,748	116	7%
Asia Revenue ($'000)	**121**	**103**	**18**	**17%**

Operations & Business

Separately Managed Accounts (SMA)

The SMA market is now experiencing accelerating growth due in part to regulatory reform, stockbrokers transitioning away from traditional business models, and investor demand for more transparency of investments and fees.

The Praemium SMA is the market leader in the Australian SMA market. With over 10 years of operation, it has earned a reputation for reliable, high-quality performance and its technology advantages remain unsurpassed. In addition to its superior CGT and income reporting engine, Praemium's SMA has a unique "dynamic rebalancing" technology, where models float with the market. This ensures that investors are continually and automatically aligned with the model manager's latest thinking, and removes the need for quarterly rebalancing to bring investors back in line with their models.

Globally, assets in Praemium's Separately Managed Account (SMA) products continued their strong momentum and record inflows. Including inflows from the Smart^im range of funds, global FUA reached $5.4 billion as at 31 December 2016, up 29% in the past 12 months. This growth is expected to continue, both from existing clients' increased inflows and from new clients incorporating SMA into their business models.

In Australia we have expanded the addressable market of the SMA platform with the addition of Praemium's retail superannuation offering, the Praemium SuperSMA. SuperSMA offers the control, transparency, cost effectiveness and direct share capability of the SMA within a retail superannuation environment.

In November 2016 we acquired UK firm Wensley Mackay Limited, a pension provider authorised by the FCA. This strategic acquisition allows Praemium to enter the UK private pension space, with a platform-based offering opening up a new distribution channel for the SMA.

Investment management

In the UK, our in-house investment management solution continues to grow strongly, with model portfolios and multi-asset funds increasing by 51% in local currency to £323 million ($549 million) in the past 12 months. In September 2015, Smart Investment Management (Smart^im) launched a range of capital-protected funds, with Morgan Stanley providing the protection component. Since launch the innovative Smartfund 80% Protected funds have reached £110 million and are growing strongly, and have achieved outstanding performance, outperforming the MSCI World Index with considerably less volatility.

Portfolio administration and reporting

We have continued to invest in our core portfolio administration and reporting software (called V-Wrap), including goal-based asset allocation and enhanced reporting. V-Wrap continues to lead the market in portfolio reporting capability.

In June 2016, V-Wrap was chosen as the client reporting solution for a new institutional client after a rigorous and comprehensive assessment process. This client required a technology platform that would provide sophisticated performance reporting across all asset classes, and accurate and timely tax reporting that efficiently integrates with client accounting requirements. Migration of portfolios to V-Wrap is currently underway and on schedule.

V-Wrap has achieved 9% revenue growth in the first half of FY2017.

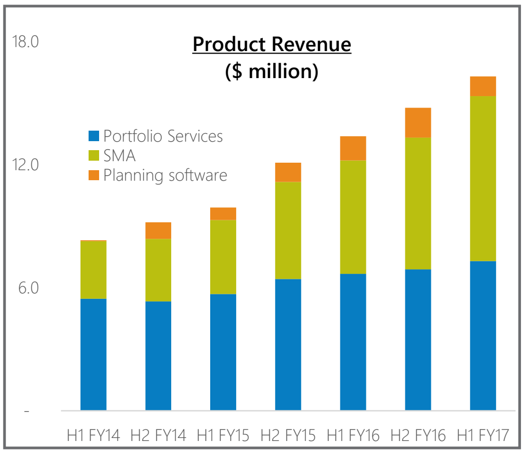
Financial planning software

In the half, WealthCraft has added several new financial planning modules and expanded its global client base. The integration of WealthCraft with our modern Investor Portal provides online access to portfolio information while allowing financial advisers to increase engagement effectiveness.

In the UK, Plum Software's financial planning system further complements Praemium's global strategy in the CRM space. By leveraging Plum's back-office system capabilities, we plan to accelerate the Microsoft CRM-based WealthCraft product for the UK market. Praemium has continued to invest in the Plum product since the acquisition and has already commenced jointly marketing the Plum and WealthCraft products in the UK.

Comments on financial performance

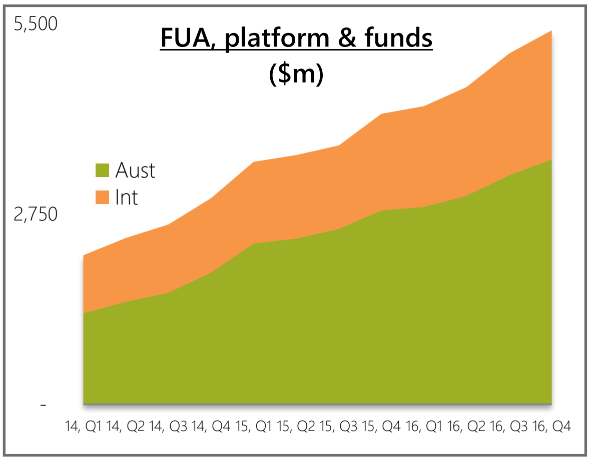
Trading Performance



Recurring revenue increased to $17.2 million for the 6 months to December 2016, a 16% increase compared to the 6 months to December 2015. This increase was across core product lines (refer graph), in particular SMA revenue, which increased by 45% to $8.0 million from record fund flows onto our investment platforms. Portfolio services revenue increased by 9% to $7.3 million from growth in V-Wrap portfolios and the ongoing migration of the new institutional client. Planning software declined by 16% to $1.0 million, from the timing of billing milestones for the Dah Sing Bank (DSB) project. This period's result also included $0.8 million in Other Income relating to FY2016's research & development incentive in the UK, $0.3 million lower than the prior year from GBP currency movements.

As noted above, SMA revenue has grown strongly from continuing platform flows, with the Company earning a basis points fee of total funds on our investment platform.

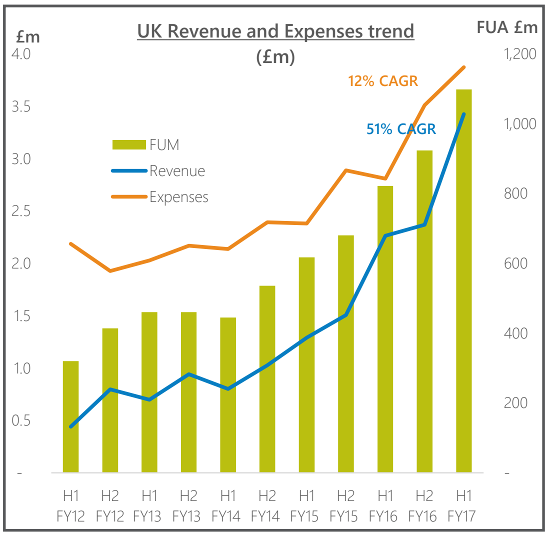
Gross inflows for the first half of the 2017 financial year were $0.9 billion, a new record for our SMA platform. At 31 December 2016, funds under administration comprised $3.5 billion for the Australia platform and $1.9 billion for the International platform. (refer graph).



Australia

The Australian business continued its strong growth this half, with revenue increasing by 15% over the prior comparable period. Record inflows to our SMA investment platform this half resulted in a 27% increase in SMA revenue. Portfolio services revenue increased 9% on the first half of FY2016, with the migration of the new institutional client to V-Wrap on schedule.

EBITDA for the Australian business was $4.6 million, with EBITDA margins of 41%, compared to $4.5 million the first half of FY2016. Increasing margins have supported expansion of our sales & implementation capability, with significant interest for our SMA investment platform. This investment will drive future growth, with a considerable pipeline of new business and accelerating inflows.



International

The UK business continued its improvement in operating performance this half. UK revenue and other income grew 21% (51% in GBP), resulting in a 34% reduction in EBITDA losses (18% in GBP). Revenue growth reflected the continuing diversification of revenue streams, in particular SMA platform and investment management income, which were powered by record fund flows. Continued efficiencies also improved the operating scalability of the UK business, with operating expenses down 10% in the half.

Asia's EBITDA loss decreased by 31% to $0.8 million with restructuring of R&D resources commenced, which will continue in the second half post completion of DSB project.

The consolidated profit after tax attributable to the members of the Group was $575,672, compared to the $1,338,165 profit after tax for the half year to 31 December 2015 from the inclusion of H1 FY2017's tax expense of $733,806.

Expenses

Operating expenses were $14.7 million for H1 FY2017, compared to $13.6 million in H2 FY2016. The main factor for the increase in costs is higher FUA than the previous year, which impacts variable Cost of Goods Sold (COGS) including commissions for Smartfund 80% Protected. The Company has also made investments in sales & marketing globally to support record inflows to our SMA investment platform and to drive future sales momentum. Product development, which is fully expensed, continues to be our focus so that we can meet our customers' demand for the Company's suite of products. In the UK, operating costs have declined from £3.5 million in H2 FY2016 to £3.1 million in H1 FY 2017, contributing to an EBITDA improvement of 34% (18% in GBP). Meanwhile, restructuring of the Asia cost base has commenced, which will further drive an improvement in results in the second half of FY2017.

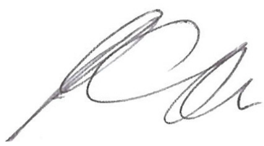
Balance Sheet & Cashflow

The Group's net asset position at 31 December 2016 was $16.9 million with $8.2 million held in cash. The Group is debt free and continues to generate positive cashflows, representing further improvement in the company's financial position. With the Australian operations now paying company taxes, $2.3 million was paid this half representing tax on company profits for the 2016 financial year and instalments for the 2017 financial year. The Group also funded the acquisition of Wensley Mackay from cash reserves, totalling $1.0 million. The Group has strong cash reserves to further invest in earnings-enhancing initiatives, including organic and strategic opportunities, as well as manage any future foreign currency impacts of our overseas operations.

Post Balance-sheet Events

There have been no matters or circumstances occurring subsequent to the end of the half year that have 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.

Signed in accordance with a resolution of Directors.



Greg Camm
Chairman
13 February 2017

Auditor's Independence Declaration

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2016, 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

Brad Taylor
Partner - Audit & Assurance

Melbourne, 13 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Accounts for the Half Year ended 31 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Consolidated Entity Half Year 2016 ($)	Consolidated Entity Half Year 2015 ($)
Revenue	16,409,093	13,329,720
Other income	765,699	1,438,113
Employee benefits expense	(9,903,068)	(9,991,606)
Depreciation, amortisation and impairments	(428,682)	(430,406)
Legal, professional, advertising and insurance expense	(1,760,148)	(1,351,660)
Commissions expense	(188,815)	(28,381)
Travel expenses	(525,981)	(453,602)
Telecommunication costs	(94,859)	(97,637)
IT support expenses	(571,335)	(568,494)
Net foreign exchange gains / (losses)	(325,810)	(30,657)
Occupancy costs	(725,507)	(719,213)
Withholding tax not recoverable	(56,740)	(63,726)
Restructure and acquisition costs	(449,639)	(237,252)
Other expenses and recovery	(834,730)	351,605
Profit/(Loss) before income tax expense	**1,309,478**	**1,146,804**
Income tax benefit/(expense)	(733,806)	191,361
Profit/(loss) for the year	**575,672**	**1,338,165**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of available-for-sale financial assets	17,687	(3,234)
Exchange differences on translation of foreign operations	(365,513)	(28,958)
Tax on items that may be reclassified subsequently to profit or loss	-	-
Total items that may be reclassified subsequently to profit or loss	**(347,826)**	**(32,192)**
Other comprehensive income/(loss) for the period, net of tax	**(347,826)**	**(32,192)**
Total comprehensive income/(loss) for the period	**227,846**	**1,305,973**
Profit/(loss) for the year attributable to Owners of the parent	**227,846**	1,305,973
Total comprehensive income (loss) attributable to Owners of the parent	**227,846**	**1,305,973**
Earnings per share		
Basic earnings/(loss) per share (cents per share)	0.1	0.3
Diluted earnings/(loss) per share (cents per share)	0.1	0.3

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

	Consolidated Entity 31 Dec 2016 ($)	Consolidated Entity 30 Jun 2016 ($)
Current assets		
Cash and cash equivalents	8,206,595	10,425,973
Trade and other receivables	6,106,449	5,339,209
Total current assets	**14,313,044**	**15,765,182**
Non-current assets		
Financial assets	1,964,079	1,783,975
Property, plant and equipment	1,343,755	903,533
Goodwill	3,017,546	2,880,411
Intangible Assets	1,718,680	1,426,347
Deferred Tax Assets	591,017	616,135
Total non-current assets	**8,635,077**	**7,610,401**
TOTAL ASSETS	**22,948,121**	**23,375,583**
Current liabilities		
Trade and other payables	4,255,369	3,809,161
Provisions	966,820	963,683
Income tax payable	477,293	2,022,202
Total current liabilities	**5,699,482**	**6,795,046**
Non-current liabilities		
Provisions	85,711	76,200
Deferred tax liability	215,697	264,312
Total non-current liabilities	**301,408**	**340,512**
TOTAL LIABILITIES	**6,000,890**	**7,135,558**
NET ASSETS	**16,947,231**	**16,240,025**
EQUITY		
Share capital	64,638,706	64,098,522
Reserves	128,448	537,098
Accumulated losses	(47,819,923)	(48,395,595)
TOTAL EQUITY	**16,947,231**	**16,240,025**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

Consolidated Entity 2016	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
Equity as at July 1 2016	**64,098,522**	**(48,395,595)**	**(214,104)**	**740,820**	**10,382**	**16,240,025**
Profit (Loss) for the half year	-	575,672	-	-	-	575,672
Other comprehensive income /(loss)	-	-	(365,513)	-	17,687	(347,826)
Total Comprehensive income for the half year	**-**	**575,672**	**(365,513)**	**-**	17,687	**227,846**
Transactions with owners in their capacity as owners						
Issue of shares	230,332	-	-	-		230,332
Option reserve		-	-	250,072	-	250,072
Exchange difference on option reserve	-	-	-	(1,044)	-	(1,044)
Transfer on exercise of options	309,852	-	-	(309,852)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
Subtotal	**540,184**	**-**	**-**	**(60,824)**	**-**	**479,360**
Equity as at 31 Dec 2016	**64,638,706**	**(47,819,923)**	**(579,617)**	**679,996**	**28,069**	**16,947,231**

Consolidated Entity 2015	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Revaluation Reserve $	Total $
Equity as at July 1 2015	**63,474,502**	**(49,174,516)**	**682,592**	**744,407**	**36,904**	**15,763,889**
Profit (Loss) for the half year	-	1,338,165	-	-	-	1,338,165
Other comprehensive income /(loss)	-	(1,586)	(28,958)	-	(3,234)	(33,778)
Total Comprehensive income for the half year	**-**	**1,336,579**	**(28,958)**	**-**	**(3,234)**	**1,304,387**
Transactions with owners in their capacity as owners						
Issue of shares	279,125	-	-	-	-	279,125
Option expense	-	-	-	110,669	-	110,669
Exchange difference on option reserve	-	-	-	13,408	-	13,408
Transfer on exercise of options	302,170	-	-	(302,170)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
Subtotal	**581,295**	**-**	**-**	**(178,093)**	**-**	**403,202**
Equity as at 31 Dec 2015	**64,055,797**	**(47,837,937)**	**653,634**	**566,314**	**33,670**	**17,471,478**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

	Consolidated Entity Half Year 2016 ($)	Consolidated Entity Half Year 2015 ($)
Cash from operating activities:		
Receipts from customers	17,787,236	14,267,301
Payments to suppliers and employees	(15,067,053)	(14,057,577)
Restructure and acquisition costs	(308,499)	(237,252)
Income Tax (Paid)/Received	(2,288,910)	-
Interest received	5,216	54,022
Net cash (used by)/provided from operating activities	**127,990**	**26,494**
Cash flows from investing activities:		
Dividends received	1,212	1,356
Payments for property, plant and equipment	(676,382)	(307,603)
Proceeds/(payment) for Investments	(160,000)	22,818
Payment for business acquisition and acquisition costs	(997,226)	-
Net cash used by investing activities	**(1,832,396)**	**(283,429)**
Cash flows from financing activities:		
Proceeds from the issue of share capital	-	-
Net cash provided from financing activities	**-**	**-**
Net cash increase (decrease) in cash and cash equivalents	(1,704,406)	(256,935)
Cash and cash equivalents at beginning of year	10,425,973	11,477,322
Effect of exchange rates on cash holdings in foreign currencies	(514,972)	(5,486)
Cash and cash equivalents at end of year	**8,206,595**	**11,214,901**

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 Praemium Limited and controlled entities.

Praemium 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 2016 and any public announcements made by Praemium Ltd during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The financial report for this half year is prepared in accordance with the same accounting policies, methods and computations as those used in the financial report for the year ended 30 June 2016.

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

(b) Basis of preparation

The financial report of Praemium Limited and controlled entities has been prepared in accordance with 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.

(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

(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 3 reportable segments, being Australia, United Kingdom and Asia.

(b) Segment information provided to the Board of Directors

The following table's present information for reportable segments for the half year ended 31 December 2016 and 31 December 2015:

Half Year ended 31 December 2016	Australia Half Year 2016 $	UK Half Year 2016 $	Asia Half Year 2016 $	Total Half Year 2016 $
REVENUE				
Total Segment Revenue	11,243,280	5,034,849	121,033	16,399,162
Intersegment Revenue	-	-	-	-
Revenue from External Customers	**11,243,280**	**5,034,849**	**121,033**	**16,399,162**
EBITDA Profit/(Loss) excluding Group overheads	**4,640,286**	**(758,692)**	**(772,851)**	**3,108,743**
EBITDA Profit/(Loss) including Group overheads	**4,091,961**	**(758,692)**	**(772,851)**	**2,560,418**
Interest	5,190	-	26	5,216
Interest Intercompany and Margin	562,143	(520,583)	(41,560)	-
Depreciation	(144,928)	(265,998)	(17,756)	(428,682)
Unrealised FX	(321,854)	1	(3,957)	(325,810)
Unit Trust Income	4,573	-	142	4,715
Restructure and acquisition costs	(336,345)	(72,138)	(41,156)	(449,639)
Withholding Tax	(56,740)	-	-	(56,740)
Net Profit/(Loss) Before Tax	**3,804,000**	**(1,617,410)**	**(877,112)**	**1,309,478**
Segment Assets	11,318,258	10,557,901	1,071,962	22,948,121
Segment Liabilities	(3,301,821)	(2,689,043)	(10,026)	(6,000,890)
Employee Benefits Expense	5,471,972	3,728,540	702,556	9,903,068
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	128,227	543,057	5,098	676,382

Half Year ended 31 December 2015	Australia Half Year 2015 $	UK Half Year 2015 $	Asia Half Year 2015 $	Total Half Year 2015 $
REVENUE				
Total Segment Revenue	9,800,856	3,364,318	103,122	13,268,296
Intersegment Revenue	-	-	-	-
Revenue from External Customers	**9,800,856**	**3,364,318**	**103,122**	**13,268,296**
EBITDA Profit/(Loss) excluding Group overheads	**4,561,371**	**(1,153,602)**	**(1,123,965)**	**2,283,804**
EBITDA Profit/(Loss) including Group overheads	**4,124,988**	**(1,153,602)**	**(1,123,965)**	**1,847,421**
Interest	53,933	53	35	54,021
Interest Intercompany and Margin	634,674	(613,082)	(21,592)	-
Depreciation	(129,409)	(290,663)	(10,334)	(430,406)
Unrealised FX	(71,179)	(3)	40,525	(30,657)
Unit Trust Income	54	7,349	-	7,403
Restructure and acquisition costs	(77,941)	(153,966)	(5,345)	(237,252)
Withholding Tax	(63,726)	-	-	(63,726)
Net Profit/(Loss) Before Tax	**4,471,394**	**(2,203,914)**	**(1,120,676)**	**1,146,804**
Segment Assets	14,285,747	8,745,977	907,523	23,939,247
Segment Liabilities	(4,556,623)	(1,897,512)	(13,634)	(6,467,769)
Employee Benefits Expense	4,477,948	4,486,326	1,027,332	9,991,606
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	214,761	92,488	353	307,603

(c) Reconciliations

(i) Revenue

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

	Half Year 2016 ($)	Half Year 2015 ($)
Segment Revenue	16,399,162	13,268,296
Interest Income from other parties	5,216	54,021
Unit Trust Distributions	4,715	7,403
Total revenue	**16,409,093**	**13,329,720**

(ii) EBITDA

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

EBITDA Profit (Loss)	2,560,418	1,847,421
Depreciation and Amortisation	(428,682)	(430,406)
Interest Revenue	5,216	54,021
Unrealised FX	(325,810)	(30,657)
Unit Trust Income	4,715	7,403
Restructure and acquisition costs	(449,639)	(237,252)
Withholding Tax	(56,740)	(63,726)
Net Profit/(Loss) Before Tax	**1,309,478**	**1,146,804**

(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	22,948,121	23,939,247
Total Assets as per the statements of financial position	**22,948,121**	**23,939,247**

(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	6,000,890	6,467,769
Total Liabilities as per the statements of financial position	**6,000,890**	**6,467,769**

(d) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $11,243,280 (2015: $9,800,856) and the total revenue from external customers in other countries is $5,155,882 (2015: $3,467,440). Segment revenues are allocated based on the country in which revenue and profit are derived.

3. CONTRACTUAL COMMITMENTS AND CONTINGENCIES

Subsequent to 30 June 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.

4. BUSINESS COMBINATIONS

On 1 November 2016, Praemium Limited acquired 100 per cent of Wensley Mackay Limited (Wensley Mackay), a pension provider in the United Kingdom. Wensley Mackay is based in Cumbria, England and is a privately owned Self-Invested Personal Pension (SIPP) provider authorised by the FCA. Their experienced and skilled team support the pension planning needs of independent financial advisers and their clients across the UK, providing Praemium with immediate entry to the UK private pension space and access a significant new source of funds under administration via its existing adviser relationships.

The fair value of the assets acquired and liabilities assumed at the date of acquisition are:

	£GBP	$AUD
Purchase consideration	611,058	976,443
Fair value of identifiable net assets acquired	(461,058)	(736,750)
Goodwill arising on acquisition	**150,000**	**239,693**

Exchange rate at the date of acquisition (0.6258) £GBP to $AUD

The purchase consideration was wholly in cash. Under the terms of the combination Praemium acquired 100 per cent of the voting shares in Wensley Mackay Limited.

	£GBP	$AUD
Consideration transferred settled in cash	611,058	976,443
Cash and cash equivalents acquired	(105,197)	(168,100)
Net cash outflow on acquisition	**505,861**	**808,343**
Acquisition costs charged as expenses	118,203	188,883
Net cash paid relating to acquisition	**624,064**	**997,226**

The fair value of the identifiable assets and liabilities of Wensley Mackay at the date of acquisition and the cash flow at acquisition were as follows:

	Recognised on acquisition ($)	Carrying value ($)
Cash and cash equivalents	168,100	168,100
Trade and other receivables	95,267	95,267
Other current assets	7,990	7,990
Plant, equipment and leasehold improvements	9,337	9,337
Customer contracts and technical databases	540,828	-
Total	**821,521**	**280,694**
Trade and other payables	(84,097)	(84,097)
Provisions	(674)	(674)
Total	**(84,771)**	**(84,771)**
Fair value of identifiable net assets acquired	736,750	195,923

Direct costs relating to the acquisition were $188,883. These were all expensed through the statement of profit & loss or comprehensive income.

Key factors contributing to the $0.24 million of goodwill are the synergies existing with the acquired group, and the synergies expected to be achieved as a result of combining Wensley Mackay with the rest of the Group. The goodwill that arose from this business combination is not expected to be deductible for tax purposes. Included in the business acquired were receivables with a gross contractual and fair value of $95,267 resulting from trade sales with customers. Management expects these amounts to be collected in full and converted to cash consistent with customer terms.

The acquisition of Wensley Mackay Limited was completed in November 2016. For the period from acquisition to 31 December, we incurred a profit of $4,039 before depreciation, amortisation and tax and revenues of $90,500. If the entity had been acquired on 1 July 2016, the revenue of the group would have been $271,500, and the profit for the year would have increased by $20,000 on an extrapolated basis.

5. POST BALANCE-SHEET EVENTS

There have been no matters or circumstances occurring subsequent to the end of the half year that have 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.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 13 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 2016 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 Praemium 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.

Greg Camm
Chairman
Dated: 13 February 2017

Independent Auditor's Review Report

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRAEMIUM LIMITED

We have reviewed the accompanying half-year financial report of Praemium Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

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

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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Praemium Limited consolidated entity's financial position as at 31 December 2016 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.

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*.

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 2016 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

Brad Taylor
Partner - Audit & Assurance

Melbourne, 13 February 2017

PRAEMIUM LIMITED
Head Office
Level 3, 50 Queen St
Melbourne VIC 3000
Tel:+61 3 8622 1222
Email: support@praemium.com.au