

PRAEMIUM LIMITED

098 405 826

APPENDIX 4D

ASX HALF-YEAR REPORT

Name of entity:	Praemium Limited
ABN:	74 098 405 826
Reporting period:	Half-year ended 31 December 2008
Previous corresponding period:	Half-year ended 31 December 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS

Revenue from ordinary activities	up 10.3%	to 3,732,406
Loss from ordinary activities after tax attributable to members	down 5.1%	to (6,616,632)
Net loss for the period attributable to members	down 5.1%	to (6,616,632)

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.

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Directors' Report

February 27, 2009

NOTES TO APPENDIX 4D – FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NET TANGIBLE ASSETS PER SECURITY

	Current period	Previous period
Net tangible asset backing per ordinary security	5.1 cents	8.70 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.

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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
27 February 2009

Praemium Limited

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Directors' Report

February 27, 2009

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DIRECTORS' REPORT

The directors present their report, together with the condensed financial report of the consolidated entity consisting of Præmium Ltd and the entities it controls, for the half year ended 31 December 2008 and an independent review report thereon. This financial report has been prepared in accordance with Australian International Financial Reporting Standards.

DIRECTORS' NAMES

Dr Donald Stammer
Mr Arthur Naoumidis
Mr Robert Edgley
Mr John Bryson
Ms Cathryn Nolan
Mr Malcolm Taylor
Ms Christine Silcox

Each of the persons named above held the office of director since prior to the start of the financial period. Mr Taylor and Ms Silcox resigned as directors with effect from the close of the Company's Annual General Meeting on 11 November 2008.

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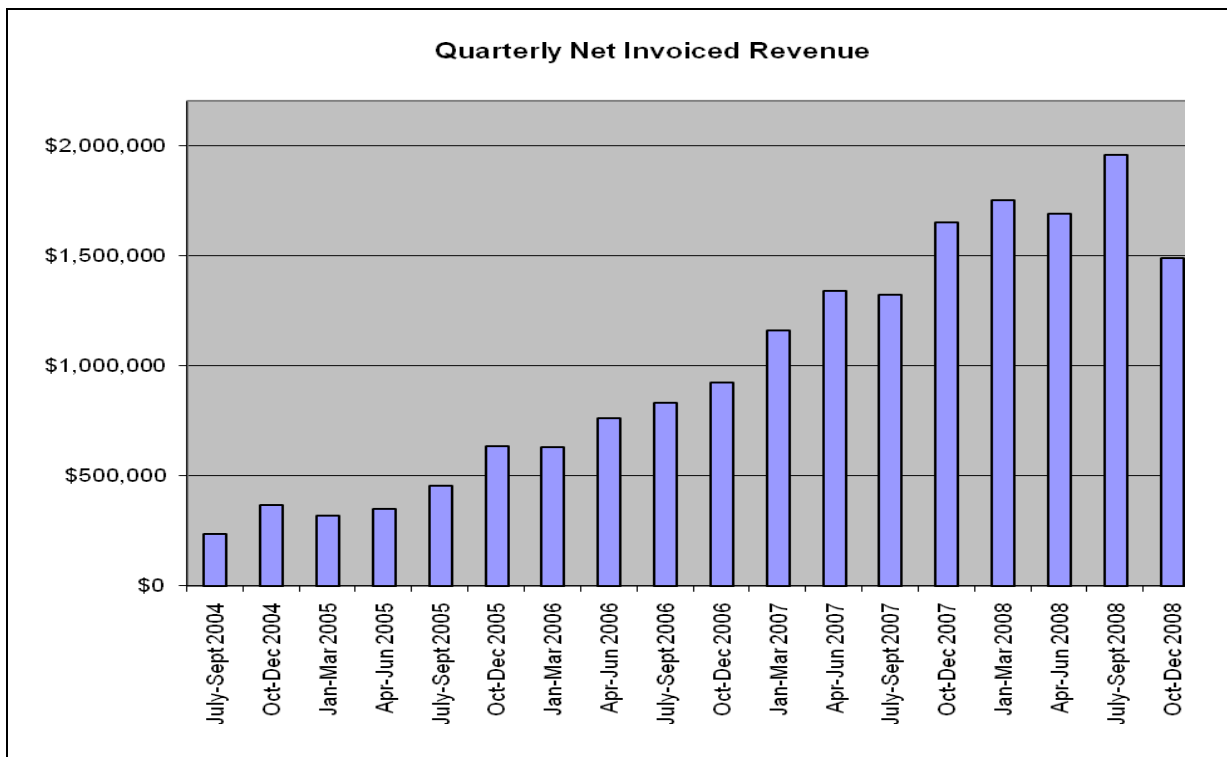
Directors' Report

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REVIEW OF OPERATIONS

FINANCIAL SUMMARY

The company and its controlled entities made a net loss of \$6,616,632 after tax for the half year ended 31 December 2008. This compares with a net loss in the preceding period of \$6,296,230. The Group's net asset position at 31 December 2008 was \$8,300,103 whilst its cash or cash equivalents as at that date were \$6,685,303.



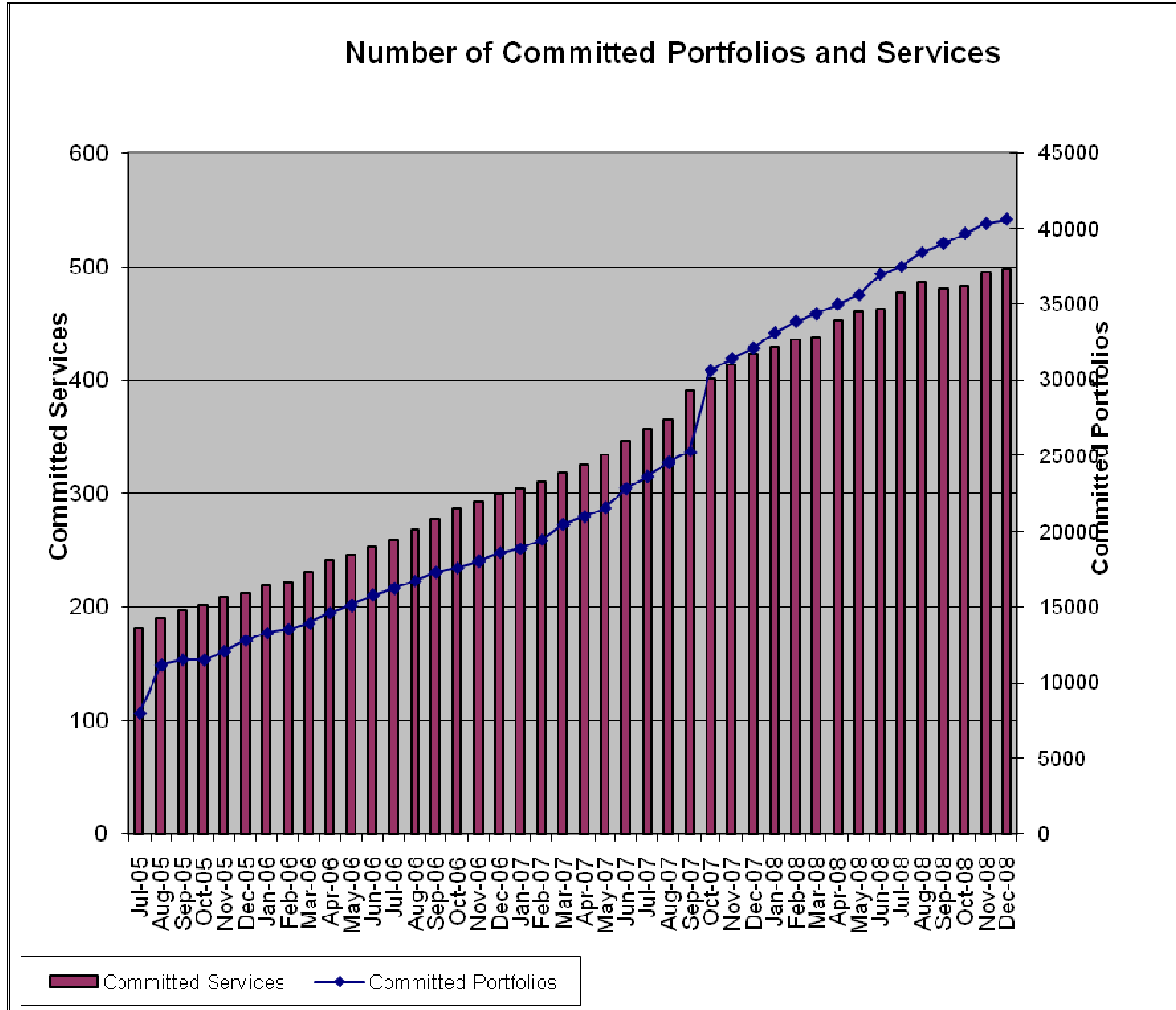
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NUMBER OF CLIENTS AND PORTFOLIOS UNDER MANAGEMENT



VALUE OF FUNDS ADMINISTERED WITH PRAEMIUM'S SMA PLATFORM

As at the end of the financial period funds under management recorded on Praemium's SMA platform was \$286 million (down from \$323 million at 31 December 2007).

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SIGNIFICANT ACHIEVEMENTS

The Company reported the following significant achievements during the financial period:

AUSTRALIA:

- V-Wrap portfolio numbers have continued to grow during the first half of the current financial year. They are up by 9.7% on the beginning of the period, in what has been a very difficult market.
- The exclusivity period with BlackRock Investment Managers Limited (during which we were prohibited from offering our SMA platform to other Australian operators) ended during the period and we entered into our first arrangement with another proposed SMA Operator, Powerwrap. We are continuing our discussions with a view to supplying the platform and services to a small number of SMA operators.
- The number of services using the existing SMA platform increased by 26% during the period;
- 166 different firms (approximately 30% of our client base) are able to deploy p-desktop;
- For the first time in Praemium's history, we changed the prices for portfolio services. The new pricing structure came into effect in November 2008.

UNITED KINGDOM:

- The UK's financial services regulator, the FSA, approved Praemium's OBSR SMARTfund – a unique form of authorised unit trust deployed with Praemium's proprietary SMA technology and deploying risk based investment models using OBSR's respected methodologies;
- The process of signing up distribution partners to the SMARTfund (which has been approved by the regulator) has commenced in earnest. Two branded SMARTfunds are currently before the FSA for approval and we are in the process of finalizing due diligence and prospectus preparation for another;
- We were selected by Price Bailey who will use our SMA technology to deliver a managed discretionary account service to their high net wealth client base.

SIGNIFICANT POST BALANCE DATE EVENTS

On 11 February Praemium entered into an agreement with E*Trade Australia for the provision of tax reporting for all of their portfolios (currently in excess of 350,000). E*Trade is Australia's 2nd largest online broker, with 26 per cent of the market. Praemium will receive a significant fee for the base service up front, with growth potential depending on usage patterns. This is an example of a 'forward sale' under the strategy highlighted at our AGM in November 2008 and we will continue to look to enter into agreements with key strategic partners with a significant up front fee to be paid to Praemium by the end of 2009.

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OVERVIEW

- Operational revenues for the half year period ending 31 December 2008 were \$3.7million¹, an increase of \$347,149 (10.2%) over half year period ending 31 December 2007.
- The Group's cash position at the end of the period exceeded \$6.685 million. It has no debt.
- The directors remain confident that Praemium can continue to grow its business, revenues and market share as well as continue its development programs without significant increases in staff or infrastructure.
- The core business, V-Wrap, continues to grow in what has been a very difficult market.
- The Group is applying considerable focus to generate opportunities to bolster the Group's cash position in difficult market conditions. A range of parallel strategies are being deployed, as demonstrated by the recent agreement with E*TRADE Australia which provides for a significant up front payment.
- The directors remain confident that the SMA business will continue to grow and achieve considerable success as the SMA gains acceptance as an investment product in Australia;
- The directors continue to have the view that the opportunities for the business in the UK are significant. We have demonstrated that we are in a position to move quickly to respond to the significant changes that financial markets are experiencing in the UK and globally. By continuing to focus on high quality, useful and cost effective solutions we are able to take up the ever increasing number of opportunities available to us as a consequence of market change.

THE AUSTRALIAN V-WRAP BUSINESS

The Company reports on a consolidated basis and segment information is provided on a regional basis. A significant proportion of our costs of global research and development are incurred in Australia. The benefits of this research and development are utilised by both the Australian operating business and the UK Business.

Most of the development and corporate activity undertaken in Australia during the period has been in connection with:

- our plans for the UK, and
- ongoing refinement of the V-Wrap Platform – including:
 - projects to increase automation and efficiencies ,
 - enhancements to V-Wrap designed for international wealth managers, and administration of assets in multicurrency/multi exchange environments, advance fixed interest capabilities which were completed during the relevant period, and

¹ Net invoiced revenue to clients represents approximately \$3.4M.

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- substantial work undertaken towards completing our development of our planned corporate action notification and election (CANE) functionality.

After consistent profitability as a business unit, the V-Wrap business recorded a loss during the period. The significant factors contributing to the loss were the contractual requirement to refund \$250,000 paid by a potential client in respect of a project that did not proceed, the impact of market conditions on the revenues generated by reference to funds under management.

The following table summarises operating performance by reference to income stream:

Half Year to December 2008	Operating Revenue ² \$ (000)	Direct Costs \$ (000)	Operating EBITDA \$ (000)	Allocated share of Corporate Costs* \$ (000)	EBITDA net of Corporate Costs \$ (000)
Australia					
V Wrap	3,125	1924	1,201	1,341	(140)
SMA	135	579	(444)	403	(847)
Desktop	93	385	(292)	268	(560)
UK	55	3,021	(2,966)	2,105	(5,071)
Corporate	32	4,149	(4,117)		
Totals	3,440	10,058	(6,618)	4,117	(6,618)

Set out on the following page, for comparison purposes, is the same information for the period ending 31 December 2007:

² As noted above, Operating Revenue excludes interest.

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Half Year to December 2007	Operating Revenue ³ \$ (000)	Direct Costs \$ (000)	Operating EBITDA \$ (000)	Allocated share of Corporate Costs* \$ (000)	EBITDA net of Corporate Costs \$ (000)
Australia					
V Wrap	2,854	1,598	1,256	914	342
SMA	107	457	(350)	261	(611)
Desktop	7	228	(221)	131	(352)
UK		3,572	(3,572)	2,042	(5,614)
Corporate		3,348	(3,348)		
Total	2,968	9,203	(6,235)	3,348	(6,235)

*Corporate Costs include all research and development costs, information technology infrastructure (servers, data centre, redundancy etc) as well as all shared services including premises (Australia); project management, marketing, finance, legal, compliance and company secretariat staff etc They have been allocated between the business units in the same proportions as costs generally relate those businesses.

V-Wrap has grown to 40,651 committed portfolios under administration as at 31 December 2008, up from 37,040 at 30 June 2008, an increase during the financial period of approximately 9.7%. As at the end of the financial period, there were 498 firms signed as clients using V-Wrap, representing a growth of approximately 7.8% during the first half of this financial year.

³ As noted above, Operating Revenue excludes interest.

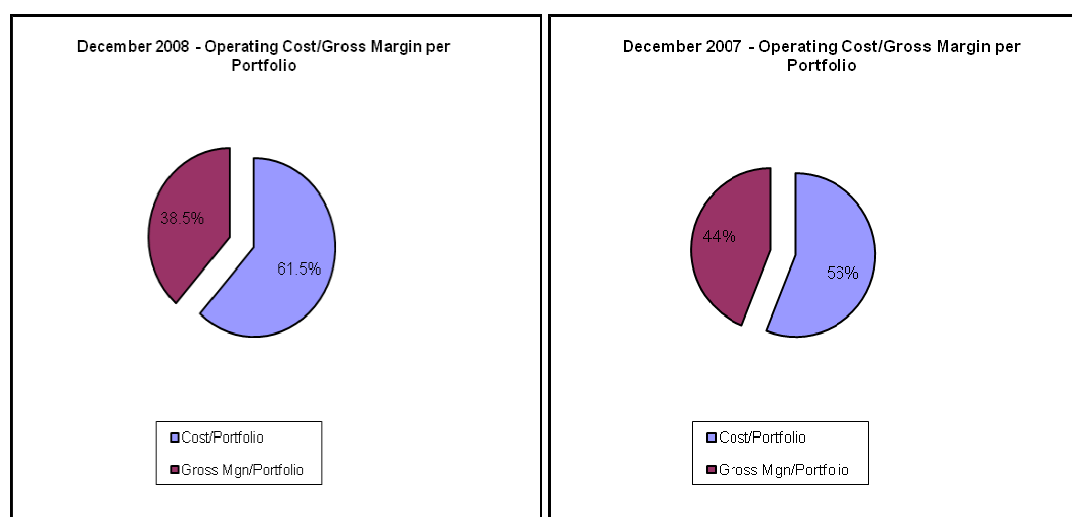
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Our gross margin (before corporate costs) per committed portfolio has decreased to 38.5% in the financial period ending 31 December 2008 (from 44% in the corresponding period in the previous financial year). The decrease is a consequence of both the requirement to refund \$250,000 on the termination of negotiations with a potential client and a decrease in the fees paid by clients who are invoiced on a funds under management (FUM) basis. As the numbers of portfolios grow, we continue to take advantage of the benefits of scale.



JULY – DECEMBER 2008 - A FOCUS ON SYSTEMS AND CONTROLS

Praemium's focus of the 6 months to 31 December 2008 has been a refinement of systems and controls, required in response to significant growth over a relatively short space of time.

Following a period of fast track releases of a large number of enhancements and new functionality to the core components of our technology, it was appropriate to review our internal project management, documentation and release cycle strategies with a view to ensuring knowledge retention, risk mitigation and enabling us to continue to be the foremost provider of service solutions for portfolio administration and capital gains tax reporting to the Australian financial services sector. We have continued a range of development projects aimed at ensuring that our services are sufficiently automated to enable their use by larger institutional clients, focusing on data migration and cleansing, increased automation and the streamlining of operational and user interfaces to increase efficiencies for our clients.

We are now in a strong position with a solid team of experienced developers to focus on new features and enhancements designed to ensure that the technology supporting Praemium's Services remains the market leader.

System reliability is crucial to the delivery of software as a service and Praemium has maintained high levels of availability for all critical systems notwithstanding consistent growth and the demands on its systems.

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STAFF & RESOURCES

The following table shows staff numbers (both full and part time staff) for the period (and as at 31 December 2007)

Location	Dec 2008	June 2008	Dec 2007
Australia:			
Operations / Client Service	12	14	8
Implementation Services	4	0	0
Sales & Marketing	7	7	8
Executives	2	3	3
R&D /IT	27	22	25
Finance, Compliance & Legal	6	6	5
Total Australia	58	52	49
UK			
Operations/Client Service	10	8	7
Sales & Marketing	1	1	2
Executives	1	1	1
R&D/IT	10	8	4
Finance, Compliance & Legal	5	4	3
Total UK:	27	22	17
Total	85	74	66

In July 2008, in recognition of the need for additional training and assistance with rolling out V-Wrap within organizations, we launched an implementation service which has received positive feedback from clients and appears to be accelerating the rate at which new clients load their portfolios and achieve their minimum commitments.

IMPACT OF MARKET TURBULENCE ON PRAEMIUM'S BUSINESS

Ongoing market turbulence and, ultimately, significant falls in investment markets during the period have had an impact on the company's business in the short term, but the directors are confident that over the medium to long term the prospects for the Group remain strong. This is because:

- In falling markets, advisers and planners are under significantly greater pressure to cut or justify costs. Praemium's services all represent opportunities to introduce cost and value efficiencies;
- Regardless of market activities, investors are always required to submit tax returns. In times of market fluctuation or uncertainty, many clients are even more focused on maximizing their tax position. Our tools assist advisers to calculate the most favourable outcomes for their clients.
- Significant changes in market conditions can be an impetus for change. As investors and their advisers reassess the opportunities available to them we believe SMA will become a more attractive to them.

The Directors' belief that the Group's prospects are strong arises from their confidence in the its people, technology, products and opportunities. Our services are regularly recognised for their unique features and outstanding technical capabilities. The Board recognises, however, that these are uncertain times and our cash position is testing. The Board is focused on securing the group's cash position, deploying parallel strategies including, as foreshadowed at our AGM in

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November, the forward sale of V-Wrap, SMA and p-Desktop licenses and the development of key strategic relationships.

SELF MANAGED SUPERANNUATION FUNDS (SMSF)

At the end of 2007 we reported that approximately 13,200 of the portfolios recorded in V-Wrap (representing in the order of \$11 billion of the assets under administration) relate to self managed superannuation fund (SMSF) portfolios. At the end of 2008 that number had increased by 25% to approximately 16,500 confirming that Praemium is one of the largest SMSF administration platforms in Australia.

We believe that our success in this market segment has resulted both from the functionality offered by the system together with a flat fee structure which, when compared to fees that are based on the value of the assets in a fund, can result in significant cost savings.

We plan to continue to grow our market share in this area by continuing to enhance the functionality of our products and services for the SMSF market and cementing key alliances with complimentary software and service providers to the SMSF market.

P-DESKTOP

As at 31 December 2008, 166 firms have entered into agreements which enable them to brand and deploy p-Desktop, Praemium's proprietary market data and portfolio monitoring application.

During the last 6 months we have changed our strategy slightly, requiring a small payment from those clients who wish to deploy their own branding. We continue to offer the base product, incorporating 20 minute delayed data under the p-Desktop brand, to all V-Wrap clients without charge.

Our development has continued to focus on the integration of broking clients' back office systems in the areas of order management, trade reporting and portfolio data exchange and we have also progressed work on new features and enhancements to our suite of advisor tools. We continue to hold the view that services which add value by freeing up advisers' time from compliance and administrative tasks results in their having the ability to provide better advice – which in turn leads to their increased successes (and ultimately increased portfolio numbers for our V-Wrap business).

SEPARATELY MANAGED ACCOUNTS: SMA

As at the end of the financial period more than 180 services had been established by BlackRock using Praemium's proprietary SMA platform (an increase of more than 170% on the number of services on 31 December 2007). 108 of these services are currently active, with aggregate funds under management of \$286 million by the end of the period (an increase in active services of 18.7% over the 91 services that were populated with portfolios as at 30 June 2008).

Notwithstanding the reduction of funds under management, we continue to be pleased with the solid growth of interest and activity in respect to SMAs which remain a relatively new offering in the Australian market.

SMAs utilising Praemium's proprietary technology, being those that are currently operated by BlackRock Investment Managements Ltd, are consistently recognised as "best of breed" offerings in this market sector.

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The large numbers of firms that have signed up to SMA with BlackRock, and have prepared and issued PDS's indicates a market readiness for SMA. This is demonstrated by consistent growth in both the number of services which are established first for testing purposes and the growth in the number of those services with funds under management, notwithstanding general market conditions and resulting reduction in funds under management. We anticipate that we will begin to see substantial inflows to the SMA platform once the current levels of market uncertainty subside and those firms who are poised to commence offering SMA cease to be as distracted by current market conditions and look to finding cost efficient solutions for their clients.

CLIENT ENGAGEMENT

During the financial period we engaged in a number of initiatives designed to increase dialogue between ourselves and our clients, and to increase their understanding of our Services.

The implementation services that we introduced at the beginning of the current financial year (July 2008) have become a substantial feature of our offering over the first half of this financial year. Now that the service has been in place for a sufficient period of time we have had the opportunity to review its operations and benefits and, with the feedback of clients, we continue to refine our service offering with a view to maximising the number of portfolios loaded into V-Wrap over as short a timeframe as possible.

We have also continued with the Webinar service, our online training/seminar. In deciding what matters to focus on during webinars we take into consideration recent enhancements to the system as well as feedback from clients. Due to the popularity of this service we will be conducting a Webinar on a monthly basis from early 2009.

Since its first release in December 2007, our monthly client newsletter continues to be very well received. Designed to further engage our user base with our services, many clients have been enthusiastic when asked for feedback and when featured under the Client Profile section of the newsletter.

Looking ahead for the remainder of this financial period, a Client Satisfaction Survey will be conducted during February-March 2009 and User Group sessions will take place in March-April.

UNITED KINGDOM

2008 was a pivotal year in the history of our UK business with the business shifting from a development to an operating footing. We achieved a number of key milestones during this year:

- The authorisation of our novel unitised SMA fund structure – the SMARTFund. We are the only organisation that is licensed to deliver this service in the United Kingdom – a position we expect to remain the case for at least the next 2-3 years.
- The authorisation of our first commercial SMARTfund – the OBSR SMARTFund. Marketing of this fund commenced in November 2008 in a trial capacity, with full scale marketing commencing late January 2009 following the hiring of our first senior sales executives.
- Winning our first SMARTfund clients:

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- Foster Denovo, the 34th largest financial advisory group in the UK as at November 2008.
- Informed Financial Planning, a mid-sized financial planning firm based in the north of England with offices in Leeds & Hull
- Radcliffe & Newlands, a London based financial advisory firm

In addition to the above, we are also in the process deploying the Fat Prophets SMARTfund which is now awaiting final approval from the FSA

- Winning our first discretionary client: Price Bailey

Developments in the second half of 2008 highlighted the emergence of the discretionary IFA market. Having nurtured the development of this market segment, in November 2008 a significant supplier of platform services in the UK withdrew support for the early adoptees of this business model, leaving a hole in the market that Praemium has been able to exploit.

This market is already significant in size and is expected to grow over the coming year and we are very well positioned to win an increasing proportion of this business.

Praemium has made a significant investment in the UK business which has resulted in exclusive technological and legal intellectual property that we believe has given us a significant market advantage over the next few years. It is our belief that, given the current market turmoil, it is unlikely that a competitor will be able to invest significant cash in trying to match our capabilities which should leave us without a direct competitor over the next few years.

In summary, Praemium UK is now poised for our first year of revenue with the commencement of our SMARTfund operations and the signing on of the first few clients. The appearance of a new market segment, the Discretionary IFA's, over the past 3 months represents an additional business opportunity that should yield increased revenue over the short to medium term.

We believe our prospects in the UK market are very good over the next few years which can be attested to by our recent client wins during what is a very challenging market. Our recent appointment of a professional sales team along with the significant number of sales leads should result in increasing level of revenue from the UK over the next 12 months.

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AUDITOR'S DECLARATION

A copy of the auditor's declaration in respect of the review for the half year is provided with this report.

Signed in accordance with the resolution of the Directors.



Director

Arthur Naoumidis

27 February 2009

Grant Thornton
ABN 13 871 256 387

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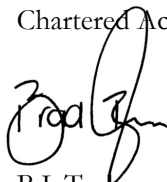
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PRAEMIUM LIMITED**

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 2008, 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
Chartered Accountants



B.L. Taylor
Partner

Melbourne, 27 February 2009

ACCOUNTS FOR THE HALF YEAR ENDING 31 DECEMBER 2008

CONDENSED INCOME STATEMENT

	Economic Entity Half Year 2008	Economic Entity Half Year 2007
	\$	\$
Revenue	3,674,845	3,374,827
Other income	57,561	10,430
Employee costs	(7,262,818)	(6,412,682)
Depreciation, amortisation and impairments	(290,726)	(253,214)
Legal, professional, advertising and insurance expense	(1,124,214)	(1,358,335)
Commissions expense	(123,400)	(86,661)
Travel expenses	(230,013)	(316,667)
Telecommunication Costs	(156,055)	(191,919)
IT Support Expenses	(310,418)	(191,338)
Net Foreign Exchange (losses)/gains	(35,057)	(104,479)
Occupancy Costs	(481,601)	(481,042)
Other expenses	(334,736)	(285,150)
Profit before income tax expense	(6,616,632)	(6,296,230)
Income tax expense	-	-
Profit attributable to members of the parent entity	(6,616,632)	(6,296,230)
Basic earnings/(loss) per share (cents per share)	(0.04)	(0.057)
Diluted earnings/(loss) per share (cents per share)	(0.04)	(0.057)

The accompanying notes form part of these financial statements

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Accounts for the Half Year ending 31 December 2008

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CONDENSED BALANCE SHEET

	Economic Entity 31 December 2008	Economic Entity 30 June 2008
	\$	\$
Current assets		
Cash and cash equivalents	6,685,303	13,086,527
Trade and other receivables	2,261,152	2,148,372
Total current assets	8,946,455	15,234,899
Non-current assets		
Financial assets	156,201	227,002
Property, plant and equipment	2,165,883	2,199,685
Total non-current assets	2,322,084	2,426,687
TOTAL ASSETS	11,268,539	17,661,586
Current liabilities		
Trade and other payables	2,447,613	2,149,640
Provisions	468,736	492,348
Total current liabilities	2,916,349	2,641,988
Non-current liabilities		
Provisions	52,087	38,958
Total non-current liabilities	52,087	38,958
TOTAL LIABILITIES	2,968,436	2,680,946
NET ASSETS	8,300,103	14,980,640
Equity		
Share capital	38,359,200	38,359,200
Reserves	(1,161,169)	(1,097,264)
Accumulated (losses)	(28,897,928)	(22,281,296)
TOTAL EQUITY	8,300,103	14,980,640

The accompanying notes form part of these financial statements

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CONDENSED STATEMENT OF CHANGES IN EQUITY

	Economic Entity 2008					
	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Revaluation Reserve	Total
	\$	\$	\$	\$	\$	\$
Equity as at July 1 2008	38,359,200	(22,281,296)	(1,025,845)	27,888	(99,307)	14,980,640
Net income recognised directly in equity						
Equity raising costs						
Foreign currency translation reserve			(40,717)			(40,717)
Assets available for sale Revaluation reserve					(69,722)	(69,722)
Transfer from Option Reserve						
Sub-total	-	-	(40,717)	-	(69,722)	(110,439)
Recognised income and expense for the year						
Loss attributable to members of the parent entity		(6,616,632)				(6,616,632)
Sub-total	-	(6,616,632)	-	-	-	(6,616,632)
Issue of Shares						
Option Expense				46,534		46,534
Sub-total	-	-	-	46,534	-	46,534
Equity as at 31 December 2008	38,359,200	(28,897,928)	(1,066,562)	74,422	(169,029)	8,300,103

The accompanying notes form part of these financial statements

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CONDENSED STATEMENT OF CHANGES IN EQUITY

	Economic Entity 2007					
	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at July 1 2007	30,306,672	(11,608,707)	(101,329)	36,528	54,791	18,687,955
Net income recognised directly in equity						
Equity raising costs						
Foreign currency translation reserve			(341,429)			(341,429)
Assets available for sale Revaluation reserve					(46,492)	(46,492)
Transfer from Option Reserve	6,774			(6,774)		
Sub-total	6,774	-	(341,429)	(6,774)	(46,492)	(387,921)
Recognised income and expense for the year						
Loss attributable to members of the parent entity		(6,296,230)				(6,296,230)
Sub-total	-	(6,296,230)	-	-	-	(6,296,230)
Issue of Shares	443,092					443,092
Option reserve				9,253		9,253
Sub-total	443,092	-	-	9,253	-	452,345
Equity as at 31 December 2007	30,756,538	(17,904,937)	(442,758)	39,007	8,299	12,456,149

The accompanying notes form part of these financial statements

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CONDENSED CASH FLOW STATEMENT

	Note	Economic Entity Half Year 2008 \$	Economic Entity Half Year 2007 \$
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		3,149,310	2,978,407
Payments to suppliers and employees		(9,516,440)	(8,970,691)
Interest received		289,289	407,847
Net cash (used by) /provided from operating activities		(6,077,841)	(5,584,437)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends received		3,367	18,641
Payments for property, plant and equipment		(254,124)	(445,435)
Acquisition of other investments			(28,534)
Proceeds from the disposal of other investments		1,079	
Net cash used in investing activities		(249,678)	(455,328)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the issue of share capital		-	94,500
Net cash provided by financing activities		-	94,500
NET CASH INCREASE (DECREASES) IN CASH AND CASH EQUIVALENTS			
		(6,327,519)	(5,945,265)
Cash and cash equivalents at beginning of year		13,086,527	16,763,182
Effect of exchange rates on cash holdings in foreign currencies		(73,705)	(451,708)
Cash and cash equivalents at end of year		6,685,303	10,366,209

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 2008 and any public announcements made by Praemium 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 2008.

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, except as noted above.

(II) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group's accounting policies.

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Notes to the Accounts for the Half Year ending 31 December 2008

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(C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Praemium Limited (parent entity) as at 31 December 2008 and the results of all subsidiaries as 31 December 2008. Praemium Limited and its subsidiaries are referred to in this financial report as the "Group".

A subsidiary is any entity over which Praemium Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries have a June financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Group.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are de-consolidated from the date control ceases.

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations). Cost is measured as the fair value of the assets given, equity instruments issued (net of transaction costs) or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(D) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

(I) PLANT AND EQUIPMENT

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised. To ensure that costs are not recognised in

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excess of their recoverable amounts, the recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposals discounted to their net present value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

(II) DEPRECIATION

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding land, is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate Method
Plant, Furniture and equipment	10% - 20% Straight-line
Computer equipment	20% Straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to the income statement as part of the profit or loss on disposal.

(E) FINANCIAL INSTRUMENTS

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

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Notes to the Accounts for the Half Year ending 31 December 2008

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(I) TRADE RECEIVABLES

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

(II) CASH AND CASH EQUIVALENTS

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

(III) FINANCIAL LIABILITIES AND EQUITY

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

(IV) BANK BORROWINGS

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

(V) TRADE PAYABLES

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. These amounts are unsecured and are usually paid within 45 days of recognition.

(VI) EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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Notes to the Accounts for the Half Year ending 31 December 2008

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(VII) FAIR VALUE

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the balance sheet and notes to the financial statement. Fair value is defined as the amount that could be exchanged for an asset between knowledgeable willing parties in an arm's length transaction.

(VIII) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets, comprising principally units in unlisted registered schemes, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included as non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in fair value are recognised directly in equity in an available-for-sale assets revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(IX) SHARES IN CONTROLLED ENTITIES

Shares in controlled entities are measured at cost.

(F) INTANGIBLE ASSETS

(I) RESEARCH AND DEVELOPMENT

Expenditure during the research phase of a project is recognised as an expense when incurred.

Rebate concessions received in relation to research and development expenditure are brought to account as revenue where expenditure has been expensed.

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at

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the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually.

(II) LICENCES

Licences are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

(G) IMPAIRMENT

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. For assets where such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation reserve relates to that asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income in the income

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statement, unless the relevant asset is carried at a revalued amount, in which case the reversal is recognised as a revaluation increase.

(H) EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(I) EQUITY SETTLED COMPENSATION

The Group operates a share based compensation scheme.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(J) PROVISIONS

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

(K) INCOME TAX

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, which at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items which are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

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The directors have elected for those entities within the consolidated entity that are wholly owned Australian resident entities to be taxed as a single entity from July 1 2005. The head entity within the tax consolidated group for the purposes of tax consolidation is Praemium Ltd.

Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of this agreement, Praemium Ltd and each of the entities within the tax consolidated group has agreed to pay a tax equivalent payment to or from the entity, based on the net accounting profit or loss of the entity and the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

Praemium and each of the entities within the tax consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the Group continues to be a stand alone tax payer in its own right.

(L) LEASES

Leases of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

The interest expense is recognised in the income statement so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Leased assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the income statement on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(M) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services is recognised upon the delivery of services to customers and the associated risks of ownership have passed.

Interest revenue is recognised on a proportional basis using the effective interest rate in relation to the outstanding financial asset.

Dividends are recognised as revenue when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST), returns, trade allowances and other duties and taxes paid.

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Revenue in the form of Grant income is recognised when earned and receivable.

(N) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of each of the Group's entities is identified as the currency of the primary economic environment in which that entity operates, and is used in the recognition of transactions and balances for that entity. Where the functional currency of a group entity is different from the parent's functional currency, the entity has been translated for consolidation using the method described below for 'Group Entities'.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(II) GROUP ENTITIES

The financial results and position of all Group entities whose functional currency is different from the group's functional and presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the balance sheet date; and
- income and expenses are translated at the rate on the date of the transaction, or an average exchange rate for the period (if the average approximates the actual rate for that period).
- Retained Earnings are translated at the respective historical exchange rate.
- Exchange differences arising on translation of Group entities from a different functional currency are recognised directly in a foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the entity is disposed.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(III) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the spot rate on balance sheet date. Non-monetary items measured at historical cost are not retranslated. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences on translation of non-monetary items are recognised directly in equity.

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(O) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except,

- where the amount of the GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense: or
- for receivable and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(P) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(Q) SEGMENT REPORTING

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(R) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(S) DIVIDENDS

Provision is made of the amount declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(I) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the

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Notes to the Accounts for the Half Year ending 31 December 2008

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weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(II) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration relation to dilutive potential ordinary shares.

(T) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

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27 February, 2009

2 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries. The main purpose of non-derivative financial instruments is to raise finance for group operations.

The Group does not have any derivative instruments.

FINANCIAL RISKS

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

INTEREST RATE RISK

As the Group has no significant interest-bearing assets or liabilities, the Group's income, expenses and operating cash flows are not materially exposed to changes in market interest rates.

FOREIGN CURRENCY RISK

The group is exposed to any material fluctuations in foreign currencies, as the group has operations outside Australia.

LIQUIDITY RISK

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis.

CREDIT RISK

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

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Notes to the Accounts for the Half Year ending 31 December 2008

27 February, 2009

3 SEGMENT REPORTING

The group operated in two geographic areas during the half year ended 31 December 2008, Australia and the United Kingdom.

HALF YEAR 2008

	Australia Half Year 2008 \$	United Kingdom Half Year 2008 \$	Consolidated Half Year 2008 \$
Revenue			
Revenue from external customers:			
Revenue - external customers	3,384,377	55,371	3,439,748
Total revenue from external customers	3,384,377	55,371	3,439,748
Other revenue/income	235,208	57,450	292,658
Total revenue	3,619,585	112,821	3,732,406
RESULT		(3,001,017)	(6,616,632)
Net profit for the year	(3,615,615)	(3,001,017)	(6,616,632)
ASSETS			
Segment assets	7,691,298	3,577,241	11,268,539
Total assets	7,691,298	3,577,241	11,268,539
LIABILITIES			
Segment liabilities	2,108,310	860,127	2,968,437
Total liabilities	2,108,310	860,127	2,968,437

HALF YEAR 2007

	Australia Half Year 2007 \$	United Kingdom Half Year 2007 \$	Consolidated Half Year 2007 \$
REVENUE			
Revenue from external customers:			
Revenue - external customers	2,964,933	-	2,964,933
Total revenue from external customers	2,964,933		2,964,933
Other revenue/income	312,786	107,538	420,324
Total revenue	3,277,719	107,538	3,385,257
RESULT			
Net profit for the year	(2,465,630)	(3,830,600)	(6,296,230)
ASSETS			
Segment assets	8,451,648	6,464,647	14,916,295
Total assets	8,451,648	6,464,647	14,916,295
LIABILITIES			
Segment liabilities	1,397,574	1,062,572	2,460,146
Total liabilities	1,397,574	1,062,572	2,460,146

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DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 11 to 29 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 2008 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.



Arthur Naoumidis
Director
Dated: 27 February 2009

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Praemium Limited (“the Company”), which comprises the consolidated interim condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement 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 the Company and the entities it controlled at the half-year’s end or from time to time during that half-year.

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 control 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 Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports 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 2008 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.

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 2008 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.

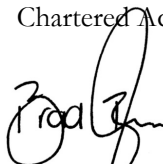
Conclusion

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:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON
Chartered Accountants



B.L. Taylor
Partner

Melbourne, 27 February 2009