

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Praemium Ltd

ABN

74 098 405 826

Quarter ended ("current quarter")

December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	2,866	5,722
1.2 Payments for (a) staff costs	(2,689)	(6,137)
(b) advertising and marketing	(68)	(157)
(c) research and development		
(d) leased assets		
(e) other working capital	(2,020)	(3,768)
1.3 Dividends received	4	7
1.4 Interest and other items of a similar nature received	33	61
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,874)	(4,272)

+ See chapter 19 for defined terms.

Appendix 4C
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admitted on the basis of commitments

	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,874)	(4,272)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(18)	(50)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(18)	(50)
1.14 Total operating and investing cash flows	(1,892)	(4,322)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	4,769	4,769
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	(1,000)	-
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	3,769	4,769
Net increase (decrease) in cash held	1,877	447
1.21 Cash at beginning of quarter/year to date	3,276	4,644
1.22 Exchange rate adjustments to item 1.20	(107)	(45)
1.23 Cash at end of quarter	5,046	5,046

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current Quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	51
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

1.24: \$51,250 salaries and benefits to non-executives paid as director fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current Quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,619	2,636
4.2	Deposits at call	3,427	640
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		5,046	3,276

+ See chapter 19 for defined terms.

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 17 January 2012

Print name: Paul Gutteridge

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

17 January 2012

Appendix 4C Quarterly Report – Additional Information

Praemium Limited (ASX:PPS) has released the following additional information in relation to its Appendix 4C report, for the period 1 October to 31 December 2011.

Service	Region	Key Performance Indicator	Dec	Sep	QoQ	Dec	YoY
			2011	2011	%	2010	%
Portfolio Admin Services	Australia	# V-Wrap Portfolios	44,313	44,815	(1%)	43,969	1%
Separately Managed Account Service	Australia	FUA	A\$490m	A\$500m	(2%)	A\$558m	(12%)
Separately Managed Account Service	UK	FOP	£324m	£294m	10%	£206m	57%

The Results

Praemium has held steady in a volatile market over the past quarter. In Australia:

- The price increase on V-Wrap portfolios saw an 18% growth in V-Wrap revenue in the December 2011 quarter compared to the December 2010 quarter, and will continue to improve cashflows of the Australian business. V-Wrap portfolios declined by 1% in the December quarter to 44,313, a good result given the price increase in a tough equity market.
- Praemium's SMA technology continues to be deployed by BlackRock Investment Managers (Australia) Ltd. BlackRock's Customised Portfolio Service funds under administration (FUA) declined by 2% to \$490m for the December quarter, reflecting turbulent market conditions.
- During the December 2011 quarter the sales promotion of SMARTWrap, a superannuation and investment platform administered by Powerwrap, previously marketed by Praemium was transferred to Powerwrap. Praemium provides technology services to Powerwrap, and will continue to derive revenue under its existing agreement.

In the UK:

- Funds on Platform (FOP) as at 31 December were up 10% to £324 million, from £294 million the previous quarter. While impacted by volatile investment markets in the UK and globally, Praemium's UK business continues to grow both from new customers and fund inflows from existing clients.

Restructure and Cash Position

Operating cash outflow for the December quarter was \$1.9 million compared to \$2.4 million for the September quarter. However excluding one-off restructure costs of \$0.6 million incurred in both quarters respectively, net operating cash outflow has reduced from \$1.8 million for the September 2011 quarter to \$1.3 million in the December 2011 quarter. This reduction of 28%, despite seasonally lower cash receipts, is a result of the Company's cost reduction program commenced in September 2011 and improvements in cashflow are expected to continue over the balance of the financial year. Other details of the restructure are:

- Praemium has previously advised that ongoing post-restructure cost savings would be between \$2-3 million annually. With the majority of cost reductions nearing completion the Company now expects annualised savings to be achieved at the higher range of \$3 million, or approximately a 16% reduction on the FY2011 cost base.
- One-off restructure payments of \$1.2 million have been incurred this financial year, with \$0.6 million incurred this quarter. \$0.2 million remains to be incurred over the rest of the financial year.

The cash balance at 31 December 2011 was \$5.0 million.

Further information on the Company's financial performance will be provided within its Half Year Report in February 2012.

About Praemium: Praemium Ltd (ASX:PPS) is one of Australia's leading suppliers of online financial portfolio administration and Separately Managed Account (SMA) technology, administering in excess of AUD42 billion-FUA* of assets in Australia and with more than £324 million-UK FOP* in funds on the platforms it operates in the UK. Praemium currently provides services to approximately 485* financial institutions and intermediaries, including some of the world's largest financial institutions.

*As at 31 December 2011

For further information contact:

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