



præmium

Half Year Report

31 December 2017

Praemium Limited
ACN: 098 405 826

Contents

APPENDIX 4D	3
HALF YEAR FINANCIAL REPORT	4
DIRECTORS' REPORT	6
Financial Summary	7
Operations & Business	8
Comments on financial performance	9
Auditor's Independence Declaration	11
ACCOUNTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017	12
Consolidated Statement of Profit & Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	20
Independent Audit Report	21

APPENDIX 4D

ASX HALF-YEAR REPORT

Name of entity	Praemium Limited
ABN	74 098 405 826
Reporting period	Half year ended 31 December 2017
Previous corresponding period	Half year ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS	
Revenue from ordinary activities	increased 25% to 20,529,667
Profit from ordinary activities before tax attributable to members	increased 87% to 3,284,556*
Net profit for the period attributable to members	increased 26% to 724,558

*Excludes restructure and acquisition costs

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 2017

Net tangible assets	Current period	Prior period
Net tangible assets per ordinary security	3.4	3.1

Control gained /loss of control over entities having a material effect

Not applicable

Dividends

No dividends are proposed for the period

Additional dividend information

There was no dividend declared or paid during or subsequent to the current period or prior corresponding period

Dividend reinvestment plan

Not applicable

Details of associates and joint venture entities

Not applicable

Compliance Statement

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



Michael Ohanessian - CEO
12 February 2018

HALF YEAR FINANCIAL REPORT



25%
INCREASE IN
REVENUE



\$1.5BN
RECORD
INFLOWS IN
6 MONTHS



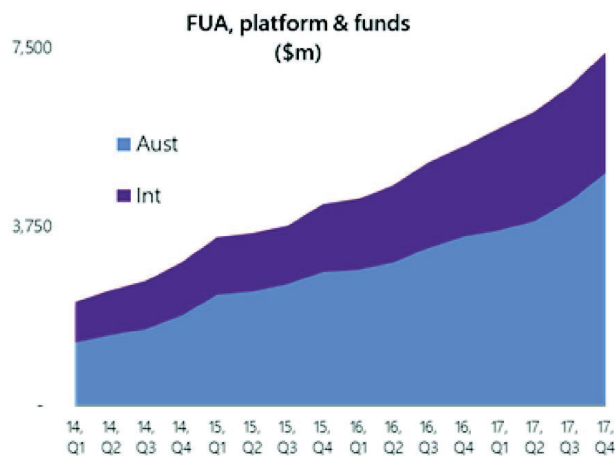
121
NEW
MODEL
PORTFOLIOS



37%
INCREASE IN
FUNDS UNDER
ADMINISTRATION

51%
INCREASE
IN UNDERLYING EBITDA

FUNDS ON PLATFORM
REACHED
\$7.4
BILLION



DIRECTORS' REPORT

The Directors present this report, together with the condensed financial report for the half year ended 31 December 2017, 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:

Barry Lewin – Non-Executive Chairman

Stuart Robertson – Non-Executive Director

Daniel Lipshut – Non-Executive Director

Claire Willette – Non-Executive Director
(appointed 28 August 2017)

Review of operations

Company Overview

Founded in 2001, Praemium Limited is a leading provider of portfolio administration, investment platforms and financial planning tools to the wealth management industry.

Wealth professionals are continually seeking to improve productivity to address lower margins driven by regulatory change and consumer demand. Praemium helps with this journey by providing leading-edge technology to automate many routine, time-consuming activities coupled with innovative scalable investment solutions and industry-leading reporting.

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, our investment portfolio technology is branded as Praemium Portfolio and is available both directly and embedded in our Separately Managed Account (SMA) technology. Through Praemium Portfolio, we offer 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 Praemium Portfolio 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 benefiting 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, and the acquisitions of Plum Software Limited in 2015 and Wensley Mackay Limited in 2016. Wensley Mackay is a privately owned and FCA-authorized 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[™]). Client portfolios can be invested in one or more models without having to transfer their money into a managed fund.

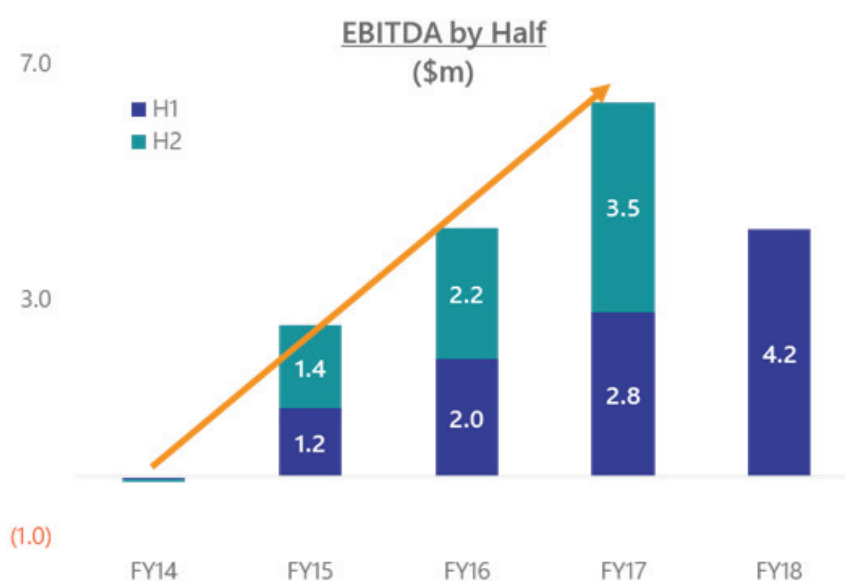
To complete our offering to the financial services industry, Praemium also provides customer relationship management (CRM) and financial planning software. Known as WealthCraft, it is powered by Microsoft Dynamics CRM and allows advisors to seamlessly manage their client, practice and campaign information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

Financial Summary

FINANCIAL METRICS

	H1FY2018	H1FY2017	Change	Change
	\$000	\$000	\$000	%
Revenue and other income	21,517	17,175	4,342	25%
Expenses	17,278	14,365	2,913	20%
EBITDA (underlying)*	4,239	2,810	1,429	51%
Net profit/(loss) before tax	2,701	1,309	1,392	106%
Net profit/(loss) after tax	725	576	149	26%
Cash	9,664	8,207	1,457	18%
Net Assets	18,529	16,947	1,582	9%
Operating cashflow	1,871	128	1,743	1,362%

*Underlying EBITDA excludes restructure and acquisition costs -\$0.6 million, share based payments -\$0.4 million and foreign exchange movements of currencies held on deposit +\$0.04 million as detailed in Note 2 of the attached half year report.



SERVICE METRICS

REVENUE BY REGION	H1FY2018	H1FY2017	Change	Change
Australia revenue (\$'000)	13,586	11,243	2,343	21%
FUA - SMA (\$m)	4,873	3,538	1,335	38%
Portfolios (Praemium Portfolio)	52,568	47,814	4,754	10%
UK revenue (\$'000)	6,749	5,035	1,714	34%
FUA - UK (\$m)	2,538	1,864	674	36%
Asia revenue (\$'000)	180	121	59	49%
TOTAL FUA	7,411	5,402	2,009	37%

Operations & Business

Separately Managed Accounts (SMA)

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 keep investors in line with a static model.

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. Globally, assets in Praemium's Separately Managed Account (SMA) products continued their strong momentum and record inflows. Including inflows from the Smart[™] range of funds, global FUA reached \$7.4 billion as at 31 December 2017, up 37% 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 international model portfolios, providing direct access to quality global investment opportunities in a cost-effective manner. We continue to attract new model managers, and have added 8 new model managers across domestic and international model portfolios in the half. We have also further improved the client experience with the release of digital acceptance, creating a paperless account-opening process.

In the UK, following the acquisition of the Wensley Mackay Self-Invested Personal Pension (SIPP) business, we completed a full rollout of a new pension offering (the Praemium Retirement Account) to all IFA partner firms. The International platform also successfully progressed work to meet the new European regulatory regime, the Markets in Financial Instruments Directive (MiFID II), which comes into effect from January 2018.

Investment management

In the UK, our in-house investment management solution continues to grow strongly, with model portfolios and multi-asset funds increasing by 47% in local currency to £477 million (\$822 million) in the past 12 months. In particular, Smart Investment Management's (Smart[™]) range of capital-protected funds, Smartfund 80% Protected, have reached £281 million (\$485 million), a 77% increase in the past 12 months, and are expected to continue to grow strongly.

Portfolio administration and reporting

Praemium Portfolio has continued its positive revenue momentum, with 8% revenue growth achieved in the first half of FY2018. We have continued to enhance Praemium Portfolio's excellence in reporting and portfolio management with the release of several new tools designed to improve adviser efficiency, including a new Report Publisher that automates the client reporting process.

In November 2017, Praemium also signed its first client to the newly launched administration service. This new service, which offers Praemium Portfolio's first-class reporting, performance analysis and a digital client portal, allows financial planning practices to outsource the administration of their client portfolios to Praemium.

Financial planning software

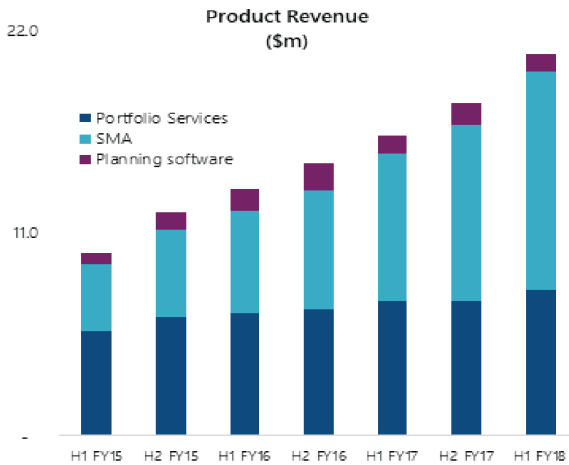
Ongoing regulatory changes in the European and Middle East markets drove increasing interest in WealthCraft's CRM and financial planning software during the half, and Praemium's newly expanded implementation and transition teams are currently onboarding 9 new WealthCraft clients. We continue to invest in this product and will soon launch a digital fact find and other enhancements.

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 have focussed on client engagement, training, and targeted enhancements.

Comments on financial performance

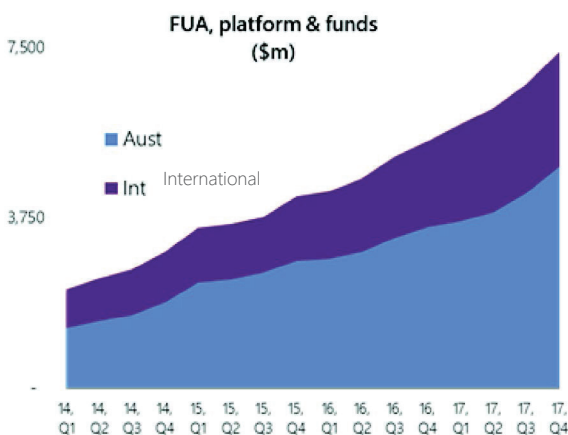
Trading performance

The consolidated profit after tax attributable to the members of the Group was \$724,558, a 26% improvement compared to the profit after tax of \$575,672 for the half year to 31 December 2016.



Revenue and other income increased to \$21.5 million for the 6 months to December 2017, a 25% increase compared to the 6 months to December 2016. This increase was across key product lines (refer graph), in particular SMA revenue, which increased by 47% to \$11.8 million from record fund flows onto our investment platforms, reflecting the continuing move in the platform market to managed account technology. Portfolio services revenue increased by 8% to \$7.9 million from growth in Praemium Portfolio portfolios. Planning software increased by 2% to \$1.0 million from the onboarding of new clients in Asia and Australia. This period's result also included \$0.8 million in other income relating to FY2017's research & development incentive in the UK, \$0.1 million lower than the prior year.

SMA revenue has grown strongly from accelerating 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 \$1.5 billion, a new record for our SMA platform. At 31 December 2017, funds under administration reached \$7.4 billion, comprising \$4.9 billion for the Australia platform and \$2.5 billion for the International platform (refer graph).



Australia

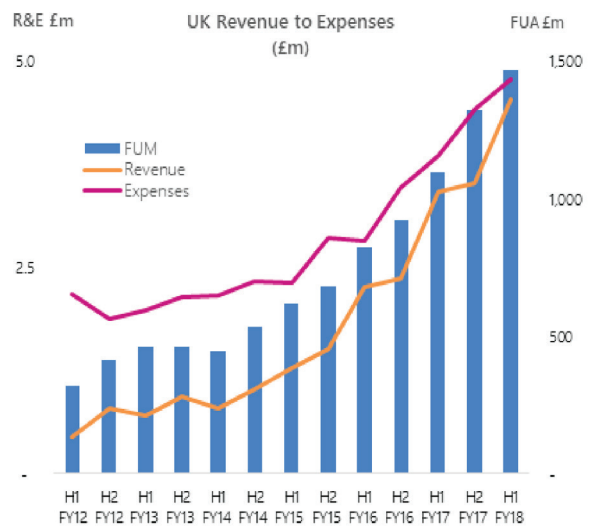
The Australian business continued its strong momentum this half, with revenue increasing by 21% on the first half of FY2017. Record inflows to our SMA investment platform resulted in a 44% increase in SMA revenue, while portfolio services revenue increased 8% from the growth of institutional clients on Praemium Portfolio. EBITDA for the Australian business was \$5.7 million, a 19% improvement compared to \$4.8 million for the first half of FY2017. EBITDA margins were consistent to the prior period at 42% of revenue.

The Company continued investments to support revenue-generating opportunities, with additions to sales & marketing to support the considerable pipeline of new business and accelerating inflows, and client services to deepen client engagement. R&D investment in proprietary technology was also accelerated this half, with \$0.6 million to expand our platform offering capitalised for the first time.

International

The UK business continued its improvement in operating performance this half. UK revenue and other income grew 34%, resulting in a 43% reduction in EBITDA losses to \$0.4 million. Revenue growth reflected the diversification of revenue streams, with SMA platform and investment management income powered by strong fund flows in the half.

Asia's EBITDA loss decreased by 18% to \$0.6 million with the completion of the testing phase of the major Hong Kong-based CRM project. Reduction of its R&D cost base and recurring licence revenues are expected to see a significant improvement in Asia profitability through 2018.



Comments on financial performance

Expenses

Operating expenses were \$17.3 million for H1 FY2018, compared to \$14.4 million in H1 FY2017. This is a result of an increase in FUA of 37%, which impacts variable Cost of Goods Sold (COGS) including commissions for Smartfund 80% Protected. We have also continued to invest in growth through the first half of H1 FY2018, with headcount in R&D and Sales & Marketing up 15% and 25% respectively. We now have over 100 technology specialists across 5 locations collaborating on global initiatives. These investments have helped us achieve record inflows to our SMA investment platform, enhanced our excellence in reporting and portfolio management and to support future sales momentum.

In the UK, operating costs (excluding Smartfund 80% Protected commissions) were £3.5 million for H1 FY2018 compared with £3.3 million H1 FY2017, contributing to an EBITDA improvement of 43% (44% in GBP). Meanwhile, restructuring of the Asia cost base is now completed, which will further drive an improvement in results in the second half of FY2018.

Balance sheet & cashflow

The Group maintained a strong balance sheet during the half year with net assets of \$18.5 million and \$9.7 million held in cash. Current assets increased by 12%, predominantly due to an increase in cash and trade and receivables from ordinary operating activities. Total assets increased by 10% per cent to \$26.5 million, mainly from capitalisation of R&D investment. Current liabilities increased by 15% to \$7.7 million. An increase of \$0.4 million in income tax payable is largely driven by reduced R&D tax offset in Australia. Non-current liabilities decreased by 17% or \$0.1 million to \$0.3 million.

The Group is debt free and continues to generate positive cash flows. Operating cash flows of \$1.9 million are 1362% above H1 FY17's \$0.1 million. Higher operating cash flows mainly reflected receipts from customers. These effects were partially offset by increase in payments to employees and suppliers. With the Australian operations now paying company taxes, \$1.6 million was paid this half representing tax on company profits for the 2017 financial year and instalments for the 2018 financial year. 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.



Barry Lewin - Chairman
12 February 2018

Auditor's Independence Declaration



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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 2017. 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.

A handwritten signature in black ink, appearing to read "Grant Thornton", written over a faint horizontal line.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "B L Taylor", written over a faint horizontal line.

B L Taylor
Partner – Audit & Assurance

Melbourne, 12th February 2018

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ACCOUNTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Profit & Loss and Other Comprehensive Income

	CONSOLIDATED ENTITY 31 DEC 2017 \$	CONSOLIDATED ENTITY 31 DEC 2016 \$
Revenue	20,529,667	16,409,093
Other income	987,118	765,699
Employee costs	(10,618,186)	(9,652,996)
Depreciation, amortisation and impairments	(490,137)	(428,682)
Legal, professional, advertising and insurance expense	(2,159,795)	(1,760,148)
Commissions expense	(2,503,709)	(188,815)
Travel expenses	(579,318)	(525,981)
Telecommunication costs	(112,799)	(94,859)
IT support expenses	(786,426)	(571,335)
Net foreign exchange gains/(losses)	40,515	(325,810)
Occupancy costs	(933,339)	(725,507)
Withholding tax not recoverable	(69,289)	(56,740)
Restructure and acquisition costs	(583,204)	(449,639)
Other expenses and recovery	427,550	(834,730)
Share based payments	(447,296)	(250,072)
Profit/(loss) before Income tax expense	2,701,352	1,309,478
Income tax expense	(1,976,794)	(733,806)
Profit attributable to members of the Group	724,558	575,672
Other comprehensive income		
Changes in the fair value of available-for-sale financial assets	27,697	17,687
Exchange differences on translation of foreign operations	124,710	(365,513)
Income tax relating to components of other comprehensive income	-	-
Total items that may be reclassified subsequently to profit/(loss)	152,407	(347,826)
Other comprehensive income/(loss) for the period, net of tax	152,407	(347,826)
Total comprehensive profit/(loss) for the period	876,965	227,846
Profit/(loss) for the period attributable to Owners of the parent	876,965	227,846
Total comprehensive profit/(loss) attributable to Owners of the parent	876,965	227,846
Earnings per share		
Basic earnings/(loss) per share (cents per share)	0.2	0.1
Diluted earnings/(loss) per share (cents per share)	0.2	0.1

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

	CONSOLIDATED ENTITY 31 DEC 2017 \$	CONSOLIDATED ENTITY 30 JUNE 2017 \$
Current assets		
Cash and cash equivalents	9,664,082	8,983,491
Trade and other receivables	7,886,026	6,694,113
Total current assets	17,550,108	15,677,604
Non-current assets		
Other financial assets	2,273,601	2,242,399
Property, plant and equipment	1,274,995	1,239,391
Goodwill	2,984,483	2,946,235
Intangible assets	1,848,347	1,435,292
Deferred tax assets	622,834	629,139
Total non-current assets	9,004,260	8,492,456
TOTAL ASSETS	26,554,368	24,170,060
Current liabilities		
Trade and other payables	5,869,409	5,359,987
Provisions	1,186,430	1,055,558
Income tax payable	673,597	304,416
Total current liabilities	7,729,436	6,719,961
Non-current liabilities		
Provisions	55,786	76,375
Deferred tax liability	239,804	280,467
Total non-current liabilities	295,590	356,842
TOTAL LIABILITIES	8,025,026	7,076,803
NET ASSETS	18,529,342	17,093,257
Equity		
Share capital	65,341,640	64,840,789
Reserves	170,474	(40,201)
Accumulated losses	(46,982,772)	(47,707,331)
TOTAL EQUITY	18,529,342	17,093,257

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

CONSOLIDATED ENTITY 2017	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	OPTION RESERVE \$	REVALUATION RESERVE \$	TOTAL \$
Equity as at 1 July 2017	64,840,789	(47,707,331)	(850,256)	804,823	5,232	17,093,257
Profit attributable to members of the parent entity	-	724,558	-	-	-	724,558
Other comprehensive income/(loss)	-	-	124,710	-	27,697	152,407
Total comprehensive income/(loss)	-	724,558	124,710	-	27,697	876,965
Transactions with Owners in their capacity as Owners						
Issue of shares	104,041	-	-	-	-	104,041
Option expense	-	-	-	447,296	-	447,296
Exchange difference on option reserve	-	1	-	7,782	-	7,783
Transfer on exercise of options	396,810	-	-	(396,810)	-	-
Transfer on lapsing of options	-	-	-	-	-	-
Subtotal	500,851	1	-	58,268	-	559,120
Equity as at 31 December 2017	65,341,640	(46,982,772)	(725,546)	863,091	32,929	18,529,342

CONSOLIDATED ENTITY 2016	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	OPTION RESERVE \$	REVALUATION RESERVE \$	TOTAL \$
Equity as at 1 July 2016	64,098,522	(48,395,595)	(214,104)	740,820	10,382	16,240,025
Profit attributable to members of the parent entity	-	575,672	-	-	-	575,672
Other comprehensive income/(loss)	-	-	(365,513)	-	17,687	(347,826)
Total comprehensive income/(loss)	-	575,672	(365,513)	-	17,687	227,846
Transactions with Owners in their capacity as Owners						
Issue of shares	230,332	-	-	-	-	230,332
Option expense	-	-	-	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 December 2016	64,638,706	(47,819,923)	(579,617)	679,996	28,069	16,947,231

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

	CONSOLIDATED ENTITY 31 DEC 2017 \$	CONSOLIDATED ENTITY 31 DEC 2016 \$
Cash flows from operating activities:		
Receipts from customers	20,881,363	17,787,236
Payments to suppliers and employees	(16,792,528)	(15,067,053)
Restructure and acquisition costs	(583,204)	(308,499)
Interest received	10,617	5,216
Income tax paid	(1,645,309)	(2,288,910)
Net cash (used by)/provided from operating activities	1,870,939	127,990
Cash flows from investing activities:		
Dividends received	1,298	1,212
Payments for property, plant and equipment	(252,902)	(676,382)
Payments for intangibles	(651,096)	-
Proceeds/(payment) for available-for-sale of financial assets	-	(160,000)
Payment for businesses acquisition and acquisition costs	-	(997,226)
Net cash used by investing activities	(902,700)	(1,832,396)
Cash flows from financing activities:		
Net cash provided by financing activities	-	-
Net cash increase/decreases) in cash and cash equivalents	968,239	(1,704,406)
Cash and cash equivalents at beginning of year	8,983,491	10,425,973
Effect of exchange rates on cash holdings in foreign currencies	(287,648)	(514,972)
Cash and cash equivalents at end of year	9,664,082	8,206,595

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

1. NOTES TO THE FINANCIAL STATEMENTS

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 2017 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 2017.

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.

Segment information

The following tables present information for reportable segments for the half year ended 31 December 2017 and 31 December 2016.

HALF YEAR ENDED 31 DECEMBER 2017				
	AUSTRALIA	UNITED KINGDOM	ASIA	TOTAL
Revenue				
Total segment revenue	13,585,629	6,749,119	179,809	20,514,557
Inter-segment revenue	-	-	-	-
Revenue from external customers	13,585,629	6,749,119	179,809	20,514,557
EBITDA profit/(loss)				
Interest	10,592	-	25	10,617
Interest intercompany and margin	684,305	(621,246)	(63,059)	-
Depreciation and amortisation	(156,923)	(329,711)	(3,503)	(490,137)
Unrealised FX	46,404	-	(1,846)	44,558
Unit trust income	4,493	-	-	4,493
Restructure and acquisition costs	(410,787)	(172,417)	-	(583,204)
Withholding tax	(69,289)	-	-	(69,289)
Realised FX		(4,043)		(4,043)
Share based payments	(437,162)	(9,424)	(710)	(447,296)
Profit/(loss) on disposal of fixed assets	-	-	(2,947)	(2,947)
Net profit/(loss) before tax	4,964,174	(1,546,220)	(716,602)	2,701,352
Segment assets	14,412,595	10,935,541	1,206,232	26,554,368
Segment liabilities	(4,521,246)	(13,490,930)	(12,850)	(8,025,026)
Employee benefits expense	6,017,979	3,963,878	636,329	10,618,186
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	793,849	103,587	6,562	903,998

Segment information

HALF YEAR ENDED 31 DECEMBER 2016				
	AUSTRALIA	UNITED KINGDOM	ASIA	TOTAL
Revenue				
Total segment revenue	11,243,280	5,034,849	121,033	16,399,162
Inter-segment revenue	-	-	-	-
Revenue from external customers	11,243,280	5,034,849	121,033	16,399,162
EBITDA profit/(loss)	4,319,716	(724,293)	(784,933)	2,810,490
Interest	5,190	-	26	5,216
Interest intercompany and margin	562,143	(520,583)	(41,560)	(0)
Depreciation and amortisation	(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)
Realised FX	-	-	-	-
Share based payments	(227,755)	(34,399)	12,082	(250,072)
Profit/(loss) on disposal of fixed assets	-	-	-	-
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

(c) Reconciliation

(i) Revenue

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

	HALF YEAR 2017 \$	HALF YEAR 2016 \$
Segment revenue	20,514,557	16,399,162
Interest income from other parties	10,617	5,216
Unit trust distributions	4,493	4,715
Total revenue	20,529,667	16,409,093

(ii) EBITDA

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

	Consolidated	
	HALF YEAR 2017	HALF YEAR 2016
	\$	\$
EBITDA profit/(loss)	4,238,600	2,810,490
Depreciation and amortisation	(490,137)	(428,682)
Interest revenue	10,617	5,216
Unrealised FX	44,558	(325,810)
Realised FX	(4,043)	-
Unit trust income	4,493	4,715
Restructure and acquisition costs	(583,204)	(449,639)
Withholding tax	(69,289)	(56,740)
Share based payments	(447,296)	(250,072)
Profit/(loss) on disposal of fixed assets	(2,947)	-
Net profit/(loss) before tax	2,701,352	1,309,478

(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:

	Consolidated	
	2017	2016
	\$	\$
Segment assets	26,554,368	22,948,121
Total assets as per the statement of financial position	26,554,368	22,948,121

(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' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2017	2016
	\$	\$
Segment liabilities	(8,025,026)	(6,000,890)
Total assets as per the statement of financial position	(8,025,026)	(6,000,890)

Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$13,585,629 (2016: \$11,243,280) and the total revenue from external customers in other countries is \$6,928,928 (2016: \$5,155,882). Segment revenues are allocated based on the country in which revenue and profit are derived.

3. CONTRACTUAL COMMITMENTS AND CONTINGENCIES

In July 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. 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 12 to 19 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 2017 and of its performance as represented by the results of the 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.



Barry Lewin
Chairman
Dated 12 February 2018

Independent Audit Report



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

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Praemium Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Praemium Limited does not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors Responsibility for the Half Year Financial Report

The Directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Company's financial position as at 31 December 2017 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.

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Independent Audit Report cont'd



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 have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Grant Thornton'.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read 'B L Taylor'.

B L Taylor
Partner - Audit & Assurance

Melbourne, 12th February 2018

NOTES

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