annual report

For the year ended 30 June 2006

præmium

corporate directory

Praemium Limited

ACN: 098 405 826

MELBOURNE REGISTERED OFFICE:

Level 1, Praemium House
406 Collins Street
Melbourne VIC 3000

Telephone: 03 8622 1222
www.praemium.biz

SHARE REGISTRY:

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Level 4, 333 Collins Street,
Melbourne VIC 3000

Telephone: 1300 554 474

SYDNEY OFFICE:

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Sydney NSW 2000

Telephone: 02 9222 8500

ADELAIDE OFFICE:

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Adelaide SA 5000

Telephone: 03 8622 1222

PRAEMIUM U.K.:

6 Broad Street Place
London UK EC2M 7JH

Telephone: + 44 (0) 20 7618 8234

AUDITOR:

William Buck
Level 2, 215 Spring Street
Melbourne VIC 3000

Telephone: 03 8663 6000

AUSTRALIAN SOLICITOR:

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Melbourne VIC 3000

Telephone: 03 9274 5000

UK SOLICITORS:

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3 Waterhouse Square
142 Holborn
London EC1N 2SW

Telephone: +44 (0) 870 903 1000

contents page

chairman and managing director's letter

Dear Shareholder,

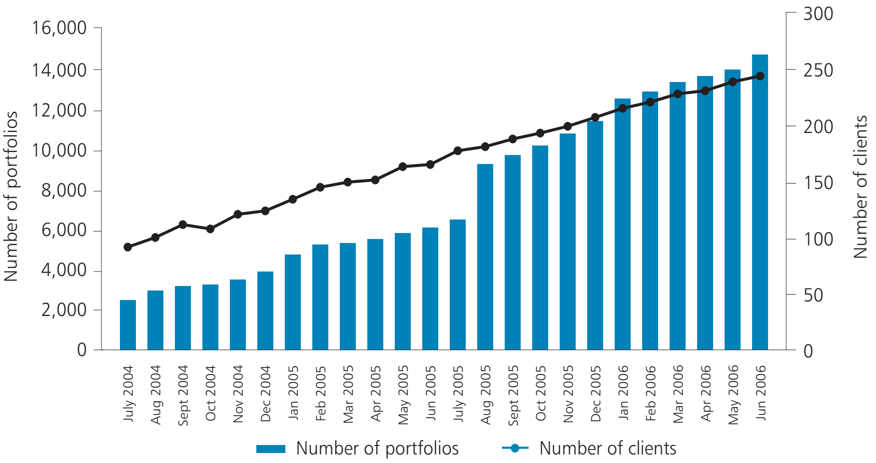
On behalf of the Board and management of Praemium Ltd, we are pleased to present to you our annual report, our first annual report as a public and listed company.

FINANCIAL SUMMARY

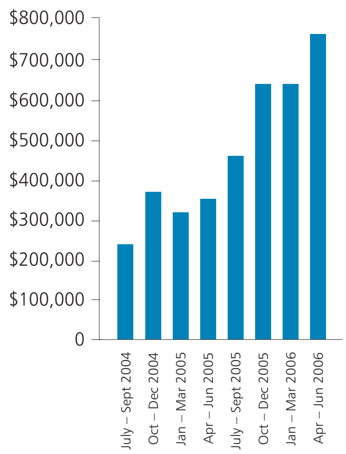
The Company and its controlled entities made a net loss of $994,137 after tax. This compares to a net loss in the preceding year of $392,704 after tax.

Total consolidated revenue from ordinary activities for this period is $2,653,456 over the preceding year of $1,277,602, an increase of 107.7%.

Number of Clients and Portfolios under management



Quarterly Net Invoiced Revenue



Client numbers have grown by 45% since June 2005 from 167 to 242 at 30 June 2006 whilst for the same period the number of portfolios under management has grown from 6,237 to 14,320, an increase of 129.6%.

The Group's net asset position on 30 June was $17,748,159 with $17,063,834 held in cash or cash equivalents. The Group is debt free.

SIGNIFICANT ACHIEVEMENTS

We made many significant achievements over the financial year and through the early months of 2006/7, including:

- The raising of capital through our initial public offering (IPO) and the listing on the Australian Stock Exchange (ASX),
- The launch of the Separately Managed Account (SMA) platform,
- Continual development and enhancement of the products we offer,
- The strengthening of our Australian sales offices and the, establishment of our sales presence in the United Kingdom (U.K.), and
- The beginning of the implementation of our U.K. Strategy

IPO AND ASX LISTING

During the period the Company successfully completed its initial public offering pursuant to a prospectus lodged with the Australian Securities and Investments Commission (ASIC), on 13 April 2006, under which it raised $18,000,000 from investors and $630,800 from staff of the Group. The public offer was underwritten by Lodge Corporate Services. The Company's shares were first quoted on the Australian Stock Exchange on 11 May 2006.

LAUNCH OF THE SMA PLATFORM

In Australia our SMA technology is currently provided exclusively to Merrill Lynch Investment Managers Limited (MLIM). The growth of the SMA business is progressing well. Since our prospectus the number of dealer groups and brokers who have entered into agreements with MLIM to "white label" the SMA service has increased and they are in the process of launching the SMA product to their clients.

CONTINUAL DEVELOPMENT AND ENHANCEMENT

We continue to invest in research and development to enhance our product offering. Over the coming months, our portfolio administration service (PAS) will have a range of new features. We are close to introducing enhanced market data features that will take PAS beyond corporate actions to provide also a full range of data including pricing, market depth, announcements and a range of other features.

Subsequently, other new features will include investment property, traders' and inheritance packages. Each will provide services and reporting capabilities relevant to a specific set of uses.

ESTABLISHMENT OF OUR LONDON AND AUSTRALIAN SALES OFFICES

Since listing we have set up offices within Sydney, Brisbane and Adelaide with staff well experienced in the financial services sector. Strategically we are now well positioned to service the major geographical areas of the financial services sector, whilst maintaining the flexibility to cater for clients in areas outside our established office network.

We are well advanced in hiring staff and in fitting out our newly leased premises in London. To this end, we have appointed an MD who will work along side the Australian based executive team and lead a team of local developers and client services staff.

U.K. STRATEGY

We have progressed well on the legal, compliance, technical and development tasks necessary to achieve our business plan of bringing Praemium's PAS and SMA offerings to the United Kingdom. Whilst challenges are significant, we remain confident of the potential for our products and services in the United Kingdom and we expect to begin rolling out the Praemium business in that important market over the coming months.

As we indicated in our prospectus, the U.K. financial services market is currently dealing with the introduction of wraps and other technology platforms. We are impressed by the number of visionary companies that we have dealt with who see Praemium's offering, in particular the SMA, as an opportunity to leap frog the standard wrap products and to proceed to the next generation in effective account management.

In July we announced that we entered into a Heads of Agreement with Synaptic to operate a wrap and SMA offering under Synaptic's brand and through its distribution channel. Synaptic's tools are used by more than 45% of Britain's financial adviser community to assist in the selection of managed funds appropriate for their clients needs. Access to this market will be a significant factor in Praemium's success in the U.K.. We are working with Synaptic to build a wrap offering and an SMA platform that can be delivered to Synaptic's client base through Synaptic's technology which is already familiar to and trusted by a core group of advisers.

More recently, we announced the entry into a heads of agreement with Argenta Private Capital Limited, a licensed Lloyd's Advisor and Members' Agent that manages the affairs of over 800 individual and corporate investors at Lloyd's. In aggregate, Argenta's investors provide over £1 billion of premium income capacity to the Lloyd's market. Argenta's interest in Praemium includes both the PAS which it intends to use to improve the reporting and services it provides to its members and the SMA – which will open up a range of opportunities for Argenta to increase and add value to the services that it provides to its clients.

THE OUTLOOK

Praemium has developed an efficient product offering in PAS and SMA. We are continually developing and improving these products to meet the needs of existing and new clients. As well, we are developing new products to meet the ever-widening opportunities within the financial services industry.

In the view of the Board, these twin approaches, when coupled with the expansion of our sales offices and our networks of clients and associates in Australia and the United Kingdom, provide attractive growth opportunities for the Company.

Dr Donald William Stammer

Chairman

Mr Arthur Naoumidis

Managing Director

directors' report

Dr Donald William Stammer

Your directors submit their report together with the financial report of the consolidated entity (the Group) consisting of Praemium Ltd (the Company), and the entities it controlled, for the Financial Year ended 30 June 2006.

Principal Activities

The principal activity of the consolidated entity during the financial year was providing a portfolio administration service which is delivered utilising a proprietary technology platform over the Internet. In addition, the Group launched its proprietary separately managed accounts (SMA) platform which it currently provides exclusively to Merrill Lynch Investment Managers Limited ("MLIM").

During the year the Company successfully completed a capital raising, pursuant to a prospectus lodged with ASIC, and listed on the Australian Stock Exchange and began its mandated task of promoting and developing its portfolio administration and SMA services in the U.K.

Results

The consolidated loss after income tax attributable to the members of the company was $994,137.

Review of Operations

The major activity undertaken by the Company during the financial year was the raising of $18,000,000 from investors and $630,800 from staff of the Company. The Company's shares were first quoted for trading by the Australian Stock Exchange on 11 May 2006.

On 5 June 2006 the Group announced that, following the completion of a tender process, it had entered into a Heads of Agreement with Asgard Capital Management Limited to provide Asgard with direct equity portfolio administration services. A Heads of Agreement had been entered into which provides for a 90 day period over for which to formalise a 5 year agreement.

On 3 July 2006 the company announced that it had signed a non-binding Heads of Agreement with U.K. based Synaptic Systems Limited. The Heads of Agreement provides that Synaptic will take up and brand Praemium's SMA service upon Praemium delivering a production version of a SMA/Wrap offering in the U.K.

Financial Position

The Group's net asset position is $17,748,159 with $17,063,834 held in cash or cash equivalents. The Group is debt free.

Significant Change in the State of Affairs

a. A share consolidation on a 3 for 1 basis was approved by the members at a meeting held 22 February 2006 and occurred on that date.

b. Praemium Australia Pty Ltd was incorporated on December 19 2005. Its purpose is to conduct the transactional business of providing a portfolio administration service in Australia. The portfolio administration service was conducted through Praemium Ltd until 31 March 2006 and has been conducted by Praemium Australia Pty Ltd since that date.

c. The raising of additional capital comprising 45,000,000 shares at $0.40 and 1,660,000 shares at $0.38. In addition to the shares issued there were also 2,295,000 options provided to Directors and Executives. These options are vested in the beneficiaries in three equal instalments over a three year period with the first vesting period beginning 11 May 2007. Further information about the options can be found on page 6 & 7.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future Developments

The company will continue its activities as outlined in its prospectus dated 13 April 2006. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Negotiations have begun on securing suitable premises in London as a base for the U.K. operations as well as in Brisbane where the Company will establish representative offices.

Environmental Issues

The company's operations are not presently subject to significant environmental regulations under the law of the Commonwealth or State.

Dividend Recommended, Declared or Paid

The Company has not recommended, declared or paid a dividend in respect of the full year result.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been director of the Company at any time during or since the end of the financial year is provided below, together with detail of the Company Secretary as at the year end:

Chairman – Dr Donald William Stammer

Dr Stammer studied economics at the University of New England and the Australian National University. He taught economics and finance at both universities prior to 1971, when he joined the Reserve Bank of Australia, where he held senior positions in the Bank's Research Department and its Banking and Finance Department.

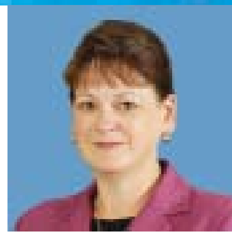
From 1981 to 2001, Dr Stammer was Chief Economist/Director of Investment Strategy for Deutsche Bank and its predecessor Bain & Company.

In addition to his role as non executive Chairman of the Company, Dr Stammer is Chairman of Mosaic Oil NL and a non-executive

Mr Arthur Naoumidis

Mr Robert Edgley

Mr Malcolm Taylor



Ms Christine Silcox

director of ING Private Equity Access Limited. As well, Dr Stammer chairs the Australia Korea Foundation, a body set up by the Australian Government to improve mutual understanding between Australia and Korea. He is a former Chairman of the listed ING property trusts, Novera Energy Limited and Tribeca Learning Limited.

Dr Stammer is a member of the Audit, Risk & Compliance Committee and Remuneration Committee.

Managing Director – Mr Arthur Naoumidis

Mr Naoumidis is the Company's founder and the inventor of its core technology. Since 2001, Arthur has been responsible for establishing the underlying technology components as well as the marketing and operation of the business. Prior to that Arthur worked for the retail stockbroking arm of BNP Paribas as the Head of Equity Products. In that role he was responsible for the development and marketing of the portfolio administration business unit.

Between 1997 and 2001, Arthur was employed by J B Were & Son (Stockbrokers) (now Goldman Sachs JBWere) initially as a Business Project Manager, responsible for co-ordinating the IT work of the retail broking department. In his last 2 years with that firm, Arthur was the Retail Services Manager, responsible for the portfolio administration business function within JB Were.

Prior to this, Mr Naoumidis was employed by banking organisations both here with the Bank of Melbourne and, for an eight year period, in the United Kingdom with Chase Manhattan, JP Morgan and SG Warburg banks. During this period Arthur designed, implemented and managed many complex system projects for these organisations.

Mr Naoumidis is a member of the Remuneration Committee. He is also the key person and a responsible officer under Praemium Australia Pty Ltd's AFS Licence.

Non Executive Director – Mr Robert Edgley

Mr Edgley holds a Bachelor's degree in Economics from Monash University. His career has been predominantly focused in fixed interest financial products, in Australia, the UK and Japan.

During the period spanning March 2000 to July 2004, Mr Edgley held the position of Director & Head of Sales, Asia Pacific Region, Royal Bank of Scotland, and was also a Director of Royal Bank of Scotland Australia Pty Ltd. In the regional role he was responsible for a team of 70 sales and sales support people throughout Asia for marketing the Banks Financial Markets Products including Fixed Income, Derivatives and Foreign Exchange products.

Mr Edgley chairs the Group's Audit, Risk & Compliance Committee and is a member of the Remuneration Committee.

Non Executive Director – Mr Malcolm Taylor

Mr Taylor has 25 years experience as a fixed interest trader. Between 1982 and 2002 Mr Taylor was a Senior Partner of Potter Warburg and held the role of Head of Risk and Trading. Based in London, where he founded a highly successful operation for Potter Partners, he was a member of the SFE reporting bond dealers committee. Mr Taylor has extensive experience as an effective and senior sales person in the financial services sector, having developed significant relationships with key participants in the Australian and international markets, including Government Treasury Departments and major investment companies.

Mr Taylor is the Chairman of the Group's Remuneration Committee and is a member of the Audit Risk & Compliance Committee.

Executive Director – Ms Christine Silcox

Ms Silcox has extensive experience in project management, product development and implementation of procedures. For some years she carried out projects in a self employed capacity working within a range of organisations and industry types, focussing on accounting and administration services.

Ms Silcox brought her expertise into the financial services industry almost 10 years ago and her position immediately prior to joining Praemium in 2002 was with Merrill Lynch Private as Administration Manager, in charge of their retail portfolio management products including superannuation.

At Praemium, Ms Silcox is responsible for overseeing and progressing the operation's functions and development of the service in line with market and clients' requirements and accordance with available resources. She is also Praemium Australia Pty Ltd's Compliance Manager.

Company Secretary & General Counsel – Ms Cathryn Nolan

Ms Nolan has worked as an employed solicitor with two large national Australian law firms and for a brief period for a boutique investment bank. Between January 2001 and July 2005, Ms Nolan was a partner of the firm Abbott Stillman & Wilson (now Dibbs Abbott Stillman). Ms Nolan has practised extensively as a Corporate Lawyer with a focus on both Australian and international capital raising, financial services reform, information technology, ASX Listing Rules and intellectual property. After practicing on her own account as NolanLegal from July 2005, Ms Nolan joined the Company as a full time staff member in May 2006. Prior to that Ms Nolan acted as the Group's external legal adviser since the time of its inception.

Ms Nolan acts as secretary to all board committees.

DIRECTOR'S RELEVANT INTEREST IN SHARES

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Director's Interests in Shares Beneficially Held	Director's interest in Ordinary Shares not Beneficially Held	Total Ordinary Shares Beneficially held and having an interest in Ordinary Shares
Dr. Don Stammer	1,500,000	250,000	1,750,000
Mr Robert Edgley	0	1,456,500	1,456,500
Mr Malcolm Taylor	0	4,425,001	4,425,001
Ms Christine Silcox	1,100,000	594,000	1,694,000
Mr Arthur Naoumidis	0	27,367,497	27,367,497
Total	2,600,000	34,092,998	36,692,998

SHARE OPTIONS

Directors hold the following options:

Director	Series 1	Series 2	Series 3	Total
Dr Don Stammer	162,000	162,000	162,000	486,000
Mr Robert Edgley	135,000	135,000	135,000	405,000
Mr Malcolm Taylor	135,000	135,000	135,000	405,000
Ms Christine Silcox	99,000	99,000	99,000	297,000
Director's Options	**531,000**	**531,000**	**531,000**	**1,593,000**

Executives hold the following Options:

Executive	Series 1	Series 2	Series 3	Total
Ms. Cathryn Nolan	72,000	72,000	72,000	216,000
Mr Phillip Ince	45,000	45,000	45,000	135,000
Mr Warren Gibson	72,000	72,000	72,000	216,000
Mr Steven Stamboultgis	45,000	45,000	45,000	135,000
Executive Options	**234,000**	**234,000**	**234,000**	**702,000**

- The Options were allotted on 11 May 2006 being the date the Company's securities were first listed on ASX. No option will vest until 11 May 2007.
- Each Option entitles the holder to purchase one fully paid ordinary share in the capital of the Company upon payment of the relevant exercise price.
- The Options were allotted in 3 series, each having a different exercise price, vesting date and expiry date. Each recipient of options received one third of their allotment as series 1, one third as series 2 and one third as series 3 options. The differences between the three series are outlined below:

  1st Series –

Exercise Price:	$0.50 (being a premium to the IPO Issue Price of 25%)
Vesting Date	12 months after listing date of 11 May 2006
Expiry Date	24 months after listing date of 11 May 2006

2nd Series –

Exercise Price:	$0.62 (being a premium to the IPO Issue Price of 54%)
Vesting Date	24 months after listing date of 11 May 2006
Expiry Date	36 months after listing date of 11 May 2006

3rd Series –

Exercise Price:	$0.78 (being a premium to the IPO Issue Price of 95%)
Vesting Date	36 months after listing date of 11 May 2006
Expiry Date	48 months after listing date of 11 May 2006

- The options may only be exercisable after the relevant vesting date and prior to the expiry date if the volume weighted average price at which the Company's shares are traded on market for a period of 10 trading days or more is greater than the exercise price.
- There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue assuming they have vested at that time.
- If at any time the issued capital of Praemium is reconstructed, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.

There are no options granted as remuneration that have been exercised or lapsed during the financial year.

Indemnification and Insurance of Directors, Officers and Auditors

The Company has executed a deed of access, indemnity and insurance in favour of each Director.

Under the deeds, Praemium indemnifies the Directors in respect of liabilities incurred in connection with holding office, to the extent permitted by the Corporations Act. The Company is also obliged to carry insurance cover for the Directors and provide the Directors with access to Board papers.

Under its Constitution, Praemium must, subject to certain exceptions, indemnify each of its Directors to the extent permitted by law against liability that did not arise out of a lack of good faith.

Total premiums paid in respect of all directors and officers' liability insurance were $172,050.00 (ex GST). $149,850.00 (ex GST) relates to Directors and Officers Liability insurance that covers the period 11 April 2006 to 11 April 2013.

Proceedings on behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity. The Company was not a party to any such proceedings during the year.

[1] Including meetings of the Due Diligence Committee formed for the purposes of preparing for the issue of the Company's prospectus.
[2] Attended at the invitation of the Chairman of the Audit, Risk & Remuneration Committee.
[3] Attended at the invitation of the Chairman of the Audit, Risk & Remuneration Committee.

DIRECTORS' MEETINGS

The number of meetings of the board of directors and of each board committee held during the financial year and the number of meeting attended by each director were:

	Board of Directors		Audit Committee[1]		Remuneration Committee	
	Eligible to Attended	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Dr. Don Stammer	20	20	15	12	2	2
Mr Robert Edgley	20	20	15	15	2	2
Mr Malcolm Taylor	20	20	15	14	2	2
Ms Christine Silcox	20	20	0	15[2]	0	0
Mr Arthur Naoumidis	20	20	0	14[3]	2	2

REMUNERATION REPORT

Details of the Company's policies in respect to the remuneration of its directors, executives and staff are set out on page 14 of the Corporate Governance Report.

The names and positions of each person who held the position of director at any time during the financial year is provided at note 16(a) of the Accounting Polices.

2006 Directors' Remuneration:

Director	Salary, fees & Commissions	Superannuation	Bonus by way of Shares	Bonus by way of Cash	Non-Cash Benefits	Options	Total	Performance related %
Dr. Don Stammer	40,703	3,663	0	0	0	9,293	53,659	
Mr Robert Edgley	26,881	2,419	0	0	0	7,744	37,044	
Mr Malcolm Taylor	26,881	2,419	0	0	0	7,744	37,044	
Ms Christine Silcox	94,565	11,907	20,000[4]	17,736	21,600	5,679	171,487	22%
Mr Arthur Naoumidis	160,551	14,449	0		0	0	175,000	
Total	**349,581**	**34,857**	**20,000**	**17,736**	**21,600**	**30,460**	**474,234**	**8%**

2006 Executive Remuneration:

Executive	Salary, fees & Commissions	Superannuation	Bonus by way of Shares	Bonus by way of Cash	Non-Cash Benefits	Options	Total	Performance related %
Ms. Cathryn Nolan*	38,226	14,240	63,600[5]	56,400	0	4,130	176,596	68%
Mr Phillip Ince	100,511	9,725	4,000[6]	3,547	19,320	2,581	139,684	5%
Mr Warren Gibson	94,801	11,249	16,000[7]	14,188	0	4,130	140,368	22%
Mr Steven Stamboultgis*	19,166	3,556	10,000[8]	8,868	1,476	2,581	45,647	41%
Total	**252,704**	**38,770**	**93,600**	**83,003**	**20,796**	**13,422**	**502,295**	**35%**

* Employment start date 1 May 2006

2005 Directors' Remuneration:

Director	Salary, fees & Commissions	Superannuation	Bonus by way of Shares	Bonus by way of Cash	Non-Cash Benefits	Options	Total	Performance related %
Mr Arthur Naoumidis	114,679	6,193					120,872	
Total	**114,679**	**6,193**					**120,872**	

[1] Including meetings of the Due Diligence Committee formed for the purposes of preparing for the issue of the Company's prospectus.
[2] Attended at the invitation of the Chairman of the Audit, Risk & Remuneration Committee.
[3] Attended at the invitation of the Chairman of the Audit, Risk & Remuneration Committee.
[4] 50,000 shares at an issue price of $0.40 were provided as a bonus in lieu of cash. $17,736 of cash bonus reflects the PAYG value of the bonus.
[5] 159,000 shares at an issue price of $0.40 were provided as a bonus in lieu of cash. $56,400 of cash bonus reflects the PAYG value of the bonus.
[6] 10,000 shares at an issue price of $0.40 were provided as a bonus in lieu of cash. $3,547 of cash bonus reflects the PAYG value of the bonus.
[7] 40,000 shares at an issue price of $0.40 were provided as a bonus in lieu of cash. $14,188 of cash bonus reflects the PAYG value of the bonus.
[8] 25,000 shares at an issue price of $0.40 were provided as a bonus in lieu of cash. $8,868 of cash bonus reflects the PAYG value of the bonus.

2005 Executive Remuneration:

Executive	Salary, fees & Commissions	Superannuation	Bonus by way of Shares	Bonus by way of Cash	Non-Cash Benefits	Options	Total	Performance related %
Mr Phillip Ince	90,652	8,159					98,811	
Ms Christine Silcox	75,220	6,771					81,991	
Mr Warren Gibson	68,808	6,192					75,000	
Total	**234,680**	**21,122**					**255,802**	

Executive interest in Shares of the Company

Executives' relevant interest in Shares of the Company:

	Ordinary Shares Beneficially Held	Executives' interest in Ordinary Shares not Beneficially Held	Total Ordinary Shares Beneficially held and having an interest in
Ms. Cathryn Nolan	159,000	108,500	267,500
Mr Phillip Ince	1,000,000	0	1,000,000
Mr Warren Gibson	850,000	325,000	1,175,000
Mr Steven Stamboultgis	25,000	281,500	306,500
Total	**2,034,000**	**715,000**	**2,749,000**

Use of Cash and assets readily convertible to cash since admission to ASX Official List

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period (being 30 June 2006) in a way that is consistent with its business objectives.

Corporate Governance

A corporate governance statement is set out on pages 11 to 14 of this document.

Disclosures required by the Listing Rules

Additional disclosures not otherwise included elsewhere in this report but required by the Listing Rules are set out on pages 11 to 16 of this document.

Auditor's Independence Declaration

A copy of the Auditor's Independence declaration in relation to the audit for the financial year is provided with this report. Non audit services have been provided in the form of income tax compliance. Non audit services up to $12,000 will be provided by the audit firm for income tax compliance.

A fee of $35,000 was paid to the Auditor in respect of their Investigative Accountant's Report as prepared for the Group's Initial Public Offering.

Signed in accordance with a resolution of Directors.

Arthur Naoumidis

Director

15 September 2006

directors' declaration

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 17 to 47, are in accordance with the Corporations Act 2001 and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The company and the wholly-owned subsidiaries, Praemium Australia Pty Ltd, Praemium Ltd (UK) and Praemium Portfolio Services Ltd (UK) have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Arthur Naoumidis

Director

Dated the 15 day of September 2006

corporate governance statement

CORPORATE GOVERNANCE STATEMENT

This Statement outlines the main corporate governance policies and practices formally adopted by the Company. The policies and practices of the company are in accordance with the ASX Corporate Governance Council's "principles of Good Corporate Governance and Best Practice Recommendations' (ASX Guidelines) unless otherwise stated. Where the Company's corporate governance practices do not correlate with the ASX Guidelines, it is generally because the Company's Board does not consider that the practices are appropriate for the Company due to the size of its operations.

This report summarizes the company's approach to corporate governance and explains how the Company seeks to achieve the best practice principles set out in the ASX Guidelines or, where the Company does not meet these principles, explains why it does not. The report has been set out using the same headings used in the ASX Guidelines.

Principle 1 – Lay solid foundations for management and oversight by the board.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is accountable to shareholders for the performance of the Group. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry our its functions, it has developed a Charter to guide the Directors, the Managing Director, the Company Secretary, the Chief Financial Officer and other key executives in the performance of their roles. A copy of the Charter is available on the Company's website.

The Charter formalises the roles and responsibilities of the Board. In summary they are to:

- Provide strategic direction;
- Set the goals and act as an interface between the Company and its members;
- Appoint and determine the powers and functions of any board sub-committees;
- Approve major operational plans;
- Approve the annual budget and any long-term budget;
- Approve all items of capital expenditure in excess to agreed budgets;
- Approve material expenditure outside the budget;
- Conduct an annual review of the board's own performance.
- Conduct an annual review of the Company in meeting its objectives;
- Determine policies governing the operations; and
- Review the performance of the Managing Director.

Principle 2 – Structure the Board to add value

Membership and expertise of the Board

The Board has a broad range of relevant industry, financial and management experience and skills to meet its objectives. The Director's experience includes many years of involvement with the financial services sector in both Australia and the UK as well as strategic, business management, commercial, information technologies and financial experience.

Details of the experience of each of the directors can be found on page 4 and 5.

Composition of the Board

The Board consists of five Directors – two Executive Directors (the Managing Director Mr. Arthur Naoumidis and the Director responsible for Operations, Ms Christine Silcox) and three Non-Executive Directors (being the Company's Chairman: Dr Donald Stammer and two non executive directors: Messrs Robert Edgley and Malcolm Taylor). Directors are appointed based on the specific skills required by the Company and on the independence of their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer.

Director's Independence

The Company considers an independent director to be one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit. Each of the Company's non executive directors is independent in the context of the Company's adopted definition of that term. However, as all of the Company's directors hold shares, none are independent for the purposes of the definition of independence found in the ASX Guidelines.

The Chairman is a Non-Executive Director, and there is a clear division of responsibility between the Chairman and the Managing Director.

Conflicts of Interest

Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

Regular meetings and communications between Directors

The Board meets monthly (and at other times as required) to evaluate, control, review and implement the Company's operations and objectives. Because the Company was preparing for its IPO and ASX Listing during the financial year there were significantly more meetings of the Board and the Audit, Risk & Compliance Committee than would normally be expected.

Access to information and advice

Directors receive regular detailed financial and operation reports and have unrestricted access to Group records and information. The Company has established a secure online document exchange facility for directors to ensure timely communications.

The General Counsel & Company Secretary provides ongoing advice on such issues as corporate governance, the Company's Constitution, ASX Listing Rules and the law as it applies to the Company's operations. Non Executive Directors have access to and meet with senior executives and may consult or request additional information from any member of staff. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

Principle 3 – Promote Ethical and Responsible Decision Making

The Company has a Code of Conduct to guide the directors, executives and staff as to practices necessary to maintain confidence in the Company's integrity and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Further information about the Code of Conduct is set out under the heading "Principle 10" below.

The Company also has a Trading Policy concerning trading in the Company's securities by directors and employees involved in material transactions or who have access to material information. A copy of this policy can also be found on the Company's website.

Principle 4 – Safeguard Integrity in Financial Reporting

The Managing Director and the Chief Financial Officer have stated in writing to the Board for the financial year 2006 that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit, Risk & Compliance Committee

The Company has established an Audit, Risk & Compliance Committee which is chaired by Mr. Robert Edgley who is a non executive director. The other members of that committee are Dr Donald Stammer and Mr. Malcolm Taylor.

The Audit Committee Charter is published on the Company's website and provides that the Audit, Risk & Compliance Committee will consist of not less than three members. Members will be appointed by the Board from amongst the non-executive Directors, and where possible a majority of members will also be independent Directors (as defined in the Company's board charter).

In determining the composition of the Audit, Risk & Compliance Committee, consideration is given to seeking:

- Members who can all read and understand financial statements and are otherwise financially literate;
- At least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- At least one member who has an understanding of the industry in which the Company operates.

Members are appointed for an initial period of three years at the conclusion of which their membership is reviewed and a decision is made as to whether it is appropriate for the member to serve another three year term. However, to ensure the continuity of the membership of the Audit, Risk & Compliance Committee, it is desirable that no more than one third of the members of the Audit, Risk & Compliance Committee be changed in any year.

The CEO, CFO, other members of senior management and, if appropriate, the compliance consultant, may be invited to be present for all or part of the meetings of the Audit, Risk & Compliance Committee, but will not be members of the Committee.

Representatives of the external auditor are expected to attend at least one meeting of the Audit, Risk & Compliance Committee each year. At least once a year the Committee shall meet with the external auditors without any management staff or executives present.

Should the Committee appoint internal auditors at some time in the future, representatives of this internal auditor would also be expected to attend at least one meeting of the Audit, Risk & Compliance Committee each year without any management staff or executives present.

The Audit, Risk & Compliance Committee is authorised by the Board to investigate any activity within its charter. The Audit, Risk & Compliance Committee will have access to management, auditors (external and internal) and external compliance consultant with or without management present and has the right to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit, Risk & Compliance Committee.

The Audit, Risk & Compliance Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit, Risk & Compliance Committee is required to make recommendations to the Board on all matters within the scope of its Charter. A copy of the Committee's charter is available on the Company's website.

Principle 5 – Make timely and balanced disclosure

The Company is committed to complying with its disclosure obligations. To that end, the Company has developed a Market Disclosure Policy which can be found on the Company's website. The Company Secretary is responsible under that policy for:

- Reviewing compliance with the Company's continuous disclosure obligations;
- Coordinating the timely release of information to the market; and
- Maintaining a record of disclosure information (including any information that was considered but rejected for disclosure and the reasons for the non disclosure)

Principle 6 – Respect the rights of shareholders

The Company seeks to keep its shareholders informed of all important developments concerning the Company. To this end the Board has approved a policy relating to Shareholder Communications, a copy of which can be found on the Company's website.

The main ways in which the Company communicates with shareholders are:

- ASX announcements;
- The Annual Report;
- The Company's annual general meeting;
- Its website.

The Company's auditor is invited to attend the Company's annual general meeting and will be available to answer reasonable questions from shareholders in relation to the conduct of the audit and the accounting policies that the Company has adopted.

Principle 7 – Recognise and manage risk

The Board has established a range of polices on risk oversight and management and continues to review these policies.

In accordance with best practice principles, the written statements given to the Board in respect to the 2006 financial year by the Managing Director and the CFO state:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Board; and
- The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8 – Encourage Enhanced Performance

The expected performances of the executive directors (including the Managing Director) and the staff reporting directly to him (the executives) and other staff members are specified each year using key Performance Indicators (KPIs) in individual role agreements.

KPIs may include financial targets and technology milestones as well as personal objectives and targets appropriate for each employee's role.

The Managing Director reviews the performance of his direct reports and makes recommendations to the Remuneration Committee for approval. The Managing Director's own performance is reviewed by the Board, facilitated by the Chairman of the Remuneration Committee and the Board's Chairman.

Performance Review/Evaluation

The Board intends to conduct an evaluation of its performance annually. The evaluation will be conducted internally. The Board's performance will be measured against both qualitative and quantitative indicators. The objective of this evaluation will be to identify strengths and weaknesses and provide best practice corporate governance to the Company. In future years this process may be carried out by an external consultant.

The current board was constituted in July 2005. No formal performance appraisal was undertaken in the year ended 30 June 2006.

Principle 9 – Remunerate fairly and responsibly

Remuneration philosophy and principles

The Company's performance is dependent of the quality of its directors, executives and staff. To prosper, the company must attract, motivate and retain highly skilled directors, executive and staff. To this end, the company applies the following principles in its remuneration framework:

- Provide competitive rewards to attract high-calibre executives;
- Link executive rewards to shareholder value;
- Provide for a significant proportion of the executive remuneration to be 'at risk' – that is, dependent upon meeting pre determined performance indicators.

Remuneration policies

The Board has established a Remuneration Committee which is chaired by a non executive director: Mr. Malcolm Taylor. The members of that committee are the Managing Director (Mr. Arthur Naoumidis) and two non executive directors: Dr Donald Stammer and Mr. Robert Edgley.

The Remuneration Committee was established to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

The remuneration policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The policy is designed for:

- decisions in relation to executive and non-executive remuneration policy;
- decisions in relation to remuneration packages for Executive Directors and senior management;
- decisions in relation to merit recognition arrangements and termination arrangements; and
- Ensuring that any equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

The Remuneration Committee is authorised by the Board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary.

The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's charter. A copy of the Charter can be found on the Company's website.

The Company does not have a separate nominations committee

Given the nature and size of the company's operations, the Board has decided against the establishment of a separate nomination committee. The Board will, however, revisit that decision from time to time as the Company continues to grow.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The remuneration of non-executive directors comprises two elements:

- a fixed fee; and
- variable remuneration – a long term incentive

The non executive directors are paid fixed fees in accordance with a determination of the Board but within an aggregate limit fixed by the Shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The Company last determined its aggregate remuneration for directors prior to being a listed company when the Listing Rules did not apply. The aggregate remuneration currently paid to non executive directors is $160,000 per annum. Approval for this number as aggregate remuneration for directors will be sought from the members at the Company's AGM.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non executive directors will be reviewed periodically. The Board may consider advice from external consultants as well as the fees paid to non executive directors of comparable companies when undertaking the review process.

The long term incentive for non executive directors is membership of the Directors & Employees Share & Option Plan which was approved by shareholders on 22 February 2006. Details of options allotted to the Non Executive Directors under that plan are set out on page 6 and 7 of the Directors' Report.

The remuneration of Executive Directors and executives of the company may comprise:

- fixed salary;
- Variable remuneration: short term incentives;
- Variable remuneration: long term incentives.

The short term incentives for executives may take the form of an annual cash payment determined by the amount of fixed salary and achievement of individual KPIs. The long term incentive is membership of the Directors & Employees Share & Option Plan.

Payment of equity based executive remuneration is made in accordance with thresholds set out in the Directors & Employees Share & Option Plan. A copy of the plan can be found on the Company's website.

Principle 10 – Recognise the Legitimate Interests of Stakeholders

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.

In addition to other matters, the Code of Conduct includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant laws.

shareholder information

SHAREHOLDER INFORMATION

Information required to be disclosed by the Listing Rules and not disclosed elsewhere in this report is set out below:

Top 20 Shareholders

As at 7 September 2006, the top 20 Shareholders of the Company are:

Number	Shareholder	No of ordinary shares	% of ordinary shares
1.	Mr Arthur Naoumidis and Mrs Kathryn Naoumidis	27,367,497	20.79
2.	Instanz Nominees Pty Ltd	5,600,000	4.25
3.	Fifty – Ninth Shackle Pty Ltd	4,730,000	3.59
4.	Westpac Custodian Nominees Limited	4,701,075	3.57
5.	Tayco Investments Pty Ltd	4,425,001	3.36
6.	AMP Life Limited	3,875,000	2.94
7.	National Nominees Limited	3,707,190	2.82
8.	UCAN Nominees Pty Ltd	3,375,000	2.56
9.	Patcheoak Pty Ltd	3,323,500	2.52
10.	Ornato Investments Pty Ltd	3,306,250	2.51
11.	Mr Peter Lewis Thomas and Mrs Carla Louise Thomas	2,500,600	1.90
12.	Mrs Kim Myers	2,500,000	1.90
13.	ANZ Nominees Limited	2,437,560	1.85
14.	JP Morgan Nominees Limited	2,284,038	1.73
15.	Mrs Karen Louise Bovington	2,249,536	1.71
16.	AVICO Pty Ltd	2,000,002	1.52
17.	Professional Practice Advisors Pty Ltd	1,920,000	1.46
18.	Dr Donald William Stammer	1,750,000	1.33
19.	Rangeworthy Pty Ltd	1,456,500	1.11
20.	Equity Trustees Limited	1,328,917	1.01

Substantial Holdings

As at the date of this report, the names of the substantial holders in the Company and the number of ordinary shares to which each substantial holder and its associates have a relevant interest as disclosed in substantial holding notices given to the Company are set out below

Name of Substantial Holder	Number of Ordinary Securities
Mr Arthur Naoumidis and Mrs Kathryn Naoumidis	27,367,497

Details of Securities on Issue

There are 131,665,850 ordinary shares on issue in the capital of the company at the date of this report. Each ordinary share entitles the holder to one vote.

In addition there are a total of 2,295,000 options (each authorising the holder to acquire one ordinary security in the capital of the company on exercise). Details of the options are set out on page 6 and 7 of this report.

The following table shows the number of holders of each class of equity securities and how those holdings are distributed:

Ordinary Shares	
1-1000	12
1,001 – 5,000	170
5,001 – 10,000	177
10,001 – 100,000	605
100,001 and over	107
Total number of holders of ordinary shares	1,071

Series One Options	
1-1000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,001 – 100,000	5
100,001 and over	3
Total number of holders of Series 1 Options	8

Series 2 Options	
1-1000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,001 – 100,000	5
100,001 and over	3
Total number of holders of Series 2 Options	8

Series 3 Options	
1-1000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,001 – 100,000	5
100,001 and over	3
Total number of holders of Series 3 Options	8

There are 4 holders holding less than a marketable parcel of the Company's ordinary shares.

ASX Listed Company

As at the date of this report, the Company's securities are not quoted on any stock exchange other than ASX. There is not currently any on-market buy back in progress.

Restricted Securities

As at the date of this report, the number of securities in the Company subject to restrictions imposed by ASX pursuant to the Listing Rules or voluntary escrow (including securities issued under the Employee Option Plan) and the date that the securities cease to be restricted are as follows:

Number of Restricted Securities	Date on which Restriction will be released:
13,000,000	11 November 2006
11,904,998	11 May 2007
44,973,878	11 May 2008

Unquoted Securities

The only unquoted securities in the capital of the Company currently on issue are the options referred to above. All of the unquoted securities were issued or acquired under an employee incentive scheme.

INCOME STATEMENT

	Note	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Revenue	3	2,653,456	2,401,374	1,277,602
Other income	4	185,039	185,039	99,772
Employee costs		(2,579,508)	(1,946,780)	(697,749)
Depreciation, amortisation and impairments	5	(78,979)	(78,672)	(38,746)
Legal, professional, advertising and insurance expense		(485,068)	(356,826)	(303,773)
Commissions expense		(177,210)	(161,219)	(119,815)
Travel expenses		(172,110)	(115,006)	(51,782)
Research and development expense		-	-	(312,538)
Other expenses		(335,290)	(279,938)	(238,396)
Finance costs	5	(4,467)	(4,467)	(7,279)
Profit before income tax expense		**(994,137)**	**(356,495)**	**(392,704)**
Income tax expense	6	-	-	-
Profit attributable to members of the parent entity		**(994,137)**	**(356,495)**	**(392,704)**
Basic earnings/(loss) per share (cents per share)	24	(0.011)		
Diluted earnings/(loss) per share (cents per share)	24	(0.011)		

The accompanying notes form part of these financial statements

BALANCE SHEET

		Economic Entity	Parent Entity	
		2006	2006	2005
	Note	$	$	$
Current assets				
Cash and cash equivalents	7	17,063,834	16,816,772	174,030
Trade and other receivables	8	716,494	1,343,220	248,381
Total current assets		**17,780,328**	**18,159,992**	**422,411**
Non current assets				
Financial assets	9	359,470	362,860	-
Property, plant and equipment	10	424,371	411,093	197,368
Intangible assets	11	14,376	14,376	-
Total non current assets		798,217	788,329	197,368
TOTAL ASSETS		**18,578,545**	**18,948,321**	**619,779**
Current liabilities				
Trade and other payables	12	753,885	483,454	191,732
Provisions	13	66,240	52,651	43,580
Total current liabilities		**820,125**	**536,105**	**235,312**
Non current liabilities				
Provisions	13	10,260	8,579	-
Total non current liabilities		**10,260**	**8,579**	**-**
TOTAL LIABILITIES		**830,385**	**544,684**	**235,312**
NET ASSETS		**17,748,159**	**18,403,637**	**384,467**
EQUITY				
Share capital	14	19,923,967	19,923,967	1,597,962
Reserves	15	31,824	49,660	-
(Accumulated losses)		(2,207,632)	(1,569,990)	(1,213,495)
TOTAL EQUITY		**17,748,159**	**18,403,637**	**384,467**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

PARENT 2006

	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Equity as at beginning of period	1,597,962	(1,213,495)	-	-	384,467
Equity restated as at 30 June 2005	**1,597,962**	**(1,213,495)**	**-**	**-**	**384,467**
Changes					
Net income recognised directly in equity					
Equity raising costs	(1,931,080)				(1,931,080)
Foreign currency translation reserve	-	-	5,778	-	5,778
Sub-total	**(1,931,080)**		**5,778**		**(1,925,302)**
Recognised income and expense for the year					
Loss attributable to members of the parent entity	-	(356,495)	-	-	(356,495)
Sub-total	**-**	**(356,495)**	**-**		**(356,495)**
Issue of shares	20,257,085	-	-	-	20,257,085
Option reserve	-	-	-	43,882	43,882
Sub total	**20,257,085**			**43,882**	**20,300,967**
Equity as at 30 June 2006	**19,923,967**	**(1,569,990)**	**5,778**	**43,882**	**18,403,637**

PARENT 2005

	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Equity as at beginning of period	997,962	(820,791)	-	-	177,171
Equity restated as at 30 June 2004	**997,962**	**(820,791)**	**-**	**-**	**177,171**
Changes					
Loss attributable to members of the parent entity	-	(392,704)	-	-	(392,704)
Issue of shares	600,000	-	-	-	600,000
Sub total	**600,000**	**(392,704)**	**-**	**-**	**207,296**
Equity as at 30 June 2005	**1,597,962**	**(1,213,495)**	**-**	**-**	**384,467**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

ECONOMIC ENTITY 2006

	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Equity as at beginning of period	-	-	-	-	-
Changes					
Parent entity balances brought forward	1,597,962	(1,213,495)	-	-	384,467
Net income recognised directly in equity					
Equity raising costs	(1,931,080)				(1,931,080)
Foreign currency translation reserve	-		(12,058)		(12,058)
Sub-total	(1,931,080)		(12,058)		(1,943,138)
Recognised income and expense for the year					
Loss attributable to members of the parent entity	-	(994,137)	-	-	(994,137)
Sub-total		(994,137)			(994,137)
Issue of shares	20,257,085	-	-	-	20,257,085
Option reserve	-	-	-	43,882	43,882
Sub total	20,257,085	0	0	43,882	20,300,967
Equity as at 30 June 2006	**19,923,967**	**(2,207,632)**	**(12,058)**	**43,882**	**17,748,159**

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

	Note	Economic Entity	Parent Entity	
		2006	2006	2005
		$	$	$
Cash from operating activities:				
Receipts from customers		2,399,478	2,520,031	1,291,703
Payments to suppliers and employees		(3,349,351)	(2,747,633)	(1,366,293)
Interest received		164,720	163,424	6,150
Borrowing costs paid		(4,467)	(4,467)	-
Net cash (used by) /provided from operating activities	22	(789,620)	(68,645)	(68,440)
Cash flows from investing activities:				
Dividends received		7,538	7,538	-
Payments for property, plant and equipment		(320,358)	(306,773)	(450,007)
Acquisition of other investments		(359,470)	(362,860)	-
Loans to related parties payments made		-	(972,454)	-
Net cash used in investing activities		(672,290)	(1,634,549)	(450,007)
Cash flows from financing activities:				
Proceeds from the issue of share capital		20,135,170	20,135,170	600,000
Share issue transaction costs		(1,931,080)	(1,931,080)	
Net cash provided by financing activities		18,204,090	18,204,090	600,000
Net cash increase (decreases) in cash and cash equivalents		16,742,180	16,500,896	81,553
Cash and cash equivalents at beginning of year		174,030	174,030	92,477
Effect of exchange rates on cash holdings in foreign currencies		147,624	141,846	-
Cash and cash equivalents at end of year	7(a)	**17,063,834**	**16,816,772**	174,030

The accompanying notes form part of these financial statements

1 Statement of Significant Accounting policies

(a) General information

The financial report is a general purpose financial report that covers the consolidated position of Praemium Limited and controlled entities (the economic entity), and Praemium Limited as an individual parent entity ('parent entity'). Praemium Limited is a listed public company, incorporated and domiciled in Australia.

Praemium Limited changed from a proprietary company to a public company on 13 January 2006 and changed its name from Praemium Proprietary Limited at the same time. Refer note 25 for further detail.

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 comply with the Australian Accounting Standards, including Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

(i) First time Adoption of Australian Equivalents to International Financial Reporting Standards

In accordance with the requirements of AASB 1: First time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity financial statements resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied (see below). These financial statements are the first financial statements of Praemium Limited to be prepared in accordance with AIFRS.

(ii) Transitional Exemptions on First Time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliations and descriptions of the effect of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

No optional exemptions available under AASB 1 have been applied.

(iii) Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Praemium Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

(iv) 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.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Praemium Limited ("parent entity") as at 30 June 2006 and the results of all subsidiaries for the year then ended. 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.

A list of subsidiaries is contained in Note 20 to the financial statements. 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.

Minority equity interests in the equity and results of the subsidiaries are shown separately in the consolidated income statement and consolidated balance sheet respectively.

(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 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.

(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.

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.

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.

(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.

(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.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised oven the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

(v) Trade Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(vi) Equity instruments

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

(vii) Fair value

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and notes to the financial statement. Fair value being 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 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 is 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.

(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 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 company'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.

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 adoption of the tax consolidation system has not yet been formally notified to the Australian Taxation Office. 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.

(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.

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

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).

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.

(o) Goods and Services tax (GST)

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

1. 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
2. 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.

(a) Parent Entity – Reconciliation of Equity

Reconciliation of Equity at 1 July 2004

	Note	Previous GAAP as at 1 July 2004	Adjustment	Australian Equivalents to IFRS at 1 July 2004
		$	$	$
CURRENT ASSETS				
Cash and cash equivalents		92,477	-	92,477
Trade and other receivables	2.d.ii	99,819	14,401	114,220
Other current assets	2.d.ii	14,401	(14,401)	-
TOTAL CURRENT ASSETS		206,697	-	206,697
NON CURRENT ASSETS				
Property, plant and equipment		98,645	-	98,645
Intangible assets	2.d.i	133,912	(133,912)	-
TOTAL NON CURRENT ASSETS		232,557	(133,912)	98,645
TOTAL ASSETS		**439,254**	**(133,912)**	**305,342**
CURRENT LIABILITIES				
Trade and other payables		10,770	-	10,770
Short term borrowings		100,000	-	100,000
Provisions		17,401	-	17,401
TOTAL CURRENT LIABILITIES		128,171	-	128,171
TOTAL LIABILITIES		128,171	-	128,171
NET ASSETS		**311,083**	**(133,912)**	**177,171**
EQUITY				
Share capital		997,962	-	997,962
(Accumulated losses)		(686,879)	(133,912)	(820,791)
TOTAL EQUITY		**311,083**	**(133,912)**	**177,171**

(b) Parent Entity – Reconciliation of Equity

Reconciliation of Equity at 30 June 2005

	Note	Previous GAAP as at 30 June 2005 $	Adjustment on introduction of Australian Equivalents to IFRS $	Australian Equivalents to IFRS at 30 June 2004 $
CURRENT ASSETS				
Cash and cash equivalents		174,030	-	174,030
Trade and other receivables	2.d.ii	179,341	69,040	248,381
Other current assets	2.d.ii	69,040	(69,040)	-
TOTAL CURRENT ASSETS		422,411	-	422,411
NON CURRENT ASSETS				
Property, plant and equipment		197,368	-	197,368
Intangible assets	2.d.i	377,547	(377,547)	-
TOTAL NON CURRENT ASSETS		574,915	(377,547)	197,368
TOTAL ASSETS		**997,326**	**(377,547)**	**619,779**
CURRENT LIABILITIES				
Trade and other payables	2.d.ii	124,407	67,325	191,732
Provisions	2.d.ii	110,905	(67,325)	43,580
TOTAL CURRENT LIABILITIES		235,312	-	235,312
TOTAL LIABILITIES		235,312	-	235,312
NET ASSETS		**762,014**	**(377,547)**	**384,467**
EQUITY				
Issued capital		1,597,962	-	1,597,962
(Accumulated losses)		(835,948)	(377,547)	(1,213,495)
TOTAL EQUITY		**762,014**	**(377,547)**	**384,467**

(c) Parent Entity – Reconciliation of Equity

Reconciliation of loss for the year ended 30 June 2005

	Note	Previous GAAP $	Effect of Translation to Australian Equivalents to IFRS $	Australian Equivalents to IFRS $
Revenues from operating activities	2.d.ii	1,277,602		1,277,602
Other income	2.d.ii	99,772		99,772
Employee costs	2.d.ii	(697,749)		(697,749)
Depreciation, amortisation and impairments	2.d.ii	(107,649)		(107,649)
Legal, professional, advertising and insurance expense	2.d.ii	(303,773)		(303,773)
Commissions expense		(119,815)	-	(119,815)
Travel expenses		(51,782)	-	(51,782)
Research and development expense	2.d.i		(243,635)	(243,635)
Other expenses from ordinary activities	2.d.ii	(238,396)		(238,396)
Finance costs	2.d.ii	(7,279)		(7,279)
Profit before income tax		(149,069)	(243,635)	(392,704)
Income tax expense		-	-	-
Profit after related income tax expense		(149,069)	(243,635)	(392,704)
Profit attributable to members of the parent entity		**(149,069)**	**(243,635)**	**(392,704)**

(d) Notes to the reconciliations

(i) Research and development

The restatement of intangible assets relates to the write off of research and development expenditure previously capitalised, the effects resulted in additional write offs of $133,912 and $243,635 for the June 2004 and June 2005 years respectively.

(ii) Reclassifications

Other adjustments represent minor reclassifications of balances only.

3 Revenue

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Revenue from:			
sales of services	2,481,198	2,230,412	1,271,452
- interest income	164,720	163,424	6,150
- dividend income	7,538	7,538	-
Total Revenue	**2,653,456**	**2,401,374**	1,277,602

4 Other income

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Research and development tax concession	159,114	159,114	99,772
Grants received	25,925	25,925	-
	185,039	185,039	99,772

5 Profit from Activities

(a) Expenses

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Finance costs	4,467	4,467	7,279
Defined contribution superannuation expense	168,715	138,392	60,161
Net foreign exchange gains	141,846	141,846	
Movement in provisions			
Depreciation	78,979	78,672	38,746
Employee entitlements	79,500	17,650	26,179
Net expense resulting in movement in provisions	**158,479**	**96,322**	64,925

6 Income tax expense

(a) Income tax expense (income)

	Economic Entity 2006 $	Parent Entity 2006 $	2005 $
Current tax	(126,240)	(34,578)	683
Deferred tax	126,240	34,578	(683)
	-	-	-

(b) Numerical reconciliation of income tax expenses to prima facie tax payable

	Economic Entity 2006 $	Parent Entity 2006 $	2005 $
Profit/(loss)	(994,137)	(356,495)	(392,704)
- Prima facie tax income on loss before income tax at 30% (2005: 30%)	(298,241)	(106,949)	(117,811)
Add:			
Tax effect of:			
- non allowable deductions	8,949	8,564	1,646
- director and employee option expense	13,165	13,165	-
- acquisition of reseller rights	36,575	36,575	-
-net value of non cash bonus paid by way of shares	59,880	59,880	
	(179,672)	11,235	116,165
Current year tax losses not brought to account	126,240	(34,578)	(683)
Current year temporary differences not brought to account	53,432	23,343	116,848
Income Tax Expense	-	-	-

(c) Deferred tax assets not brought to account

	Economic Entity 2006 $	Parent Entity 2006 $	2005 $
Unused tax losses	351,518	190,700	109,413
Deductible temporary differences	549,883	519,793	32,987
	901,401	710,493	142,400

Deferred tax assets not brought to account includes amounts that would have been included directly in equity, relating to share issue expenses, if the deferred tax asset was recognised:

	Economic Entity 2006 $	Parent Entity 2006 $	2005 $
Unused tax losses	115,865	115,865	-
Deductible temporary differences	463,459	463,459	-
	579,324	579,324	-

7 Cash and cash equivalents

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Cash on hand	714	714	12
Bank balances	10,920,493	10,673,431	174,018
Cash on Term Deposit	6,142,627	6,142,627	
	17,063,834	**16,816,772**	174,030

Bank balances include a cash management account held in Australia which bears a weighted average effective interest rate of 5.66% (2005: 3.25%), and deposits on call held in Australia and denominated in GBP, which bears a weighted average effective interest rate of 4.27%. Cash on Term Deposit relates to GBP which matures on a monthly rolling basis. The value of $6,142,627 includes $141,846 of unrealised foreign exchange gain. See Note 26 Financial Instruments disclosure for further details.

Cash on hand is non interest bearing.

(a) Reconciliation of Cash

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents	17,063,834	16,816,772	174,030
	17,063,834	**16,816,772**	174,030

8 Trade and other receivables

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Trade receivables	444,625	67,846	189,341
Provision for impairment of receivables	(10,000)	(5,000)	(10,000)
	434,625	62,846	179,341
Prepayments	213,536	185,511	27,765
Deposits receivable	33,158	23,762	37,963
Goods and Service Tax (receivable)	20,388	83,420	-
Other receivables	14,787	15,227	3,312
	281,869	307,920	69,040
Amounts receivable from:			
- wholly owned subsidiaries	-	972,454	-
	716,494	**1,343,220**	248,381

9 Financial Assets

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Available for sale financial assets	359,470	359,470	-
Shares in controlled entities	-	3,390	
	359,470	362,860	-

(a) Available for sale Financial Assets Comprise

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Unlisted investments			
Units in unit trusts	359,470	359,470	-
Total available for sale financial assets	**359,470**	**359,470**	-

10 Property plant and equipment

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Furniture and equipment at cost	119,546	119,546	53,946
Accumulated depreciation	(27,621)	(27,621)	(20,055)
Total furniture and equipment	91,925	91,925	33,891
Computer equipment at cost	455,694	442,109	217,040
Accumulated depreciation	(123,248)	(122,941)	(53,563)
Total computer equipment	332,446	319,168	163,477
Total property, plant and equipment	**424,371**	**411,093**	197,368

30 June 2006

Parent Entity

	Furniture, Fixtures and Fittings $	Computer Equipment $	Total $
Cost			
Balance at the beginning of year	53,946	217,040	270,986
Additions	65,600	225,069	290,669
Balance at 30 June 2006	**119,546**	**442,109**	**561,655**
Depreciation and impairment losses			
Balance at the beginning of year	(20,055)	(53,563)	(73,618)
Depreciation expense	(7,566)	(69,378)	(76,944)
Balance at 30 June 2006	**(27,621)**	**(122,941)**	**(150,562)**
Carrying amount			
At 1 July 2005	**33,891**	**163,477**	**197,368**
At 30 June 2006	**91,925**	**319,168**	**411,093**

30 June 2005

Parent Entity

	Furniture, Fixtures and Fittings $	Computer Equipment $	Total $
Cost			
Balance at the beginning of year	51,436	82,081	133,517
Additions	2,510	134,959	137,469
Balance at 30 June 2005	**53,946**	**217,040**	**270,986**
Depreciation and impairment losses			
Balance at the beginning of year	(14,547)	(20,325)	(34,872)
Depreciation expense	(5,508)	(33,238)	(38,746)
Balance at 30 June 2005	**(20,055)**	**(53,563)**	**(73,618)**
Carrying amount			
At 1 July 2005	36,889	61,756	98,645
At 30 June 2005	**33,891**	**163,477**	**197,368**

30 June 2006

Economic Entity

	Furniture, Fixtures and Fittings $	Computer Equipment $	Total $
Cost			
Additions	65,600	238,654	304,254
Additions through business combinations[9]	53,946	217,040	270,986
Balance at 30 June 2006	119,546	455,694	575,240
Depreciation and impairment losses			
Transfers through business combinations	(20,055)	(53,563)	(73,618)
Depreciation expense	(7,566)	(69,685)	(77,251)
Balance at 30 June 2006	(27,621)	(123,248)	(150,869)
Carrying amount			
At 1 July 2005	-	-	-
At 30 June 2006	91,925	332,446	424,371

[9] Additions through business combinations are in respect of movements of assets within the Consolidated Group.

11 Intangible assets

Intangible assets have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense per the income statement.

(a) Carrying values table

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Licenses			
Cost	15,157	15,157	-
Accumulated amortisation and impairment	(1,633)	(1,633)	-
Net carrying amount	13,524	13,524	-
Other intangible assets	947	947	-
Accumulated amortisation	(95)	(95)	-
Net carrying value	852	852	-
Total Intangibles	**14,376**	**14,376**	-

(b) Detailed table current and prior years

	Licenses $	Other intangible assets $	Parent Entity Total $
Cost			
Additions	15,157	947	16,104
Balance at 30 June 2006	15,157	947	16,104
Amortisation and impairment losses			
Amortisation	(1,633)	(95)	(1,728)
Balance at 30 June 2006	(1,633)	(95)	(1,728)
Carrying amount			
At 30 June 2006	13,524	852	14,376

	Licenses $	Other intangible assets $	Consolidated Entity Total $
Cost			
Opening balance	15,157	947	16,104
Balance at 30 June 2006	15,157	947	16,104
Amortisation and impairment losses			
Opening balance	(1,633)	(95)	(1,728)
Balance at 30 June 2006	(1,633)	(95)	(1,728)
Carrying amount			
At 30 June 2006	13,524	852	14,376

12 Trade and Other Payables

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Unsecured liabilities			
Trade payables	**193,968**	**153,313**	50,086
Goods and Services tax payable	-	-	22,275
Accrued expenses	**231,425**	**118,111**	52,045
Other payables	**328,492**	**212,030**	67,326
	753,885	**483,454**	191,732

13 Provisions

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
CURRENT			
Employee entitlements	**66,240**	**52,651**	43,580
	66,240	**52,651**	43,580
NON CURRENT			
Employee entitlements	**10,260**	**8,579**	-
	10,260	**8,579**	-

14 Issued Capital

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
131,665,850 (2005: 79,200,000[10]) fully paid ordinary shares	**19,923,967**	**19,923,967**	1,597,962
	19,923,967	**19,923,967**	1,597,962

(a) Movement in ordinary share capital:

Date	Details	Number of shares[11]	Issue price $	Total $
30 June 2005	Balance	79,200,000		1,597,962
1 July – 31 July 2005	Share issue	3,000,000	0.1666667	500,000
11 April 2006	Employee share bonus issue	340,000	0.40	136,000
5 May 2006	General share Offer	45,000,000	0.40	18,000,000
5 May 2006	Employee Share Offer	1,660,000	0.38	630,800
5 May 2006	Costs associated with acquiring reseller rights	255,475	0.40	102,190
May/June 2006	Cash costs in respect of listing	-		(1,931,080)
5 May 2006	Shares raised and issued to underwriter	2,000,000	0.40	800,000
5 May 2006	Employee share bonus issue	159,000	0.40	63,600
13 June 2006	Costs associated with acquiring reseller rights	39,450	0.50	19,725
19 June 2006	Employee share bonus issue	11,925	0.40	4,770
30 June 2006	**Balance**	**131,665,850**		**19,923,967**

[10] On February 22, 2006, members of Praemium Ltd approved a share consolidation of 3:1.
[11] On February 22, 2006, members of Praemium Ltd approved a share consolidation of 3:1.

15 Reserves

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Reserves			
Foreign currency translation reserve	(12,058)	5,778	-
Option reserve	43,882	43,882	-
Total	**31,824**	**49,660**	**-**

Parent Entity

	Foreign currency translation reserve $	Option reserve $	Total Equity $
Balance at 1 July 2005	-	-	-
Foreign currency exchange difference on consolidation	5,778	-	5,778
Option expense	-	43,882	43,882
Balance at 30 June 2006	**5,778**	**43,882**	**49,660**

Economic Entity

	Foreign currency translation reserve $	Option reserve $	Total Equity $
Balance at 1 July 2005	-	-	-
Foreign currency exchange difference on consolidation	(12,058)	-	(12,058)
Option expense	-	43,882	43,882
Balance at 30 June 2006	**(12,058)**	**43,882**	**31,824**

(b) Nature and purpose of reserves

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1 (n). The reserve is recognised in profit and loss when the net investment is disposed of.

Option Reserve

The option reserve records expenditure on options issued during the year.

16 Key Management Personnel Disclosures

(a) Directors and Key Management Personnel

Names and positions held of directors and other key management personnel in office at any time during the financial year are:

Parent Entity Directors:

Arthur Naoumidis	Executive Director and Managing Director	
Robert John Edgley	Non Executive Director	(appointed 6 July 2005)
Malcolm Lindsay Taylor	Non Executive Director	(appointed 6 July 2005)
Christine Silcox	Executive Director and Operations Manager	(appointed 6 July 2005)
Donald William Stammer	Non Executive Director	(appointed 6 July 2005)

Other Key Management Personnel:

Cathryn Nolan	Company Secretary and General Counsel	(appointed 1 May 2006)
Phillip Ince	Chief Information Officer	
Warren Gibson	National Marketing and Sales Manager	
Steven Stamboultgis	Chief Financial Officer	(appointed 1 May 2006)

All key management personnel are employed by Praemium Limited, with the exception of Warren Gibson who is employed by Praemium Australia Pty Ltd.

(b) Key Management Personnel Compensation

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Short term employee benefits	**745,420**	**636,431**	349,359
Post employment benefits	**73,627**	**62,378**	27,315
Share based payments	**157,482**	**137,352**	-
	976,529	**836,161**	**376,674**

The company has taken advantage of the relief provided by Corporation Amendment Regulations 2006 (No. 4) and has transferred the detailed remuneration disclosures to the Directors' report.

(c) Option holdings

The number of options held over ordinary shares in the company held during the financial year by each director of Praemium Limited and other key management personnel of the Group are set out in the Directors' Report. As at the date of this report no options have vested.

	Balance 1 July 2005	Granted as Remuneration	Options Exercised	Balance 30 June 2006
Directors				
Robert John Edgley	0	405,000	0	405,000
Malcolm Lindsay Taylor	0	405,000	0	405,000
Christine Silcox	0	297,000	0	297,000
Donald William Stammer	0	486,000	0	486,000
Executives				
Cathryn Nolan	0	216,000	0	216,000
Phillip Ince	0	135,000	0	135,000
Warren Gibson	0	216,000	0	216,000
Steven Stamboultgis	0	135,000	0	135,000
	0	2,295,000	0	2,295,000

No options are vested at the end of the year.

(d) Shareholdings directly and indirectly beneficially held.

	Balance 1 July 2005	Received as Remuneration	Other Changes During the Year	Balance 30 June 2006
Parent Entity Directors				
Arthur Naoumidis	30,149,997	-	(2,782,500)	27,367,497
Malcolm Lindsay Taylor	5,900,001	-	(1,475,000)	4,425,001
Donald William Stammer	1,500,000	-	250,000	1,750,000
Robert John Edgley	600,000	-	856,500	1,456,500
Christine Silcox	1,500,000	50,000	144,000	1,694,000
Other key management personnel				
Cathryn Nolan	-	159,000	108,500	267,500
Phillip Ince	960,000	10,000	30,000	1,000,000
Warren Gibson	1,110,000	40,000	25,000	1,175,000
Steven Stamboultgis	-	25,000	281,500	306,500
	41,719,998	284,000	(2,562,000)	39,441,998

17 Auditor's Remuneration

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Remuneration of the auditor of the parent entity for:			
Audit or reviewing financial report	21,818	21,818	12,000
- Independent Accountant's Report for Prospectus	35,000	3 5,000	
Taxation services	12,000	10,000	-
	68,818	68,818	12,000

18 Capital and Leasing Commitments

(a) Capital Expenditure Commitments

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Capital expenditure commitments contracted for:			
Property, plant and equipment	119,626	-	-
	119,626	-	-
Payable:			
between 12 months and 5 years	119,626	-	-
	119,626	-	-

(b) Operating Lease Commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements

	Economic Entity 2006 $	Parent Entity 2006 $	Parent Entity 2005 $
Payable minimum lease payments			
Not later than 12 months	104,107	104,107	85,680
Between 12 months and 5 years	950,732	950,732	378,391
	1,054,839	1,054,839	464,071

Operating lease commitments relate to rental commitments for premises in Sydney and Melbourne.

Operating leases have the following terms:

Location	Lease Term	Option Term	Average Implicit Interest Rate
Sydney	5 years	n/a	3.5%
Melbourne	6 years	5 years	4%

19 Segment Reporting

The group operated in two geographic areas during the year, Australia and the United Kingdom. Comparative figures are not shown as the entity operated only in one geographic segment in 2005, Australia.

	Australia 2006 $	United Kingdom 2006 $	Consolidated 2006 $
REVENUE			
Revenue from external customers:			
Revenue - external customers	2,645,918	-	2,645,918
Total revenue from external customers	2,645,918	-	2,645,918
Other revenue/income	192,577	-	192,577
Total revenue	2,838,495	-	2,838,495
RESULT			
Net profit for the year	(723,058)	(271,079)	(994,137)
ASSETS			
Segment assets	18,559,027	19,518	18,578,545
Total assets	18,559,027	19,518	18,578,545
LIABILITIES			
Segment liabilities	785,003	45,382	830,385
Total liabilities	785,003	45,382	830,385

20 Controlled Entities

Name	Country of incorporation	Percentage Owned 2006
Parent Entity:		
Praemium Limited	Australia	100%
Subsidiaries of parent entity:		
Praemium Australia Pty Ltd	Australia	100%
Praemium Limited	United Kingdom	100%
Praemium Portfolio Services Ltd	United Kingdom	100%

	Economic Entity 2006	Parent entity 2006
Aggregate amount of transactions with subsidiaries		
Loans to subsidiaries	-	972,454

Refer to note 25 for further detail.

21 Events After the Balance Sheet Date

The financial report was authorised for issue on 15 September 2006 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

22 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Net income/loss for the period	**(994,137)**	**(356,495)**	(392,704)
Dividend income received	**(7,538)**	**(7,538)**	-
Non cash flows in profit from ordinary activities			
Amortisation	**1,728**	**1,728**	-
Depreciation	**77,251**	**76,944**	38,746
Write off of capitalised expenditure	**-**	**-**	312,538
Option expense	**43,882**	**43,882**	-
Unrealised foreign exchange gain	**(159,682)**	**(136,068)**	-
Costs associated with acquiring reseller rights	**121,915**	**121,915**	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
(Increase)/decrease in trade and other receivables	**(447,724)**	**(38,965)**	(115,511)
Increase/(decrease) in trade payables and accruals	**541,765**	**208,302**	(5,013)
Increase/(decrease) in employee provisions	**32,920**	**17,650**	93,504
	(789,620)	**(68,645)**	(68,440)

23 Share based Payments

(a) Director and Specified Executive Option Plan

Praemium offered options to directors and specified executives.

The Options were allotted on 11 May 2006 being the date the Company's securities were first listed on ASX. No option will vest until 11 May 2007.

Each Option entitles the holder to purchase one fully paid ordinary share in the capital of the Company upon payment of the relevant exercise price.

The Options were allotted in 3 series, each having a different exercise price, vesting date and expiry date. Each recipient of options received one third of their allotment as series 1, one third as series 2 and one third as series 3 options. The differences between the three series are outlined below:

1st Series -

Exercise Price:	$0.50 (being a premium to the IPO Issue Price of 25%)
Vesting Date	12 months after listing date of 11 May 2006
Expiry Date	24 months after listing date of 11 May 2006

2nd Series -

Exercise Price:	$0.62 (being a premium to the IPO Issue Price of 54%)
Vesting Date	24 months after listing date of 11 May 2006
Expiry Date	36 months after listing date of 11 May 2006

3rd Series -

Exercise Price:	$0.78 (being a premium to the IPO Issue Price of 95%)
Vesting Date	36 months after listing date of 11 May 2006
Expiry Date	48 months after listing date of 11 May 2006

The options may only be exercisable after the relevant vesting date and prior to the expiry date if the volume weighted average price at which the Company's shares are traded on market for a period of 10 trading days or more is greater than the exercise price.

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue assuming they have vested at that time.

If at any time the issued capital of Praemium is reconstructed, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.

There are no options granted as remuneration that have been exercised or lapsed during the financial year

Set out below are summaries of unvested options granted under the plan:

	Economic Entity 2006	
	Number of Options	Weighted Average Exercise Price $
Granted during the year	2,295,000	52,765
Outstanding at year end	2,295,000	43,882

	Parent Entity			
	Number of Options	2006 Weighted Average Exercise Price $	Number of Options $	2005 Weighted Average Exercise Price $
Granted during the year	2,295,000	52,765	-	-
Outstanding at year end	2,295,000	43,882	-	-

Consolidated and parent entity – 2006

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
11 May 2006	10 May 2008			2,295,000			2,295,000	765,000
	10 May 2009							765,000
	10 May 2010							765,000
				2,295,000			2,295,000	2,295,000
Weighted average exercise price				$0.023			$0.019	$0.019

The weighted average remaining contractual life of options outstanding at the end of the year was 3 years.

Fair value of options granted

The assessed fair value at grant date of options granted during the year was $0.023. The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

- options are granted for no consideration;
- exercise prices: $0.50, $0.62 and $0.78;
- grant date: 11 May 2006;
- last expiry dates: 10 May 2008, 10 May 2009 and 10 May 2010;
- share price at grant date: $0.40.
- expected price volatility of the Company's shares: 55.20%;
- risk-free interest rate: 5.97%.

The expected price volatility is based on historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

23 Share based Payments continued

(b) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	Economic Entity	Parent Entity	
	2006	2006	2005
	$	$	$
Options issued under employee option plan	43,882	43,882	-
	43,882	43,882	-

24 Earnings per Share

(a) Reconciliation of Earnings to Profit or Loss

	Economic Entity
	2006
	$
Profit/(Loss)	(994,137)
Earnings used to calculate basic EPS	(994,137)
Earnings used in calculation of dilutive EPS	(994,137)

(b) Weighted average number of ordinary shares (diluted):

	Economic Entity
	2006
	$
Weighted average number of ordinary shares outstanding during the year.	
No. used in calculating basic EPS	89,404,160
Weighted average number of options outstanding	320,671
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	89,724,831

25 Comparative figures

Praemium was incorporated as a proprietary limited company on 10 October 2001 and converted to a public company on 13 January 2006. Praemium operated as a single entity until 11 February 2005, when Praemium UK and Praemium Portfolio Services UK were incorporated as wholly owned subsidiaries of Praemium. Praemium Australia was incorporated in Australia on 19th December 2005, as a wholly owned subsidiary of Praemium.

On 1 April 2006, restructuring occurred within Praemium whereby the operational transactional assets of Praemium Limited were transferred to Praemium Australia Pty Ltd. All assets and liabilities were transferred at book values.

The subsidiary companies remained dormant throughout 2005 and as a result, there are no comparative consolidated figures for the 2005 year, and the parent entity figures for 2005 relate to those reported for Praemium Pty Ltd.

26 Financial instruments

Interest Rate Risk:

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Financial Assets								
Cash demoninated in $AUD	5.66%	3.26%	10,921,207	174,030			10,921,207	174,030
Cash demoninated in $GBP converted balance date ^	4.27%		6,000,781				6,000,781	-
Add unrealised Foreign Exchange gain on GBP*			141,846				141,846	-
Receivables					434,625	179,341	434,625	179,341
Total Financial Assets			**17,063,834**	**174,030**	**434,625**	**179,341**	**17,498,459**	**353,371**
Financial Liabilities								
Trade & Sundry Creditors			-	-	193,968	50,086	193,968	50,086
Interest bearing Liabilities			-	-	-	-	-	-
Total Financial Liabilities			**-**	**-**	**193,968**	**50,086**	**193,968**	**50,086**

^ GBP Interest rate.

* Unrealised foreign Exchange Gain on GBP demoninated balance brought to account in the profit and loss.
GBP is held on a term deposit, rolling monthly.

27 Company Details

Registered office

The registered office of the company is:

Praemium Limited
Level 1, 406 Collins Street
Melbourne
Victoria 3000

William Buck
Business Advisors
Chartered Accountants

Auditor's Independence Declaration to the directors of Praemium Limited

I declare that, to the best of my knowledge and belief, in relation to our review of Praemium Limited for the year ended 30 June 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and

(ii) no contraventions of any applicable code of professional conduct.

William Buck
Chartered Accountants

Brad Taylor
Lead Audit Partner

Dated this 15th day of September 2006. Melbourne, Australia.

William Buck
Business Advisors
Chartered Accountants

Independent audit report to members of Praemium Limited

Scope

The financial report and director's responsibility

The financial report comprises the balance sheet, income statement, cash flow statement and the statement of changes in equity, accompanying notes to the financial statements, and the director's declaration for both Praemium Limited (the Company) and consolidated entities for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information relating to the remuneration of key management personnel as required by AASB 124 "Related Party Disclosures" under the heading "Remuneration Report" on pages 8 and 9 of the director's report and not in the financial report as permitted by the *Corporations Act 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures in the director's report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with AASB 124.

We formed our audit opinion on the basis of these procedures, which included;

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Praemium Ltd is in accordance with:

- the Corporations Act 2001, including:
  - giving a true and fair view of Praemium Ltd and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
  - complying with Accounting Standards in Australia and the Corporations Regulations 2001;and
- the disclosures in relation to the remuneration of key management personnel as contained in the director's report under the heading "remuneration report" comply with the requirements of AASB 124 "Related Party Disclosures".

William Buck
Chartered Accountants

Brad Taylor
Partner

Dated this 15th day of September 2006. Melbourne, Australia.

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