

Market Activity - Volume - Total Market

Type: View: Total Market

Symbol	Change	%	Volume	Value
NLS	0.092	0.018	24,327	145,631,817
BRO	0.008	-0.001	13,081	65,996,453
QAN	5.230	0.352	6,009	50,232,603
BLY	2.100	0.150	2,436	41,953,279
ZYL	0.073	0.010	15,873	36,936,573
ETE	0.073	-0.216	17,978	33,434,287
ICP	0.064	0.007	12,791	19,891,360
ILF	1.350	-0.018	4,725	13,353,549
BHP	31.770	-0.160	9,591	17,075,307
TLS	4.880	-0.050	1,014	16,145,380
OSH	3.860	0.060	1,579	16,480,431
MPR	1.415	0.000	0,000	16,420,059
ORT	1.900	0.025	1,353	15,387,076
	3.050	-0.050	-1,613	15,931,132
	0.025	0.000	0,000	13,843,809
	0.025	-0.005	-1,941	13,755,247
	0.025	0.000	0,000	13,878,000



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2007 annual report

Praemium Milestones

August 2007	Praemium receives confirmation that its wholly owned subsidiary will be authorised as a fund manager in the UK. Appointment of additional directors to the Praemium board: Cathryn Nolan and John Bryson.
July 2007	Praemium / BlackRock SMA hits \$200 million FUA milestone.
June 2007	Praemium / BlackRock SMA hits \$100 million milestone. 22,869 portfolios recorded in V-Wrap representing \$24.2B FUA in Australia. 59 models available under 23 separate PDS in the Praemium / BlackRock SMA. Praemium has 40 staff in Australia and UK staff numbers reach 21.
May 2007	Praemium raises AUD \$10.5 million by private placement to fund p-Desktop data service and UK expansion plans.
April 2007	Merrill Lynch launches its Blue Chip 20 SMA on the Praemium / BlackRock platform.
March 2007	Praemium UK partners with Capita to develop SMA service for UK Market. Praemium V-Wrap achieves \$20bn under administration.
December 2006	Praemium has 31 staff in Australia and 12 staff in the UK.
November 2006	Praemium announces the appointment of its UK board, comprising non executive Chairman, Lord Brabourne, and non executive directors David Harrison and Roland Ward, as well as executive directors Peter Burtonshaw and Arthur Naoumidis. Praemium enters into integration and distribution agreement with GBST Holdings Limited.
October 2006	London office opens.
September 2006	Praemium appoints Qld State Manager, Gwen Chew, and opens Brisbane office.
August 2006	Argenta Private Capital Limited selects Praemium to explore the provision of SMA and general wrap services opportunities for the UK. AFS Financial Services Group announces its plan to launch SMA offering.
July 2006	Praemium signs first UK heads of agreement with Synaptic in respect to both portfolio administration services and SMA technology. Praemium appoint NSW State Manager, Nat Fiennes, and open Sydney office.
June 2006	Praemium is selected by Asgard (St George Bank) to sit 'under the bonnet' to provide tax reporting for wrap platforms. Appoints first permanent staff in the UK, including UK Managing Director Mr Peter Burtonshaw and SA/WA State Manager, Peter Gianniotis, and opens Adelaide office.
May 2006	Praemium lists on ASX. First significant dealer group announces its sign up to the MLIM SMA. Praemium / BlackRock SMA wins Rainmaker Best Innovation of the Year Award.
February 2006	Praemium achieves \$10bn under administration.
December 2005	Praemium has 14 employees.
November 2005	Launch of the MLIM Customised Portfolio Service using Praemium's SMA technology.
October 2005	Praemium becomes a public company.
August 2005	Development work commences on Praemium's SMA technology. Professional board is appointed: Dr. Don Stammer, Mr. Rob Edgley, Mr. Malcolm Taylor, Ms. Christine Silcox.
December 2004	Praemium has 10 employees.
December 2002	Praemium has 5 employees in IT, operations, client support and sales and marketing.
August 2002	Portfolio Administration Service (known simply as PAS or Praemium) is first launched targeting direct investors and stockbrokers.
October 2001	Praemium founded by Arthur Naoumidis and development work commenced.



Contents

- IFC Highlights

- 1 Contents

- 2 Chairman's / Managing Director's Report

- 4 UK Chairman's / Managing Director's Report

- 5 Review of Operations

- 11 Overview of 2007 Financial Position

- 12 Praemium Ltd Board

- 14 Praemium's UK Board

- 17 Remuneration Report

- 22 Shareholder Information

- 25 Directors' Declaration

- 26 Corporate Governance Statement

- 27 Financial Report

- 65 Auditor's Independence Declaration

- 66 Independent Audit Report

- IBC Corporate Directory



Chairman's/Managing Director's Report

In our first full year as an ASX listed company, Praemium's focus has been to implement the strategy set out when we listed, namely to put in place the foundations for the Company's long-term growth in United Kingdom as well as to continue to grow the Australian business. The achievements over the period covered by this report are in line with, or have exceeded, our expectations when we listed on the Australian Stock Exchange in May 2006.



Key Achievements

Key achievements of the Praemium Group over the year include:

- We have made good progress in establishing the United Kingdom business with the achievement of most of the milestones required for us to become operational in the UK market. The only remaining hurdle is our being granted the appropriate authorisations from the UK regulator, to which we are well on our way with the recent authorisation of one of UK subsidiaries to operate as a fund manager.
- On 30 June 2007, our V-Wrap service – the branded portfolio administration service – was utilised by 346 Australian wholesale users providing 22,869 portfolios (an increase of 44% over the year) with committed funds under administration of more than \$24 billion.
- Operational revenue for the year ended 30 June 2007 was \$4.4 Million – an increase of 66% on the previous year.
- In June 2007, P-Desktop, Praemium's Desktop, was launched. P-Desktop, which provides links to powerful live market investment data, widens the services our wholesale clients can provide to their clients, thereby providing an opportunity to extend the use of our V-Wrap service.
- In Australia, our separately managed account technology had 57 financial services organisations participating at 30 June 2007, with \$193 million invested.

Financial Results

- Reflecting the increased outlays on marketing in Australia and the substantial start up costs in the United Kingdom, our net loss for the year was \$10,027,947.
- A capital raising of \$10,000,001 was announced on 17 May 2007. The purpose was to finance the further costs and additional working capital required for our UK business and the development of p-Desktop.
- On 30 June 2007, we held cash assets of \$16.7 million. The Company has no debt.

The Group Board

In August 2007, two additional members were appointed to the Group Board. John Bryson, a non-executive director, who brings a vast experience in financial services, particularly stockbroking and Cathryn Nolan, an executive director, who as our General Counsel led the processes of framing the structure of the platforms and products we are to offer in the United Kingdom and of seeking the necessary approvals.

The Future

A large part of our capital expenditure is being directed to the UK business where we believe a significant opportunity exists. The United Kingdom financial services sector is much larger than Australia's and we believe it is becoming receptive to Australian based investment administration platforms such as our SMA platform.

We are well-progressed in our legal, compliance and technical preparations for the introduction of our V-Wrap and SMA offerings, as well as in our understanding of marketing opportunities and expect to move from a developmental to operational phase in our UK business during this coming year.

Our Australian business is growing well and will in fact be the driver of our revenue for this next financial year with the Australian SMA starting to contribute to the bottom line. We also expect to see our P-Desktop initiative to pay dividends with regard to powering the growth of V-Wrap as the year progresses.

With Praemium's efficient leading-edge product offering, and our energetic and focused staff, the Company is well-positioned to become a major participant in the provision of financial services in Australia and the United Kingdom, two countries that are among the world leaders in terms of profitable growth opportunities in financial services.

On behalf of the Board, we thank you for your continued support and we hope you will join us at the Annual General Meeting on 7 November 2007 at Morgans 401 Collins Street Melbourne VIC 3000.



Don Stammer
Chairman



Arthur Naoumidis
Chief Executive Officer

UK Chairman's/Managing Director's Report

It's a great pleasure to be writing this first letter to shareholders on behalf of our colleagues on the board of Praemium's UK subsidiaries.

The UK subsidiary group board was appointed in November 2006 at a time when the UK operation was in the process of being formed – our first Board meeting coincided with the opening of Praemium's offices in the heart of the city of London. Information about each of the directors, their qualifications and professional profiles are set out on pages 14–15 of this report. The individual knowledge and experience that each of the directors bring is a great benefit to our staff in the UK who, in a relatively short period of time, have been brought together to create a skilled and focused team. Working closely with their colleagues in the Australian business, they are dedicated to the successful launch of Praemium's UK business, in accordance with the mandate given by the parent company's board and shareholders.

It has been only a little more than a year since Praemium UK employed its first permanent staff and began the process of establishing our brand in the UK market place, identifying foundation partners, delivering a fully functional operating infrastructure and launching the SMARt Fund platform.

It is with great satisfaction that we are able to say that we have been successful in delivering against all of these objectives:

- The infrastructure is established, with data centres in London and Reading providing resilient 24*7 support for our London based operation centre;
- the software development and technology modification required for the UK market is complete and in the process of final testing;
- the Praemium brand is well established in the UK market place; we are regularly invited to speak at conferences and contribute to industry publications;
- we've entered into relationships with three foundation partners: Argenta, Synaptic and Capita;
- In August we received confirmation that we have achieved the first of two authorisations required for the launch of our retail SMA in the UK, and are in the process of finalising our discussions with the proposed trustee / custodian who, in accordance with the requirement of the UK law, will apply with us for the second of those authorisations.

The 2008 year will, no doubt, bring many challenges as we seek to launch innovative products in one of the world's largest financial markets.



However, with the support of Praemium's shareholders, staff and the enthusiasm of our foundation partners, we will continue to achieve the vision outlined in Praemium's prospectus in 2006 and look forward to delivering benefits back to our shareholders.

Lord Brabourne
Chairman

Peter Burtonshaw
Managing Director

Directors' Report

Review of Operations



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 2007.

Principal Activities - Australia

In Australia Praemium's principal activity is the provision of a technology solution for the administration, reporting and management of investment assets for a variety of tax structures including Self Managed Superannuation Funds (SMSF).

Known in the market as V-Wrap, Praemium's state of the art web based solution provides a portfolio administration service for stockbrokers, financial planners, accountants, SMSF administrators, portfolio and fund managers. It can be blended with Praemium's proprietary data service, known as p-Desktop, and Separately Managed Account (SMA) technology.



V-Wrap

As at 30 June 2007, V-Wrap was utilised by 346 Australian financial service, accounting, tax and administration businesses with committed funds under administration in excess of AU\$24 billion.

V-Wrap (which was previously called 'PAS' or sometimes just 'Praemium') is a portfolio administration service which is provided over the internet to those involved in advising on or administering investment portfolios. In addition to providing sophisticated corporate action reconstruction and daily valuations of assets recorded in

it, V-Wrap provides portfolio tools including Capital Gains Tax optimisation capability, automated uploading of trade and cash transactions as well as providing a raft of transaction, tax and performance reports.

One of V-Wrap's strengths is that it can record and report on almost any asset type held within a portfolio. In addition to ASX quoted holdings, V-Wrapped portfolios can include managed funds, fixed interest instruments and 'personal' assets, for example direct property holdings and collectables.

V-Wrap's main differentiator from competitive portfolio administration systems is its dynamic corporate action overlay, which minimizes the time that could otherwise be spent investigating and analysing portfolio composition by

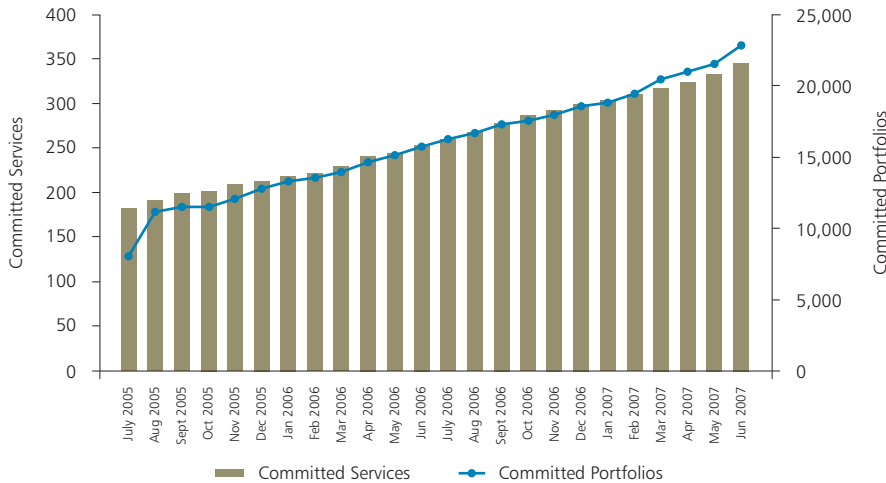
Praemium's Client Services Team



During 2007, Praemium launched an Implementation Service which is made available to new and existing subscribers to assist them to load and reconcile their clients' historic data. By enabling clients to gain maximum benefit from V-Wrap as quickly as possible, the implementation service will ensure that revenue generation is maximised.



Number of Committed Portfolios and Services



Hung Do – Head of Praemium Desktop Development Team

Praemium Desktop

Praemium Desktop, our proprietary desktop application version of V-Wrap, which links into a powerful live market data service, was launched in June 2007.

Praemium Desktop extends V-Wrap's reporting and analytical tools and allows them to be deployed 'intraday' (rather than based on end of day values) by integrating with streaming market data. In addition, it makes available portfolio analysis tools (including watchlists, graphing and various news services) either on a 20 minute delayed basis or in real time. Praemium Desktop was built to help brokers, accountants, and financial planners strengthen their relationships with their clients, to build their businesses and to expose a larger number of users to the benefits of

portfolio administrators/managers in order to determine accurate portfolio information for their clients. This sophisticated corporate action reconstruction enables comprehensive and complete tax reporting for investment portfolios.

V-Wrap is not a software offering – it is a complete portfolio service supported by Praemium's client service team of professional portfolio analysts, who are backed up with a team of IT developers and project management personnel.

We continue to enhance V-Wrap to meet the ongoing requirements of our clients as well as the needs of potential clients. Some of the items enhancements completed during the year include new or improved interfaces for cash and transactions, including interfaces with popular SMSF tools including BGL and Desktop Super. We also announced the integration projects with GBST and CARM and with popular financial planning tools which should aid the update of V-Wrap in the stockbroking and financial planning markets.

V-Wrap, thereby up selling Praemium's principal offering within its overall client base.

Praemium Desktop gives advisers the opportunity to provide their investor clients with a high value added service. It is designed to help Praemium's financial adviser clients to increase engagement opportunities with their clients, provide intra-day pricing, valuations and tax calculations and increase revenue potential. By providing a platform through which our clients can extend their own services we will gain increased opportunity to organically grow the number of portfolios administered by V-Wrap.

In addition to being able to access live ASX data, certain users of Praemium Desktop can also conduct up to the minute reviews of model portfolios for re-balancing purposes. The Portfolio Planner function allows a suitably licensed stockbroker or financial planner to efficiently industrialise the process of undertaking reviews of their clients' portfolios and to generate Statements of Advice.

Combined with V-Wrap, Praemium Desktop enables Praemium's clients to report on and analyse investment returns after taking into account any associated capital gains tax (CGT) events. As far as we are aware this

results in the only "real-time" CGT performance system available in Australia – or possibly anywhere in the world.

All of Praemium's existing V-Wrap clients (including all users of the BlackRock Separately Managed Account offering that utilises Praemium's technology) can use Praemium Desktop and have the rights to distribute it to their clients.

Separately Managed Account (SMA) Technology

A separately managed account (SMA) is a personalised investment portfolio offered as a non-utilised managed fund for investors who want to participate in the stock market directly and have the benefit of professional fund management advice. Praemium's technology supports the SMA structured as a retail managed investment scheme under which securities are held beneficially by the investor. Praemium's SMA technology is currently provided exclusively to BlackRock Merrill Lynch Investment Managers who, at 30 June, had 57 dealer groups signed to the Customised Portfolio Service, with 23 Product Disclosure Statements on issue and 54 portfolio models to choose from.

SMAs structured as managed investment schemes allow investors to access the intellectual property of a fund or portfolio manager in the form of a 'portfolio model', generally at a lower cost than a conventional managed fund, wrap or master trust. Praemium's technology enables the blending of two or more portfolio models which gives financial advisers the ability to create an unique 'fit' for individual investors by creating a portfolio to reflect their individual risk and return needs. Further, SMA account holders can personalise their investment strategies in a number of ways, including substitution of stocks, prohibition of investments in specified undesirable stocks, and switching between models – creating significant efficiency and flexibility.

SMAs operated utilising Praemium's technology have significant advantages over traditional managed funds and platforms, including;

- Cost efficiency – lower management, custody and execution costs
- Tax efficiency – using parcel selection to optimise CGT
- Transparency – the ability to view the underlying securities
- Portability – to move portfolios from manager to manager
- Flexibility – to customise the portfolio from the benchmark models

SMA account holders who have access to Praemium Desktop are able to view their SMA portfolios (together with other investments if they also record them in V-Wrap) with the benefit of real time pricing and other market information.



Screenshot – showing some of Praemium Desktop's many features



Sales & Marketing Team

Sales & Marketing Activities in 2007

During 2007, as planned, some capital raised from the IPO was used to increase the sales team with a view to consolidating market penetration on a national basis. In order to accomplish this, throughout the year, three industry experienced sales staff were recruited into satellite offices in Brisbane, Adelaide and Sydney, as well as increasing the existing sales team by one in Melbourne.

The sales and marketing strategy for this newly expanded team was primarily designed to achieve opportunities for the sales team through attendance at targeted events, and education of financial advisers and generating brand awareness through media exposure and selective sponsorship. The sales

team responded to leads generated as a result of this strategy and their own active prospecting, closed new sales and assisted with building client portfolio numbers within existing services.

Building Praemium's industry footprint using this strategy has increased brand awareness over the past year and provided the sales and marketing team with a continuous stream of accounting and financial planning practices to talk to. In addition, we continued to pursue institutional clients of significant size – including those who are establishing and growing their wealth management businesses in Australia. Significant sign ups announced to the market during the 2007 financial year were Ord Minnet, Credit Suisse and Macquarie Equities. We consider that these strategies have been, and will continue

to be, successful as the numbers of committed portfolios increased over the course of the year. This increase in portfolio numbers was due to both new clients coming on board and existing clients loading their portfolios. Further, the rate of attrition (that is the number of portfolios removed as a consequence of a client deciding not to renew their subscriptions) was less than 1%.

Next year, we anticipate with the recruitment process completed, further sales will result from this strategy and increased participation in leading industry groups and marketing and educational initiatives.



Future plans

Praemium is committed to continuing to grow the numbers of portfolios under administration recorded in V-Wrap both by expanding the numbers of portfolios administered by existing clients and continuing to grow the number of services overall.

Praemium Desktop, Praemium’s user group initiative and the Implementation Service that were all launched during the 2007 financial year are all targeted at the process of organic growth – that is expanding the numbers of portfolios administered by existing clients. Our expanded sales and marketing force, our educational and training initiatives along with our proven record of supporting the conference circuit are all aimed at further expanding our brand awareness and the take up by new clients.

We continue to address the ever changing requirements of the market for portfolio administration services brought about by changes

to regulation, the internationalisation of the investment market, the development of new investment products and structures and, most importantly, the input and requirements of our client base. Our development team – comprising business analysts, project managers and programmers – are continually working on enhancements and improvements to the core technology.

Principal activities – United Kingdom

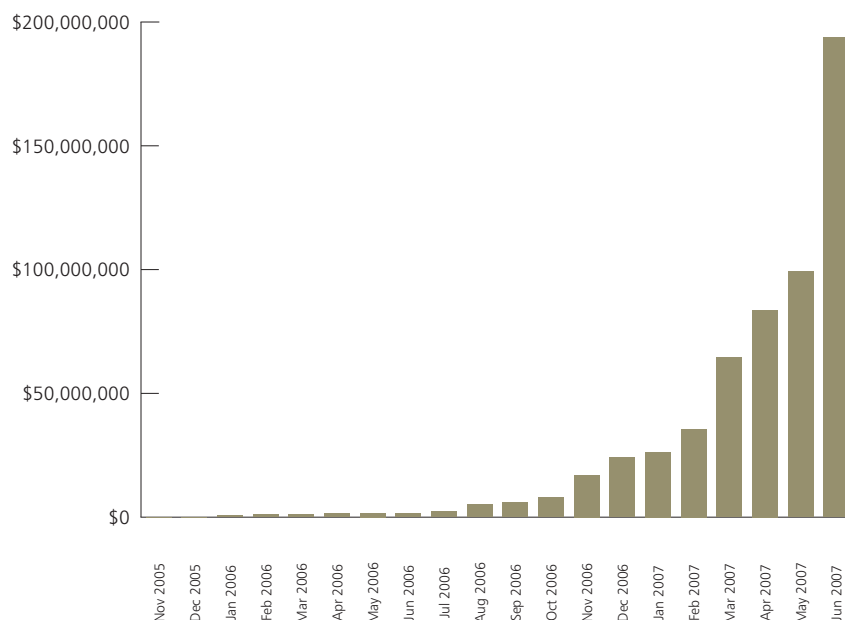
The 2007 financial year saw the growth of the UK Subsidiary business from two staff working out of service offices to the launch of our own office premises near Liverpool Station in the heart of the ‘City’ (London’s financial centre), a staff of 21 comprising developers, marketing, compliance, finance, client service, business analysis and administrative staff, and the signing of heads of agreement with our first foundation partners.

During the financial year considerable focus was applied to establishing a team of qualified, skilled and experienced staff capable of bringing Praemium’s vision, as set out in its April 2006 prospectus, of launching its portfolio administration business in the UK.

In October 2006 Praemium opened its new offices in London and shortly after appointed its UK board. Details of the board members and their skills and experience are set out on pages 14–15. In addition, considerable work was done to develop Praemium’s profile in the London financial markets. Using our Australian experience, one of the primary ways that we did this was by participating in relevant conferences and networking activities both as speakers and as exhibitors. Other activities included the sponsorship of a publication made by Citywire aimed at explaining the separately managed account concept and increasing awareness of both Praemium and SMAs in the UK.

One of the key activities of the UK office has been the further development and ‘anglicisation’ of Praemium’s core technologies in readiness for launch in the UK market. V-Wrap is now in the process of final testing for launch as a portfolio administration service and tax reporting engine in the UK.

Separately Managed Accounts Funds Under Management



Considerable work has also gone into determining an appropriate legal structure for the delivery of the SMA as a retail offering in the UK, resulting in the unique 'SMARtFund' concept. SMARt (or Separately Managed Account Retail Trust) will be, when authorised by the FSA, a unique and very exciting offering in the UK. A new subsidiary, SMARt Operator Ltd, was formed for the purpose of managing the collective investment schemes to be offered as SMARtFunds. On 17 August 2007 SMARt Operator Ltd fulfilled the last of the FSA's requirements and became an FSA regulated firm – authorised to manage retail collective schemes in the UK, and specifically to manage the unique form of collective investment scheme to be operated utilising Praemium's proprietary SMA platform.

During the year the UK business also entered into three significant heads of agreement under which key foundation partners agreed to work closely with Praemium to customise its technology with a view to future commercial agreements. These agreements are with Synaptic Systems Limited, Argenta Private Capital Ltd and Capita.

Synaptic, which has since been acquired by the Capita group, offers technology and information to financial advisers to assist with product selection. It supports in excess of 11,000 independent financial advisers (or IFAs) by providing software that assists in product research and report preparation. When launched, Praemium's SMA for the UK market will be available to IFAs who utilise Synaptic's technology and, as a consequence of its efficiency and cost effectiveness, is likely to meet the selection requirements of many IFAs – increasing its visibility and market penetration.

When Synaptic was acquired by the Capita Group the opportunity arose for Praemium to expand its relationship with Synaptic into a relationship with one of the largest providers of integrated professional support solutions in the UK. In March 2007, the agreement with Synaptic was replaced by an agreement with Capita Life & Pensions Regulated Services Ltd ("Capita") to offer SMA to independent financial advisers, wealth managers and financial institutions in the UK. The deal provides a framework to prepare for the integration of Praemium's proprietary SMA platform with Capita's Enabler infrastructure. On completion of the initial deliverables set out in the agreement – which requires, amongst other things, for Capita to undertake review of the process and technical integration of the two platforms, analyse the marketing and distribution potential

of the Praemium SMA offering and outline an implementation plan for the initial launch of the product offering – the parties plan to enter into an Implementation and Services Agreement which will set out more detailed terms for their longer term relationship. Work on this project is progressing well, and the two companies have been involved in presenting a combined offering to a number of financial institutions.

Argenta is 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 £1 billion of premium income capacity to the Lloyd's market. Praemium sees an opportunity here to offer both V-Wrap, with its sophisticated portfolio administration and tax reporting capability, to Argenta and its clients. In addition, under the Lloyd's market rules, 'names' who invest in Lloyd's syndicates must make a significant proportion of their premium commitment available as security for that commitment. SMA will offer a flexible and secure option for satisfying this commitment that Praemium believes may be very attractive to Argenta, the investors it represents and the Lloyd's market generally.

Overview of 2007 Financial Position

Results

The consolidated loss after income tax attributable to the members of the company was \$10,027,947.

The Group's net asset position at 30 June 2007 was \$18,687,955 with \$16,763,182 held in cash or cash equivalents. The Group is debt free.

Significant Change in the State of Affairs

A share placement occurred on 17 May 2007 under which \$10,000,001 at \$1.05 per share was raised.

The funds were raised for the primary purpose of launching the business in the UK. At the time that the private placement was undertaken SMArt Operator Ltd, a wholly owned subsidiary, was in the process of seeking approval from the Financial Services Authority to operate a separately managed account (SMA) fund in the UK. The first of the two key approvals required has since been granted and SMArt Operator Ltd has been authorised as a fund manager in the United Kingdom since 17 August 2007. Under the requirements of the relevant laws in the UK, SMArt Operator Ltd must maintain a minimum working capital reserve in cash or cash equivalents within the UK. £2,000,000 of the funds raised in this private placement have been applied for that purpose. The extent of capitalisation requirements

was not known at the time of the initial IPO and therefore was not catered for in that raising.

In addition \$5,000,000 of the funds raised were allocated to the acquisition, development and launch of Praemium Desktop and UK operational costs over the next 3 years.

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.

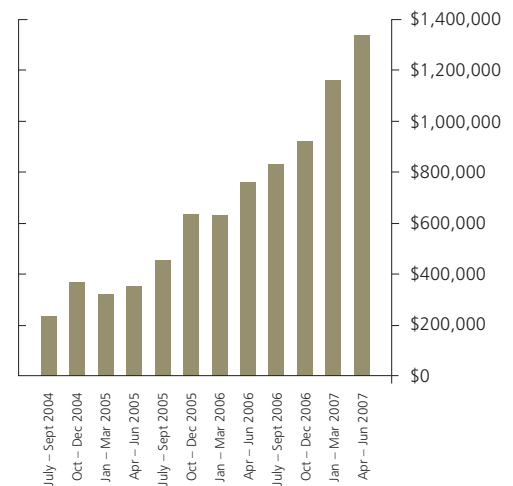
Future Developments

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

Dividend Recommended, Declared or Paid

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

Quarterly Net Invoiced Revenue



Praemium Ltd Board

Dr Donald William Stammer



The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year is provided below, together with details 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 a non-executive 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. Previously Dr Stammer has been a director of ING Australia Holdings Limited, Chairman of the ING listed property trusts, Chairman of Novera Energy Limited, Chairman of Tribeca Learning Limited and Chairman of Mosaic Oil NL.

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

Between 1997 and early 2001, Mr Naoumidis 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, Mr Naoumidis 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 that period Mr Naoumidis designed, implemented and managed many complex system projects for those 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 and performs Controlled Functions under the authorisation as a fund manager given to SMARt Operator Ltd by FSA.

Non Executive Director – Mr Robert Edgley

Mr Edgley holds a Bachelors 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 Bank's Financial Markets Products including Fixed Income, Derivatives and Foreign

Mr Arthur Naoumidis



Mr Robert Edgley



Mr Malcolm Taylor



Mr John Bryson



Ms Christine Silcox



Ms Cathryn Nolan



Managing Director – Mr Arthur Naoumidis

Mr Naoumidis is the Company's founder and the inventor of its core technology. Since late 2001, Mr Naoumidis has been responsible for establishing the underlying technology components as well as the marketing and operation of the business. Prior to that Mr Naoumidis 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.

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.

Non Executive Director – Mr John Bryson

Mr Bryson was appointed as a director in August 2007. Prior to his nomination, Mr Bryson provided consulting services to the Company during which time he has demonstrated his considerable experience and abilities in financial services.

After nine years in the engineering profession, Mr. Bryson joined JBWere and Son in 1983 and was appointed Group General Manager in 1985 during a period of significant changes occurring in the market place with the firm emerging as the premier privately owned investment house in Australasia over this period.

In 1991 Mr. Bryson was appointed "National Manager – Private Clients" for the JBWere group's retail advisory division and was responsible for building this group from its then small base to one of the largest and most

respected retail investment operations in Australia. The division was rated number one in "Personal Investment" magazine's Top Retail Broking Houses survey for the seven years the magazine undertook the survey. The survey's respondents included both individual investors as well as competitor groups. The retail group under Mr Bryson's leadership evolved over the 1990's to be recognised within JBWere and in the market place as core strategic strength of the firm at a time when many brokers were struggling with and disbanding their retail networks.

In 2000 Mr. Bryson established the firm's Private Equity presence and has also been involved in other capital raisings.

Mr. Bryson retired from Goldman Sachs JBWere in 2003. Since that time he has been providing consulting services to the financial services, and in particular stock broking, industry in Australia.

Mr Bryson's depth and breadth of experience in respect to the Australian retail broking industry will complement the skills and experience of the other members of the Board.

Mr Bryson has recently joined both the Remuneration and Audit, Risk & Compliance Committees.

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 operations 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.

Executive Director & Company Secretary – Ms Cathryn Nolan

Ms Nolan was appointed as an executive director in August 2007 following 15 months as a member of the senior management team.

Since being admitted to practice as a solicitor in 1989, 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 and as a partner of a medium-sized, Melbourne-based law firm. She has practiced extensively as a Corporate Lawyer with a focus on both Australian and international capital raisings, financial services reform, information technology, ASX Listing Rules and intellectual property.

Prior to joining Praemium as its Company Secretary & General Counsel in May 2006, Ms Nolan acted as the Company's external legal adviser since the time of its inception and accordingly has a strong understanding of the unique issues and opportunities facing the firm. Ms Nolan's primary focus since the Company's listing in May 2006, in addition to managing the group legal and compliance function, has been the establishment of an appropriate structure for Praemium's proposed operations in the UK and the seeking of the necessary authorisations required for Praemium to operate an SMA service there.

Ms Nolan will continue to act as Group Company Secretary and General Counsel and as secretary to all group subsidiaries and board committees.

Praemium's UK Board

Lord Brabourne



In its prospectus issued in April 2006, Praemium identified expansion into the UK as a key element of its growth plan. A significant proportion of the funds raised in its IPO were committed to fund this strategy.

Peter Burtonshaw



The UK Board, which comprises three non executive directors and two executive directors, is responsible for the oversight and governance of the group's UK subsidiaries.

and most immediately prior to joining Praemium, ABN Amro. His experience of deploying enterprise wide/global solutions and integration of solutions from multiple providers, together with his proven ability to build and manage an effective team will be key to the success of Praemium in the UK.

Lord Brabourne (Chairman)

Lord Brabourne (formerly Lord Romsey prior to his father's death on 22nd September 2005) is the Chairman of the UK Board. Lord Brabourne has extensive experience as a director and investor in both privately and publicly held companies, with a particular focus on the media and insurance sectors. Lord Brabourne is currently the Chairman of Argenta Holdings plc, an insurance business at Lloyds of London and also Chairman of Argenta Private Capital plc, the company's member's agency. He is also a Director, formerly Chairman, of Coolabi plc, a children's entertainment business. In the past he was founding Chairman of the Britt Allcroft Group (Thomas the Tank Engine), later called Gullane Entertainment, a successful children's character and merchandising business. As owner of Broadlands, the home of the Mountbatten family, he also runs the 4,000 acre Broadlands estate.

David Harrison (Non Executive)

Mr. Harrison MA,FCA was formerly a partner in Harrison Son Hill & Co, Chartered Accountants and Chairman and chief executive of Harrison Brothers, an Underwriting Agency at Lloyd's of London. He is currently Chairman of Harrison Son Hill & Co Ltd, Insurancewide.com Services Ltd and deputy Chairman of Argenta Private Capital Ltd. Mr Harrison has nearly 30 years experience in the insurance industry.

David Harrison



Roland Ward



Roland Ward (Non Executive)

Mr. Ward has 27 years operational experience in the financial services industry in the UK, continental Europe and the United States. The positions he has held include: Chairman of HBOS Financial Services (Europe); Finance Director, Clerical Medical Investment Group; Chief Executive Laurentian Financial Service; and Deputy Chief Executive of The Mortgage Corporation, 1989-1992. He has also been the Executive Assistant to the President of Bank of America, a non-executive director of financial distribution companies in Europe and chairman of an offshore venture capital firm.

Arthur Naoumidis



Peter Burtonshaw (Managing Director)

Mr Peter Burtonshaw, is the Managing Director of Praemium's UK business. Mr Burtonshaw joined Praemium in June 2007 and has 20 years experience of developing and implementing software in the Financial services sector gained with SG Warburg, JP Morgan, Royal Bank of Scotland

Arthur Naoumidis (UK Executive Director/ Group CEO)

Mr. Arthur Naoumidis, the Group Managing Director of Praemium, is also an executive member of the UK board. As the founder of Praemium and the inventor of its proprietary technologies, Mr. Naoumidis' role remains key to the development and implementation of the UK strategy and as a liaison between the UK and the parent company boards as a member of both.

Cathryn Nolan & Gary Wilson (Company Secretaries)

Cathryn Nolan, the Company Secretary and General Counsel of Praemium Limited, acted as Secretary of the UK Board and UK subsidiaries during the financial year. Gary Wilson, who is also the Head of Finance for the UK operations, has recently been appointed as Company Secretary to the UK entities.

Directors' relevant interests in Shares

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

	Directors' interests in Shares Beneficially Held	Directors' interests in Ordinary Shares not Beneficially Held	Total beneficial and non beneficial interests in Ordinary Shares
Dr. Don Stammer	1,500,000	456,500	1,956,500
Mr Robert Edgley	0	1,456,500	1,456,500
Mr Malcolm Taylor	0	4,425,001	4,425,001
Mr John Bryson		75,000	75,000
Mr Arthur Naoumidis	0	27,421,497	27,421,497
Ms Christine Silcox	1,100,000	609,000	1,709,000
Ms. Cathryn Nolan	159,000	108,500	267,500

Executive interest in Shares of the Company

As at the date of this report, the following Group Executives hold the interests set out in the table below in the Company's ordinary securities:

	Ordinary Shares Beneficially Held	Executives' interest in Ordinary Shares not Beneficially Held	Total beneficial and non beneficial interests in Ordinary Shares
Mr. Pete Burtonshaw	979,040	0	979,040
Mr Phillip Ince	1,000,000	0	1,000,000
Mr Warren Gibson	922,000	300,000	1,222,000
Mr Steven Stamboultgis	25,000	316,828	341,828

Options

Details of the options held by Company Directors & Group Executives are set out on pages 20–21.

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.

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 meetings attended by each director were:

	Board of Directors		Audit Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Dr. Don Stammer	14	14	3	3	2	2
Mr Robert Edgley	14	13	3	3	2	2
Mr Malcolm Taylor	14	14	3	3	2	2
Ms Christine Silcox	14	14	0	3 ¹	0	0
Mr Arthur Naoumidis	14	14	0	0	2	2

¹ Whilst not a member of the Audit Committee, Ms Silcox attended in her capacity as Compliance Officer.

Remuneration Report

Remuneration philosophy and principles

The Company's performance is dependent upon the quality of its directors, executives and staff. To prosper, the company must attract, motivate and retain highly skilled directors, executives 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 during the financial year were the Managing Director (Mr. Arthur Naoumidis) and two non executive directors: Dr Donald Stammer and Mr. Robert Edgley. Mr John Bryson has since joined this committee.

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.

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. At the last AGM the members approve the aggregate remuneration for directors in accordance with the determination made prior to being a listed company when the Listing Rules did not apply. The amount approved at that time was equal to the actual aggregate remuneration. Approval will be sought at the next AGM to increase that maximum aggregate remuneration for directors to \$250,000 to allow for the increase in the size of the board and for future growth and adjustments to the level of fees in order to keep pace with the commercial requirements for the remuneration of high calibre non executives.

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.

Long term incentives are in the form of options issued under the Directors and Employee Option Plan. Details of the options held by non-executive directors are included in the table set out on pages 20–21.

Executive Directors

The remuneration of Executives, including Executive Directors of the Group comprises:

- 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.

The names and positions of each person who held the position of director at any time during the financial year is provided at note 17(a) of the financial statements.

Directors' Remuneration

2007 Directors' Remuneration

The follow table shows remuneration paid to persons who were directors during the 2007 Financial Year

Director	Short Term Employee Benefits			Share Based Payments		Post Employment Benefits	Total	Performance related %
	Salary, fees & Commissions	Bonus by way of Cash	Non-Cash Benefits	Bonus by way of Shares	Options	Superannuation		
Dr. Don Stammer	64,220	0	0	0	131,192	5,780	201,192	0%
Mr Robert Edgley	41,284	0	0	0	109,326	3,716	154,326	0%
Mr Malcolm Taylor	41,284	0	0	0	109,326	3,716	154,326	0%
Ms Christine Silcox	144,473	0	6,010	0	80,173	11,270	241,926	0%
Mr Arthur Naoumidis	285,551	82,569	8,171	0	0	33,121	409,412	20%

2006 Directors' Remuneration

For comparative purposes, the following table shows the remuneration paid to those persons who were directors during the 2006 financial year

Director	Short Term Employee Benefits			Share Based Payments		Post Employment Benefits	Total	Performance related %
	Salary, fees & Commissions	Bonus by way of Cash	Non-Cash Benefits	Bonus by way of Shares	Options	Superannuation		
Dr. Don Stammer	40,703	0	0	0	9,293	3,663	53,659	17%
Mr Robert Edgley	26,881	0	0	0	7,744	2,419	37,044	21%
Mr Malcolm Taylor	26,881	0	0	0	7,744	2,419	37,044	21%
Ms Christine Silcox	94,565	17,736	21,600	20,000 ²	5,679	11,907	171,487	25%
Mr Arthur Naoumidis	160,551		0	0	0	14,449	175,000	0%

² 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.

Executive Remuneration

2007 Executive Remuneration

The following table shows the remuneration paid to 5 most senior executives during the 2007 Financial Year

Executive	Short Term Employee Benefits			Share Based Payments		Post Employment Benefits	Total	Performance related %
	Salary, fees & Commissions	Bonus by way of Cash	Non-Cash Benefits	Bonus by way of Shares	Options	Superannuation		
Mr. Peter Burtonshaw ³	382,913	245,821	958	224,155 ⁴	0	33,186	887,033	53%
Ms. Cathryn Nolan ⁵	237,959	0	2,087	0	58,307	21,416	319,769	0%
Mr Phillip Ince	143,972	0	16,142	0	36,442	11,218	207,774	0%
Mr Warren Gibson	114,220	0	2,087	0	58,307	10,280	184,894	0%
Mr Steven Stamboultgis	129,515	0	0	0	36,442	10,549	176,506	0%

2006 Executive Remuneration

For comparative purposes the following table shows the remuneration paid to the 5 most senior executives in 2006

Executive	Short Term Employee Benefits			Share Based Payments		Post Employment Benefits	Total	Performance related %
	Salary, fees & Commissions	Bonus by way of Cash	Non-Cash Benefits	Bonus by way of Shares	Options	Superannuation		
Ms. Cathryn Nolan	38,226	56,400	0	63,600	4,130 ⁶	14,240	176,596	70%
Mr Phillip Ince	100,511	3,547	19,320	4,000	2,581 ⁷	9,725	139,684	7%
Mr Warren Gibson	94,801	14,188	0	16,000	4,130 ⁸	11,249	140,368	24%
Mr Steven Stamboultgis	19,166	8,868	1,476	10,000	2,581 ⁹	3,556	45,647	47%

³ Mr. Peter Burtonshaw is an Executive Director and employee of Praemium Ltd (UK) and was employed 19 June 2006.

⁴ 465,472 shares issued at an issue price of \$0.536026 were provided as a sign on bonus. \$245,821 of cash bonus reflects the UK payroll liability of the bonus.

⁵ Ms Nolan was appointed an executive director on 7 August 2007, but was not a director at any time during the 2007 Financial Year.

⁶ 159,000 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

⁷ 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

⁸ 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

⁹ 25,000 shares at an issue price of \$0.40 were provided as a bonus in lieu of cash. \$8,688 of cash bonus reflects the PAYG value of the bonus

Executive Remuneration policies and contracts

The policy for determining the nature and amount (or value, as appropriate) of the key management personnel involves regular reviews and assessment of the market conditions for persons with the skills, qualifications and experience of the relevant executive. Performance bonuses are determined by reference to the market as well as the individual performances and contributions of key management personnel. In a number of cases in the 2007 financial year, performance bonuses represent 'sign on' bonuses designed to attract high calibre staff and to compensate them for bonuses or other remuneration forgone as a consequence of leaving their former employers.

Whilst the Group is in this initial growth phase and is not profitable, there is no direct link between performance payments to key executives and the profitability of the Company. However, performance payments are linked to key performance indicators that include the extent to which the Group has performed against its corporate plan and whether certain objectives and milestones have been achieved.

To the extent that elements of the remuneration of key executives consists of securities in the Company the Board, in considering whether to grant those securities and negotiating the terms of remuneration with the key executive, requires the key executive to obtain their own advice in respect to his or her exposure to risk in relation to the securities and relies on the undertakings of the key executives that they have obtained such advice prior to accepting the offer of securities as the method of enforcing that policy.

All Group Executives, including Executive Directors, are employed under employment contracts. With the exception of the Managing Director, those contracts do not have a fixed term and are terminable on one month's notice by the executive or by the Company or, in the event that the Executive materially breaches the contract of employment in a way that involves dishonesty, fraud, a breach of any law affecting the company or a breach of certain of the Group's policies, the executive may be summarily dismissed. The Managing Director's contract commenced on 11 May 2006 and may not be terminated by either party earlier than 11 November 2008 unless the Managing

Director breaches the employment contract in a way which entitles the company to summarily dismiss him. After 11 November 2008 either party may terminate the employment agreement by giving the other party notice of not less than 6 months other than in the event of a change of control (which entitles the Executive on being removed as Managing Director to terminate on one month's notice) or if the Executive breaches the agreement in a way that entitles the company to summarily dismiss him. The Company may elect on the giving or receipt of notice from any executive to pay out the balance of the term and require the executive to 'go on garden leave' for the remaining term.

Directors' & Executives' Options

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.

Long term incentives are also provided to Executive Directors and Executives under this plan.

Details of options allotted under that plan as at the date of this report are :

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
Ms. Cathryn Nolan	72,000	72,000	72,000	216,000
Directors' Options	603,000	603,000	603,000	1,809,000

Executive	Series 1	Series 2	Series 3	Total
Mr Phillip Ince	45,000	45,000	45,000	135,000
Mr Warren Gibson	0	72,000	72,000	144,000
Mr Steven Stamboultgis	45,000	45,000	45,000	135,000
Executives' Options	90,000	162,000	162,000	414,000

The Options were allotted on 11 May 2006 being the date the Company's securities were first listed on ASX. The first vesting date for options (Series 1 options) was 11 May 2007 and will expire on 10 May 2008. As at the date of this report, 72,000 options have been exercised.

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 55%)
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 (including the directors of subsidiary companies).

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

Under its Constitution, the Company 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 director's 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.

Shareholder Information

Disclosures required or recommended by the Listing Rules & Corporations Act

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 the date of this report, 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	27,421,497	19.21
2	National Nominees Limited	7,896,572	5.54
3	J P Morgan Nominees Australia Limited	6,437,755	4.52
4	AMP Life Limited	5,931,508	4.16
5	Instanz Nominees Pty Ltd	5,600,000	3.93
6	Tayco Investments Pty Ltd	4,425,001	3.11
7	Fifty-Ninth Shackle Pty Ltd	4,395,862	3.09
8	ANZ Nominees Limited	4,299,011	3.02
9	UCAN Nominees Pty Ltd	3,375,000	2.37
10	Patche oak Pty Ltd	3,323,500	2.33
11	HSBC Custody Nominees	3,226,200	2.26
12	Ornato Investments Pty Ltd	3,216,850	2.26
13	Peter Thomas and Carla Govers	2,460,600	1.73
14	Citicorp Nominees Pty Ltd	1,961,077	1.38
15	Donald William Stammer	1,956,500	1.37
16	Mrs Karen Louise Bovingdon	1,932,404	1.36
17	Professional Practice Advisors	1,920,000	1.35
18	Rangeworthy Pty Ltd	1,456,500	1.02
19	AVICO Pty Ltd	1,318,984	0.93
20	Mr David Anthony Harris and Mrs Robyn Fiona Harris	1,296,960	0.91

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	No of Ordinary Securities
Mr Arthur Naoumidis and Mrs Kathryn Naoumidis	27,421,497
Kinetic Investment Partners Limited	7,762,894

Details of Securities on Issue

There are 142,384,607 ordinary shares on issue in the capital of the company at the date of this report.

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 pages 20–21, of this report.

The following table shows the number of holders of each class of equity securities as at the date of this report and how those holdings are distributed:

Ordinary Shares	
1-1000	48
1,001 – 5,000	222
5,001 – 10,000	256
10,001 – 100,000	620
100,001 and over	89
Total number of holders of ordinary shares	1235

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 13 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:

44,973,878 11 May 2008

Unquoted Securities

The only unquoted securities in the capital of the Company currently on issue are the restricted securities and the options referred to above. All of the options that are unquoted securities were issued or acquired under an employee incentive scheme. The ordinary shares that are unquoted (because they are restricted securities) are founders shares.

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 page 26 of this document.

Environmental Issues

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

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.

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. The Australian auditor is William Buck whilst the UK auditor is Mazars LLP. Non audit services have been provided in the form of income tax compliance. Non audit services of approximately \$74,000 have been provided by the Group's Parent Entity audit firm for income tax compliance and similarly approximately \$73,000 have been provided by the Group's subsidiary's audit firm for UK income tax compliance.

Signed in accordance with a resolution of Directors.



Arthur Naoumidis
Director
28 August 2007

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 28 to 64, 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 2007 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) Praemium Portfolio Services Ltd (UK) and SMARt Operator Limited (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 28 August 2007

Corporate Governance Statement

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's generally because the Company's Board does not consider that the practices are appropriate for the Company due to the size of its operations.

Last year the Company provided in its annual report a comprehensive statement of its approach to corporate governance. A copy of that report remains available on the company's website. It explains how the Company seeks to achieve the best practice principles set out in the ASX Guidelines as they were at that time.

This year the Company has elected to restrict reporting to an explanation of the changes that it has made to its corporate governance process since the date of its 2006 Annual Report and were the Company does not meet the principles set out in the ASX Guidelines, explains why it does not.

The Corporate Governance Statement set out below 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.

During the 2007 Financial Year the company appointed a board for the good governance of its UK subsidiary group. Like the Company Board, that board also comprises a majority of non executive directors.

The boards of the two companies liaise closely with each other. Mr Arthur

Naoumidis, Praemium's Group CEO, is a member of both boards and Ms Cathryn Nolan (who is a director and secretary of Praemium Limited) serves as one of its Company Secretaries to ensure continued communications between the two boards.

There have been no significant changes to the way in which the Company complies with this principle since its 2006 report.

Principle 2 – Structure the Board to add value

Directors' 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.

Principle 8 – Encourage Enhanced Performance

In accordance with the plan reported in 2006, the Board conducts an evaluation of its performance annually. The evaluation for the 2007 year was conducted internally. The Board's performance was measured against both qualitative and quantitative indicators. The objective of this evaluation was 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.

Principle 9 – Remunerate fairly and responsibly

The Company's approach to remuneration and this principle is set out in its Remuneration Report on page 17–21.

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. Nominations are discussed by the board as a whole. The Board will, however, revisit that decision from time to time as the Company continues to grow.

Financial Report

For the financial year ended 30 June 2007

Market Activity - Volume - Total Market

Code	Change	%	Value	Volume
MCS	0.092	0.018	149,431,017	19,019,425
BRO	0.094	-0.003		540,195
QAN	5.230	0.000		243,273,894
BLY	2.100	0.000		7,971,214
ZYL	0.073	0.000		2,615,271
ETC	0.073	0.000		2,804,012
ICP	0.064	0.000		1,200,371
ILF	1.350	-0.010		26,219,586
BHP	31.770	-0.160		541,837,234
TLS	4.880	-0.050		81,481,161
OSH	3.860	0.060		62,755,304
MPO	1.415	0.000		23,237,828
	1.900	0.025		29,026,215
	3.050	-0.050		46,738,469
	0.025	0.000		344,270
	0.005	-2.941		

Income Statements

For the Year Ended 30 June 2007

	Note	Economic Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	3	4,980,705	2,653,456	3,045,052	2,401,374
Other income	4	184,320	185,039	184,320	185,039
Employee costs		(9,320,985)	(2,579,508)	(3,958,656)	(1,946,780)
Depreciation, amortisation and impairments	5	(331,080)	(78,979)	(205,370)	(78,672)
Legal, professional, advertising and insurance expense		(2,915,039)	(605,252)	(471,428)	(474,010)
Commissions expense		(193,963)	(177,210)	1,833	(161,219)
Travel expenses		(659,602)	(172,110)	(101,660)	(115,006)
IT support expenses		(330,239)	(67,312)	(206,842)	(66,490)
Occupancy costs		(610,050)	(121,363)	(77,219)	(88,753)
Net foreign exchange (losses)/gains		(272,993)	147,624	(669,839)	141,846
Telecommunication costs		(244,837)	(78,476)	(105,013)	(62,252)
Other expenses		(313,199)	(95,579)	(111,247)	(87,105)
Finance costs	5	(985)	(4,467)	(663)	(4,467)
Profit before income tax expense		(10,027,947)	(994,137)	(2,676,732)	(356,495)
Income tax expense	6	-	-	-	-
Profit attributable to members of the parent entity		(10,027,947)	(994,137)	(2,676,732)	(356,495)
Basic earnings/(loss) per share (cents per share)	25	(0.075)	(0.011)		
Diluted earnings/(loss) per share (cents per share)	25	(0.074)	(0.011)		

The accompanying notes form part of these financial statements.

Balance Sheets

For the Year Ended 30 June 2007

	Note	Economic Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Current assets					
Cash and cash equivalents	7	16,763,182	17,063,834	14,391,327	16,816,772
Trade and other receivables	8	1,844,801	716,494	376,434	370,766
Total current assets		18,607,983	17,780,328	14,767,761	17,187,538
Non current assets					
Financial assets	9	385,557	359,470	388,947	362,860
Property, plant and equipment	10	2,124,099	424,371	1,022,396	411,093
Intangible assets	11	11,658	14,376	11,658	14,376
Other receivables	12	-	-	11,558,680	972,454
Total non current assets		2,521,314	798,217	12,981,681	1,760,783
TOTAL ASSETS		21,129,297	18,578,545	27,749,442	18,948,321
Current liabilities					
Trade and other payables	13	2,078,098	753,886	789,121	483,454
Provisions	14	343,627	66,240	166,364	52,651
Total current liabilities		2,421,725	820,126	955,485	536,105
Non current liabilities					
Provisions	14	19,617	10,260	15,816	8,579
Total non current liabilities		19,617	10,260	15,816	8,579
TOTAL LIABILITIES		2,441,342	830,386	971,301	544,684
NET ASSETS		18,687,955	17,748,159	26,778,141	18,403,637
EQUITY					
Share capital	15	30,306,672	19,923,967	30,306,672	19,923,967
Reserves	16	616,862	31,824	718,191	49,660
(Accumulated losses)		(12,235,579)	(2,207,632)	(4,246,722)	(1,569,990)
TOTAL EQUITY		18,687,955	17,748,159	26,778,141	18,403,637

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2007

Parent Equity	Ordinary Shares \$	Retained Earnings \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	19,923,967	(1,569,990)	5,778	43,882	-	18,403,637
Changes						
Equity raising costs	(551,423)	-	-	-	-	(551,423)
Exchange differences on translation of foreign operations	-	-	(5,778)	-	-	(5,778)
Net income recognised directly in equity	(551,423)	-	(5,778)	-	-	(557,201)
Loss attributable to members of the parent entity	-	(2,676,732)	-	-	-	(2,676,732)
Recognised income and expense for the year	(551,423)	(2,676,732)	(5,778)	-	-	(3,233,933)
Issue of shares	10,934,128	-	-	-	-	10,934,128
Revaluation arising from available-for-sale financial assets	-	-	-	-	54,791	54,791
Option expense	-	-	-	619,518	-	619,518
Sub total	10,934,127	-	-	619,518	54,791	11,608,437
Equity as at 30 June 2007	30,306,672	(4,246,722)	-	663,400	54,791	26,778,141

Parent Entity 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					
Equity raising costs	(1,931,080)	-	-	-	(1,931,080)
Exchange differences on translation of foreign operations	-	-	5,778	-	5,778
Net income recognised directly in equity	(1,931,080)	-	5,778	-	(1,925,302)
Loss attributable to members of the parent entity	-	(356,495)	-	-	(356,495)
Recognised income and expense for the year	(1,931,080)	(356,495)	5,778	-	(2,281,797)
Issue of shares	20,257,085	-	-	-	20,257,085
Option expense	-	-	-	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

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year Ended 30 June 2007

Economic Equity	Ordinary Shares \$	Retained Earnings \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Revaluation Reserve \$	Total \$
Equity as at beginning of period	19,923,967	(2,207,632)	(12,058)	43,882	-	17,748,159
Equity raising costs	(551,423)	-	-	-	-	(551,423)
Exchange differences on translation of foreign operations	-	-	(89,271)	-	-	(89,271)
Net income recognised directly in equity	(551,423)	-	(89,271)	-	-	(640,694)
Loss attributable to members of the parent entity	-	(10,027,947)	-	-	-	(10,027,947)
Recognised income and expense for the year	(551,423)	(10,027,947)	(89,271)	-	-	(10,668,641)
Issue of shares	10,934,128	-	-	-	-	10,934,128
Revaluation arising from available-for-sale financial assets	-	-	-	-	54,791	54,791
Option expense	-	-	-	619,518	-	619,518
Sub total	10,934,128	-	-	619,518	54,791	11,608,437
Equity as at 30 June 2007	30,306,672	(12,235,579)	(101,329)	663,400	54,791	18,687,955

Parent Entity 2006	Foreign Currency Ordinary Shares \$	Retained Earnings \$	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
Equity raising costs	(1,931,080)	-	-	-	(1,931,080)
Exchange differences on translation of foreign operations	-	-	(12,058)	-	(12,058)
Net income recognised directly in equity	(1,931,080)	-	(12,058)	-	(1,943,138)
Loss attributable to members of the parent entity	-	(994,137)	-	-	(994,137)
Recognised income and expense for the year	(1,931,080)	(994,137)	(12,058)	-	(2,937,275)
Issue of shares	20,257,085	-	-	-	20,257,085
Option expense	-	-	-	43,882	43,882
Sub total	20,257,085	-	-	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 Statements

For the Year Ended 30 June 2007

	Note	Economic Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash from operating activities:					
Receipts from customers		4,025,785	2,399,478	250,899	2,520,031
Payments to suppliers and employees		(12,666,074)	(3,349,351)	(3,530,590)	(2,747,633)
Interest received		712,974	164,720	700,814	163,424
Borrowing costs paid		(985)	(4,467)	(663)	(4,467)
Net cash (used by) /provided from operating activities	23	(7,928,300)	(789,620)	(2,579,540)	(68,645)
Cash flows from investing activities:					
Dividends received		9,804	7,538	9,804	7,538
Payments for property, plant and equipment		(2,079,751)	(320,358)	(847,856)	(306,773)
Acquisition of other investments		-	(359,470)	-	(362,860)
Proceeds from disposal of property, plant and equipment		2,000	-	2,000	-
Proceeds from disposal of other investments		31,170	-	31,170	-
Loans to related parties – payments made		-	-	(8,319,762)	(972,454)
Net cash used in investing activities		(2,036,777)	(672,290)	(9,124,644)	(1,634,549)
Cash flows from financing activities:					
Proceeds from the issue of share capital		10,500,001	20,135,170	10,500,001	20,135,170
Share issue transaction costs		(551,423)	(1,931,080)	(551,423)	(1,931,080)
Net cash provided by financing activities		9,948,578	18,204,090	9,948,578	18,204,090
Net cash increase (decreases) in cash and cash equivalents		(16,499)	16,742,180	(1,755,606)	16,500,896
Cash and cash equivalents at beginning of year		17,063,834	174,030	16,816,772	174,030
Effect of exchange rates on cash holdings in foreign currencies		(284,153)	147,624	(669,839)	141,846
Cash and cash equivalents at end of year	7(a)	16,763,182	17,063,834	14,391,327	16,816,772

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2007

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.

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. Compliance with AIFRS ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRS).

(i) Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of available for sale financial assets, financial

assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

The accounting policies set out below have been consistently applied to all years presented, except as noted above.

(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 2007 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 21 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.

(d) Segment reporting

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

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

(e) 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.

Property plant and equipment is measured initially at cost. Cost includes all directly

attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs

(ii) Depreciation

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

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

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

Class of Fixed Asset:
Plant, Furniture and equipment

Depreciation Rate:
10%-20%

Method:
Straight line

Class of Fixed Asset:
Computer equipment

Depreciation Rate:
10%-20%

Method:
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 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.

(f) 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 less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated

future cash flows discounted at the effective interest rate computed at initial recognition. Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables are generally due for settlement within 30 days.

(ii) Cash and cash equivalents

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

(iii) Financial liabilities and equity

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

(iv) Bank borrowings

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

(v) Trade payables

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

(vi) Equity instruments

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

(vii) Fair value

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

(viii) Available for sale financial assets

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

Available for sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in fair value are

recognised directly in equity in an available for sale assets revaluation reserve.

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

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

(ix) Shares in controlled entities

Shares in controlled entities are measured at cost less, where applicable, any impairment losses.

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

(g) 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 are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern

of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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

(ii) Licences

Licences are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. The useful life of licences are 5 years.

(h) Impairment of assets

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.

(i) 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.

(j) 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.

(k) 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.

(l) 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 head entity within the tax consolidated group for the purposes of tax consolidation is Praemium Ltd.

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

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

(m) 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.

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

(n) Revenue recognition

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

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

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

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

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

(o) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Group entities

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

- assets and liabilities are translated at year end exchange rates prevailing at the balance sheet date; and
- income and expenses are translated at the rate on the date of the transaction, or an average exchange rate for the period (if the average approximates the actual rate for that period).

Retained Earnings are translated at the respective historical exchange rate.

Exchange differences arising on translation of Group entities from a different functional currency are recognised directly in a foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the entity is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the spot rate on balance sheet

date. Non monetary items measured at historical cost are not retranslated. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

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

(p) Contributed equity

Ordinary shares are classified as equity.

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

(q) Dividends

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

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company,

excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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

(s) 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 of 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.

(t) Comparatives

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

(u) Accounting standards and interpretations issued but not yet effective and not yet adopted

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2007. They may impact the economic entity in the period of initial application. They are available for early adoption, but have not been applied in preparing this financial report:

AASB 7: Financial Instruments: Disclosures (August 2005)

AASB 7 replaces the disclosure requirements of financial instruments in AASB 132: Financial Instruments: Disclosure and Presentation and is applicable to annual reporting periods commencing on or after 1 January 2007. Application will not affect any of the amounts recognised in the financial report, but will require significant additional disclosures in relation to financial instruments.

AASB 2005-10: Amendments to Australian Accounting Standards (September 2005)

AASB 2005-10 makes consequential amendments to AASB 132 and nine other standards arising from the release of AASB 7 and is applicable to annual reporting periods commencing on or after 1 January

2007. Application will not affect any of the amounts recognised in the financial report, but may affect some disclosures.

AASB 101: Presentation of Financial Statements (October 2006)

The revised version of AASB 101 results from an AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. It is applicable for annual reporting periods commencing on or after 1 January 2007. Application is not expected to affect any of the amounts recognised in the financial report, but may affect some disclosures.

AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (April 2007)

AASB 2007-4 makes amendments to 34 standards as a result of a AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. It is applicable to annual reporting periods commencing on or after 1 July 2007. Application is not expected to affect any of the amounts recognised in the financial report, but may affect some disclosures.

AASB 8: Operating Segments (February 2007) and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (February 2007)

AASB 8 replaces the disclosure requirements of segment reporting in AASB 114: Segment Reporting.

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

AASB 2007-3 makes consequential amendments to 10 other standards as a result of the adoption of AASB 8. These standards are applicable to annual reporting periods commencing on or after 1 January 2009. Application will not affect any of the amounts recognised in the financial report, but will require disclosures in relation to operating segments instead of business and geographical segments.

(v) Critical Accounting Estimates and Judgements

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

2 Financial Risk Management

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

The Group does not have any derivative instruments.

Financial risks

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

Interest rate risk

The Group has significant interest-bearing assets which are exposed to changes in interest rates.

Foreign currency risk

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

Liquidity risk

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

Credit risk

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

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

3 Revenue

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Revenue from:				
– sales of services	4,249,865	2,481,198	1,984,507	2,230,412
– interest income from other party	712,974	164,720	700,814	163,424
– interest income from Related Party	-	-	341,865	-
– dividend income	17,866	7,538	17,866	7,538
Total Revenue	4,980,705	2,653,456	3,045,052	2,401,374

4 Other Income

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Research and development tax concession	68,443	159,114	68,443	159,114
Grants received	111,410	25,925	111,410	25,925
Gain on disposal of unit trust	2,467	-	2,467	-
Gain on disposal of Property Plant and Equipment	2,000	-	2,000	-
	184,320	185,039	184,320	185,039

5 Profit from Activities

(a) Expenses

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Finance costs	985	4,467	663	4,467
Superannuation expense	449,097	168,715	198,460	138,392
Net foreign exchange (losses)/gains	(272,993)	147,624	(669,839)	141,846
Movement in provisions				
Depreciation and amortisation	331,080	78,979	205,370	78,672
Employee entitlements	286,744	79,500	120,950	17,650
Net expense resulting in movement in provisions	617,824	158,479	326,320	96,322

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

6 Income Tax Expense

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

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Profit/(loss)	(10,027,947)	(994,137)	(2,676,732)	(356,495)
Prima facie tax income on loss before income tax at 30% (2006: 30%)	(3,008,384)	(298,241)	(803,020)	(106,949)
Add:				
Tax effect of:				
Non allowable deductions	37,216	4,594	14,453	4,130
Director and employee option expense	185,855	13,165	185,855	13,165
	(2,785,313)	(280,482)	(602,712)	(89,654)
Current year tax losses not brought to account	2,450,878	192,537	379,642	42,609
Current year temporary differences not brought to account	334,435	87,945	223,070	47,045
Income Tax Expense	-	-	-	-

(b) Deferred tax assets not brought to account

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Unused tax losses	3,191,693	472,811	1,174,579	387,994
Deductible temporary differences	921,178	572,057	772,258	532,712
	4,112,871	1,044,868	1,946,837	920,706

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		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Unused tax losses	264,815	115,865	264,815	115,865
Deductible temporary differences	479,936	463,459	479,936	463,459
	744,751	579,324	744,751	579,324

7 Cash and Cash Equivalents

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash on hand	2,373	714	376	714
Bank balances	10,001,941	10,920,493	7,632,083	10,673,431
Cash on Term Deposit	6,758,868	6,142,627	6,758,868	6,142,627
	16,763,182	17,063,834	14,391,327	16,816,772

Bank balances include a cash management account held in Australia which bears a weighted average effective interest rate of 5.89% (2006: 5.66%), and deposits on call held in Australia and denominated in GBP, which bears a weighted average effective interest rate of 4.77% (2006: 4.27%). Cash on Term Deposit relates to GBP which matures on a monthly rolling basis. The value of \$6,758,868 includes \$669,839 of unrealised foreign exchange loss. See Note 26 Financial Instruments disclosure for further details.

Cash on hand is non interest bearing.

(a) Reconciliation of Cash

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	16,763,182	17,063,834	14,391,327	16,816,772
	16,763,182	17,063,834	14,391,327	16,816,772

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

8 Trade and Other Receivables

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Trade receivables	857,470	444,625	-	67,846
Provision for impairment of receivables	(5,000)	(10,000)	-	(5,000)
	852,470	434,625	-	62,846
Prepayments	452,793	213,536	162,896	185,511
Deposits receivable	417,711	33,158	23,762	23,762
Goods and Service Tax (receivable)	112,890	20,388	114,778	83,420
Other receivables	8,937	14,787	74,998	15,227
	992,331	281,869	376,434	307,920
	1,844,801	716,494	376,434	370,766

9 Financial Assets

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Available for sale financial assets	385,557	359,470	385,557	359,470
Shares in controlled entities	-	-	3,390	3,390
	385,557	359,470	388,947	362,860

(a) Available for sale Financial Assets Comprise

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Unlisted investments				
Units in unit trusts	385,557	359,470	385,557	359,470
Total available for sale financial assets	385,557	359,470	385,557	359,470

10 Property, Plant and Equipment

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Furniture and equipment at cost	623,727	119,546	177,316	119,546
Accumulated depreciation	(81,143)	(27,621)	(44,375)	(27,621)
Total furniture and equipment	542,584	91,925	132,941	91,925
Computer equipment at cost	1,967,840	455,694	1,197,691	442,109
Accumulated depreciation	(386,325)	(123,248)	(308,236)	(122,941)
Total computer equipment	1,581,515	332,446	889,455	319,168
Total property, plant and equipment	2,124,099	424,371	1,022,396	411,093

30 June 2007

	Economic Entity		
	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2006	91,925	319,168	411,093
Additions	59,649	787,604	847,252
Disposals	(1,878)	(32,022)	(33,900)
Depreciation expense	(16,754)	(185,295)	(202,049)
Balance at 30 June 2007	132,941	889,455	1,022,396

30 June 2006

	Economic Entity		
	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2005	33,891	163,477	197,368
Additions	65,600	225,069	290,669
Depreciation expense	(7,566)	(69,378)	(76,944)
Balance at 30 June 2006	91,925	319,168	411,093

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

10 Property plant and equipment continued

30 June 2007	Economic Entity		
	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2006	91,925	332,446	424,371
Additions	520,240	1,558,907	2,079,147
Disposals	(16,059)	(46,761)	(62,820)
Depreciation expense	(55,647)	(272,112)	(327,759)
Exchange differences	2,125	9,035	11,160
Balance at 30 June 2007	542,584	1,581,515	2,124,099

30 June 2006	Economic Entity		
	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2005	-	-	-
Additions	65,600	238,654	304,254
Additions through business combinations	53,946	217,040	270,986
Depreciation expense	(7,566)	(69,685)	(77,251)
Transfers through business combinations	(20,055)	(53,563)	(73,618)
Balance at 30 June 2006	91,925	332,446	424,371

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	
	2007 \$	2006 \$	2007 \$	2006 \$
Licenses	-	-	-	-
Cost	15,761	15,157	15,761	15,157
Accumulated amortisation and impairment	(4,766)	(1,633)	(4,766)	(1,633)
Net carrying amount	10,995	13,524	10,995	13,524
Other intangible assets	947	947	947	947
Accumulated amortisation	(284)	(95)	(284)	(95)
Net carrying value	663	852	663	852
Total Intangibles	11,658	14,376	11,658	14,376

(b) Detailed table – current and prior years

	Economic and Parental Entities		
	Licenses \$	Other intangible assets \$	Total \$
Cost			
Balance at the beginning of year	15,157	947	16,104
Additions	604	-	604
Balance at 30 June 2007	15,761	947	16,708
Amortisation and impairment losses			
Balance at the beginning of year	(1,633)	(95)	(1,728)
Amortisation	(3,133)	(189)	(3,322)
Balance at 30 June 2007	(4,766)	(284)	(5,050)
Carrying amount			
At 1 July 2006	13,524	852	14,376
At 30 June 2007	10,995	663	11,658

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

12 Other Receivables – Non Current

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Amounts receivable from wholly owned subsidiaries				
Praemium Australia Pty Ltd	-	-	3,730,702	677,264
Praemium Ltd (UK)	-	-	7,822,076	295,190
Praemium Portfolio Services Ltd (UK)	-	-	5,902	-
	-	-	11,558,680	972,454

13 Trade and Other Payables

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Unsecured liabilities				
Trade payables	674,975	193,969	156,741	153,313
Accrued expenses	1,002,103	231,425	444,503	118,111
Other payables	365,360	328,492	187,877	212,030
Unearned income	35,660	-	-	-
	2,078,098	753,886	789,121	483,454

14 Provisions

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Current				
Employee entitlements	343,627	66,240	166,364	52,651
	343,627	66,240	166,364	52,651
Non-current				
Employee entitlements	19,617	10,260	15,816	8,579
	19,617	10,260	15,816	8,579

15 Issued Capital

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
142,384,607 (2006: 131,665,850) fully paid ordinary shares	30,306,672	19,923,967	30,306,672	19,923,967
	30,306,672	19,923,967	30,306,672	19,923,967

(a) Movement in ordinary share capital:

Date	Details	Number of Shares	Issue Price \$	Total \$
30 June 2006	Balance	131,665,850	-	19,923,967
1 July 2006	Costs associated with May 2006 equity raising	-	-	(9,748)
22 September 2006	Costs associated with May 2006 equity raising	-	-	(16,675)
31 March 2007	Employee share bonus issue	83,334	0.72	60,000
31 March 2007	Employee share bonus issue	465,472	0.53603	249,506
31 March 2007	Employee share bonus issue	92,973	0.66976	62,270
31 March 2007	Employee share bonus issue	76,977	0.81	62,351
17 May 2007	Costs associated with private placement	-	-	(525,000)
17 May 2007	Shares raised in private placement	10,000,001	1.05	10,500,001
30 June 2007	Balance	142,384,607	-	30,306,672

16 Reserves

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Reserves				
Available-for-sale financial assets revaluation reserve	54,791	-	54,791	-
Foreign currency translation reserve	(101,329)	(12,058)	-	5,778
Option reserve	663,400	43,882	663,400	43,882
Total	616,862	31,824	718,191	49,660

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

16 Reserves (cont.)

(b) Nature and purpose of reserves

	Parent Equity			
	Foreign currency translation reserve \$	Option reserve \$	Revaluation reserve \$	Total Equity \$
Balance at 1 July 2006	5,778	43,882	-	49,660
Revaluation of available-for-sale financial assets	-	-	54,791	54,791
Foreign currency exchange difference on consolidation	(5,778)	-	-	(5,778)
Option expense	-	619,518	-	619,518
Balance at 30 June 2007	-	663,400	54,791	718,191
	Economic Equity			
	Foreign currency translation reserve \$	Option reserve \$	Revaluation reserve \$	Total Equity \$
Balance at 1 July 2006	(12,058)	43,882	-	31,824
Revaluation arising from available-for-sale financial assets	-	-	54,791	54,791
Foreign currency exchange difference on consolidation	(89,271)	-	-	(89,271)
Option expense	-	619,518	-	619,518
Balance at 30 June 2007	(101,329)	663,400	54,791	616,862

16 Reserves continued

(b) Nature and purpose of reserves continued

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 (o). The reserve is recognised in profit and loss when the net investment is disposed of.

Option Reserve

The option reserve records the fair value of options issued.

Revaluation Reserve

The revaluation reserve records the revaluation of available-for-sale financial assets.

17 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

Malcolm Lindsay Taylor
Non Executive Director

Christine Silcox
Executive Director and Operations
Manager

Donald William Stammer
Non Executive Director

Other Parent Entity Key Management Personnel:

Cathryn Nolan
Company Secretary and
General Counsel

Phillip Ince
Chief Technical Officer

Warren Gibson
National Marketing and
Sales Manager

Steven Stamboultgis
Chief Financial Officer

UK Entity other key Management Personnel:

Pete Burtonshaw
UK Managing Director
(appointed on 16 June 2006)

All Parent Entity key management personnel listed above were employed by Praemium Limited, with the exception of Warren Gibson who is employed by Praemium Australia Pty Ltd. Key Management Personnel for the UK are employed by Praemium Ltd (UK).

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

17 Key Management Personnel Disclosures (cont.)

(b) Key management personnel compensation

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Short term employee benefits	1,949,236	745,420	1,203,237	636,430
Post employment benefits	144,252	73,627	100,786	62,378
Share-based payments	843,670	157,482	561,208	137,352
	2,937,158	976,529	1,865,231	836,160

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 2006	Granted as Compensation	Options Exercised	Balance 30 June 2007
Directors				
Robert John Edgley	405,000	0	0	405,000
Malcolm Lindsay Taylor	405,000	0	0	405,000
Christine Silcox	297,000	0	0	297,000
Donald William Stammer	486,000	0	0	486,000
Other key Management Personnel				
Cathryn Nolan	216,000	0	0	216,000
Phillip Ince	135,000	0	0	135,000
Warren Gibson	216,000	0	0	216,000
Steven Stamboultgis	135,000	0	0	135,000
	2,295,000	0	0	2,295,000

No options are vested at the end of the year.

17 Key Management Personnel Disclosures (cont.)

(d) Shareholdings directly and indirectly beneficially held

	Balance 1 July 2006	Received as Compensation	Other changes during the year	Balance 30 June 2007
Parent Entity Directors				
Arthur Naoumidis	27,367,497	-	-	27,367,497
Malcolm Lindsay Taylor	4,425,001	-	-	4,425,001
Donald William Stammer	1,750,000	-	100,000	1,850,000
Robert John Edgley	1,456,500	-	-	1,456,500
Christine Silcox	1,694,000	-	15,000	1,709,000
Other key management personnel – Australia				
Cathryn Nolan	267,500	-	-	267,500
Phillip Ince	1,000,000	-	-	1,000,000
Warren Gibson	1,175,000	-	(25,000)	1,150,000
Steven Stamboultgis	306,500	-	35,328	341,828
Other key management personnel – UK				
Pete Burtonshaw ¹		465,472	513,568	979,040
	39,441,998	465,472	638,896	40,546,366

No options are vested at the end of the year.

¹ Pete Burtonshaw is also an Executive Director of Praemium Ltd (UK).

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

18 Auditors' Remuneration

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Remuneration of the auditors of the economic entity for:				
– Audit and review of financial reports	40,000	21,818	40,000	21,818
– Independent Accountant's Report for Prospectus	-	35,000	-	35,000
– Taxation services	74,330	12,000	74,330	12,000
	114,330	68,818	114,330	68,818
Remuneration paid to other auditors of the subsidiaries				
– Audit and review of financial reports	28,235	-	-	-
– Taxation services	72,941	-	-	-
	101,176	-	-	-

19 Capital and Leasing Commitments

(a) Capital expenditure commitments

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Capital expenditure commitments contracted for:				
Property, plant and equipment	100,000	119,626	100,000	119,626
	100,000	119,626	100,000	119,626
Payable:				
– between 12 months and 5 years	100,000	119,626	100,000	119,626
	100,000	119,626	100,000	119,626

(b) Operating lease commitments

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

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Payable – minimum lease payments				
Not later than 12 months	554,505	104,107	164,877	104,107
Between 12 months and 5 years	3,052,448	950,732	643,650	950,732
	3,606,953	1,054,839	808,527	1,054,839

Operating lease commitments relate to rental commitments for premises in Melbourne Sydney, Brisbane, Adelaide and London.

Operating leases have the following terms:

Location	Lease Term	Option Term	Interest Rate Average Implicit
Sydney	5 years	n/a	3.5%
Melbourne	6 years	5 years	4%
Brisbane	5 years	3 years	4%
Adelaide	Month to month	n/a	Market rack rates
London	5 years	5 years	Market rack rates

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

20 Segment Reporting

The group operated in two geographic areas during the year, Australia and the United Kingdom.

	Australia	United Kingdom	Economic Entity
	2007 \$	2007 \$	2007 \$
REVENUE			
Revenue from external customers:			
Revenue – external customers	4,980,705	-	4,980,705
Total revenue from external customers	4,980,705	-	4,980,705
Other income	184,320	-	184,320
Total revenue	5,165,025	-	5,165,025
RESULT			
Net profit for the year	(3,433,914)	(6,594,033)	(10,027,947)
ASSETS			
Segment assets	19,040,485	2,088,812	21,129,297
Total assets	19,040,485	2,088,812	21,129,297
LIABILITIES			
Segment liabilities	1,541,112	900,230	2,441,342
Total liabilities	1,541,112	900,230	2,441,342
Depreciation and amortisation expense	(231,673)	(99,407)	(331,080)

20 Segment Reporting (cont.)

	Australia	United Kingdom	Economic Entity
	2006 \$	2006 \$	2006 \$
REVENUE			
Revenue from external customers:			
Revenue – external customers	2,653,456	-	2,653,456
Total revenue from external customers	2,653,456	-	2,653,456
Other income	185,039	-	185,039
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	785,004	45,382	830,386
Total liabilities	785,004	45,382	830,386
Depreciation and amortisation expense	(78,979)	-	(78,979)

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

21 Controlled Entities and Related Party Transactions

Name	Country of incorporation	Percentage Owned	
		2007	2006
Parent Entity:			
Praemium Limited	Australia	100%	100%
Subsidiaries of parent entity:			
Praemium Australia Pty Ltd	Australia	100%	100%
Praemium Limited	United Kingdom	100%	100%
Praemium Portfolio Services Ltd	United Kingdom	100%	100%
Smart Operator Ltd	United Kingdom	100%	0%
		Parent Entity	
		2007	2006
Aggregate amount of transactions with subsidiaries:			
Loans to subsidiaries		10,256,521	971,158
Interest received from subsidiaries		329,705	1,296
Outstanding balances at year end with subsidiaries:			
Current receivables		11,558,680	972,454

22 Events After the Balance Sheet Date

(a) The financial report was authorised for issue on 28 August 2007 by the board of directors.

23 Cash Flow Information

(a) Reconciliation of cash flow from operations with profit after income tax

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Net income/loss for the period	(10,027,947)	(994,137)	(2,676,732)	(356,495)
Dividend income received	(17,866)	(7,538)	(17,866)	(7,538)
Non cash flows in profit from ordinary activities				
– Amortisation	3,321	1,728	3,321	1,728
– Depreciation	327,759	77,251	202,049	76,944
– Option expense	619,518	43,882	619,518	43,882
– Unrealised foreign exchange loss/(gain)	183,722	(159,682)	664,061	(136,068)
– Costs associated with acquiring reseller rights	-	121,915	-	121,915
Gain on disposal of unit trust	(2,467)	-	(2,467)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and other receivables	(1,014,903)	(447,724)	(2,198,811)	(38,965)
Increase/(decrease) in trade payables and accruals	1,713,819	541,765	706,437	208,302
Increase/(decrease) in employee provisions	286,744	32,920	120,950	17,650
	(7,928,300)	(789,620)	(2,579,540)	(68,645)

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

24 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 55%)

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 and parent entity – 2007

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		765,000				765,000	765,000
	10 May 2009		765,000				765,000	0
	10 May 2010		765,000				765,000	0
			2,295,000				2,295,000	765,000
Weighted average exercise price			\$0.633				\$0.633	\$0.633

Economic 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			765,000			765,000	765,000
	10 May 2009			765,000			765,000	0
	10 May 2010			765,000			765,000	0
				2,295,000			2,295,000	765,000
Weighted average exercise price				\$0.633			\$0.633	\$0.633

The weighted average remaining contractual life of options outstanding at the end of the year was 2 years (2006: 3 years).

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

24 Share based Payments (continued)

Fair value of options granted

The assessed fair value at grant date of options granted during the year was \$0.633 (2006: \$0.023). The fair value at grant date is independently determined using a Black-Scholes 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: 28.90%;
- option life factored into the model: 1, 2 and 3 years
- expected dividend yield: 0%
- risk-free interest rate: 6.49%.

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.

(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	
	2007 \$	2006 \$	2007 \$	2006 \$
Options issued under employee option plan	619,518	43,882	619,518	43,882
Shares issued as employee bonus	434,127	-	434,127	-
	1,053,645	43,882	1,053,645	43,882

25 Earnings per Share

(a) Reconciliation of earnings to profit or loss

	Economic Entity	
	2007 \$	2006 \$
Profit/(loss)	(10,027,947)	(994,137)
Earnings used to calculate basic EPS	(10,027,947)	(994,137)
Earnings used in calculation of dilutive EPS	(10,027,947)	(994,137)

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

	Economic Entity	
	2007 \$	2006 \$
Weighted average number of ordinary shares outstanding during the year:		
No. used in calculating basic EPS	133,079,893	89,404,160
Weighted average number of options outstanding	2,295,000	320,671
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	135,374,893	89,724,831

Notes to the Financial Statements (cont.)

For the Year Ended 30 June 2007

26 Financial Instruments

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Financial assets								
Cash denominated in \$AUD	5.89%	5.66%	10,004,314	10,921,207	-	-	10,004,314	10,921,207
Cash denominated in \$GBP converted balance date ¹	4.77%	4.27%	7,428,707	6,000,781	-	-	7,428,707	6,000,781
Add unrealised foreign exchange gain/(loss) on GBP ²			(669,839)	141,846	-	-	(669,839)	141,846
Receivables					852,470	434,625	852,470	434,625
Total financial assets			16,763,182	17,063,834	852,470	434,625	17,615,652	17,498,459
Financial liabilities								
Trade & sundry creditors			-	-	674,975	193,968	674,975	193,968
Interest bearing liabilities			-	-	-	-	-	-
Total financial liabilities			-	-	674,975	193,968	674,975	193,968

1 GBP interest rate.

2 Unrealised foreign exchange gain/(loss) on GBP denominated balance brought to account in the profit and loss.

GBP is held on a term deposit, rolling monthly.



Auditor's Independence declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Praemium Ltd:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck
Chartered Accountants

Brad Taylor
Partner

Dated this 28th day of August 2007.
Melbourne, Australia.

Independent auditor's report to members of Praemium Limited

Report on the Financial Report

We have audited the accompanying financial report of Praemium Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading Remuneration Report in the Directors' report and not in the financial report. We have audited the remuneration disclosures in the Remuneration Report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are responsible for the remuneration disclosures contained in the Directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors on the same date as this auditor's report.

Auditor's Opinion on the financial report

In our opinion:

- a) the financial report of Praemium Limited is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of company and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures in the Remuneration Report contained within the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.



William Buck
Chartered Accountants



Brad Taylor
Partner

Dated this 28th day of August 2007.
Melbourne, Australia.

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