

Bravura Solutions Limited
ASX half-year results for the period ended 31 December 2009

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2009 Annual report

For the half-year ended 31 December 2009
(Previous corresponding period: Half-year ended 31 December 2008)

Results for announcement to the market
31 December 2009

				\$'000
Revenue from ordinary activities	down	27.40 %	to	52,962
Profit / (loss) from ordinary activities after tax attributable to members	down	265.70 %	to	(4,386)
Net profit / (loss) for the period attributable to members	down	265.70 %	to	(4,386)

This half-year financial report does not include all the notes generally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by the company during the half-year reporting period in accordance with the continuous disclosure requirements of ASX Listing Rules.

Dividends

No dividends were paid or declared during the half-year ended 31 December 2009 (2008: nil).

Comments

The consolidated entity net loss after tax for the half-year ended 31 December 2009 was \$4.386 million (2008: net profit \$2.647 million). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$6.032 million (2008: \$11.026 million).

NTA backing

	2009 December	2008 December
Net tangible asset backing per ordinary security:	(5.98) cents	(34.09) cents

Loss of control over entities

Control gained or lost over entities during the year: None

Dividends / distributions

	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

Dividend reinvestment plans

The following dividend or distribution plans are in operation: None

The last date(s) for receipt of election notices for the dividend or distribution plans: None

Details of associates and joint venture entities

None

Foreign entities

Origin of accounting standards for foreign entities used in compiling the report: None

Audit qualification or review

The accounts were subject to a review by the auditors and the review report is attached.

Attachments

The Report for the half-year ended 31 December 2009 for Bravura Solutions Limited is attached.

Signed:

C Nicholls

Christine Nicholls
Company Secretary
Sydney

Date: 22 February 2010

Bravura Solutions Limited

ABN 15 111 148 826

Financial statements for the half-year ended 31 December 2009

Bravura Solutions Limited ABN 15 111 148 826

Financial statements - for the half-year ended 31 December 2009

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These financial statements cover Bravura Solutions Limited as a consolidated entity consisting of Bravura Solutions Limited and its subsidiaries it controlled for the half-year ended 31 December 2009. The financial report is presented in Australian dollars.

Bravura Solutions Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Bravura Solutions Limited
Level 2
345 George Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report.

The financial report was authorised for issue by the directors on 22 February 2010.

Directors' report

The directors present their report on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Bravura Solutions Limited ("Bravura") and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

Directors

The following persons were directors of Bravura during the whole of the financial half-year and up to the date of this report:

Iain M Dunstan
Simon K Woodfull
Trevor Perry

Matthew McLellan and Neil Broekhuizen were appointed as directors on 8 September 2009 and continue in office at the date of this report.

Christopher J Ryan was director from the beginning of the financial year until his resignation on 28 September 2009.

Brian Mitchell was appointed as director on 16 December 2009 and continues in office at the date of this report.

Principal activities

During the half-year the principal continuing activities of the consolidated entity consisted of the provision of professional consulting services and the development, licensing and maintenance of highly specialised administration and management applications for the financial services industry.

Review of operations

The consolidated entity net loss after tax for the half year ended 31 December 2009 was \$4.386 million (2008: net profit \$2.647 million). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$6.032 million (2008: \$11.026 million).

Non-renounceable rights issue

Bravura issued and allotted a total of 103,254,303 new shares to those shareholders who participated in the rights issue. Bravura also completed the underwriting agreement between Bravura and wholly owned or affiliated subsidiaries of Ironbridge Fund II, a fund that is managed or advised by Ironbridge Capital Pty Ltd (Underwriter). As part of completion, Bravura issued and allotted a total of 119,669,303 new shares to the Underwriter.

Therefore, on completion of the Underwriting Agreement, the total number of new shares issued was 222,953,606. This is 13 more shares than the 222,953,593 shares, the subject of the Appendix 3B application lodged by Bravura with ASX on 27 July 2009 at the time the rights issue was first announced. This discrepancy is attributable to the rounding of entitlements of participating shareholders.

Bravura has now successfully raised A\$33.4 million (before expenses) under the Rights Issue. The net proceeds were applied to reducing Bravura's Working Capital obligations with its lender, BOS International (Australia) Limited.

Bravura has also issued 86,666,667 unquoted options to the Underwriter, as part of the overall Recapitalisation Proposal approved by Bravura shareholders on 24 July 2009 (Underwriter Options). These options are exercisable at \$0.15 per option from 7 September 2009 for the next two years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

Bravura is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

Ernst and Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Simon Kenneth Woodfull
Director

Melbourne

Date: 22 February 2010



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Auditor's Independence Declaration to the Directors of Bravura Solutions Limited

In relation to our review of the financial report of Bravura Solutions Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.


Ernst & Young


E A Lang
Partner
22 February 2010

Bravura Solutions Limited
Statement of comprehensive income
For the half-year ended 31 December 2009

	Notes	Half-year Consolidated	
		31 December 2009 \$'000	31 December 2008 \$'000
Revenue from continuing operations	3	53,123	73,933
Other income	4	1,483	4,199
Employee benefits expense	5	(29,770)	(41,832)
Depreciation and amortisation expense		(5,184)	(4,310)
Travel and entertainment costs		(1,422)	(2,061)
Occupancy costs		(2,529)	(2,420)
Telecommunications costs	5	(6,260)	(7,045)
Research and development	5	(4,262)	(5,002)
Fair value loss on derivatives		(3,349)	(5,112)
Other expenses	5	(2,710)	(4,681)
Finance costs	5	(1,412)	(2,605)
(Loss)/profit before income tax expense		<u>(2,292)</u>	3,064
Income tax expense		<u>(2,094)</u>	(417)
(Loss)/profit after income tax expense attributable to members of Bravura		<u>(4,386)</u>	<u>2,647</u>
Other comprehensive income			
Exchange differences on translation of foreign operations		<u>(2,520)</u>	(11)
Total comprehensive income for the half-year		<u>(6,906)</u>	<u>2,636</u>
		Cents	Cents
Basic earnings per share		(1.26)	1.70
Diluted earnings per share		(1.26)	1.70

As a result of the rights issue, the number of ordinary shares outstanding increased, thereby the calculation of the basic and diluted earnings per share has been adjusted retrospectively.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Statement of financial position
As at 31 December 2009

	Consolidated	
	31 December	30 June
	2009	2009
Notes	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	5,548	4,037
Trade and other receivables	34,385	40,485
Other current assets	1,937	2,925
Total current assets	41,870	47,447
Non-current assets		
Receivables	4,639	5,957
Other financial assets	45	43
Property, plant and equipment	9,598	10,844
Deferred tax assets	7,772	6,856
Intangible assets	130,871	136,949
11	152,925	160,649
Total non-current assets	152,925	160,649
Total assets	194,795	208,096
LIABILITIES		
Current liabilities		
Trade and other payables	5,850	8,620
Borrowings	14,175	23,959
6	1,066	7,991
Derivative financial instruments	3,134	3,713
Current tax liabilities	4,284	4,694
Provisions	24,099	25,132
7	52,608	74,109
Other current liabilities	52,608	74,109
Total current liabilities	52,608	74,109
Non-current liabilities		
Borrowings	23,481	28,756
8	5,720	5,586
Deferred tax liabilities	1,636	1,775
Provisions	258	8,645
Other non-current liabilities	31,095	44,762
Total non-current liabilities	31,095	44,762
Total liabilities	83,703	118,871
Net assets	111,092	89,225
EQUITY		
Contributed equity	108,448	85,533
9	2,156	(1,182)
Reserves	488	4,874
Retained profits	111,092	89,225
Total equity	111,092	89,225

The above statement of financial position should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Statement of changes in equity
For the half-year ended 31 December 2009

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2008		85,533	(1,321)	3,236	87,448
Total comprehensive income for the half-year		-	(11)	2,647	2,636
Transactions with owners in their capacity as owners:					
Share based payments		-	540	-	540
Balance at 31 December 2008		<u>85,533</u>	<u>(792)</u>	<u>5,883</u>	<u>90,624</u>
Balance at 1 July 2009		85,533	(1,182)	4,874	89,225
Total comprehensive income for the half-year		-	(2,520)	(4,386)	(6,906)
Transactions with owners in their capacity as owners:					
Contributions of equity	9	33,443	-	-	33,443
Share issue costs, net of tax	9	(10,528)	-	-	(10,528)
Share based payments	9	-	5,858	-	5,858
Balance at 31 December 2009		<u>108,448</u>	<u>2,156</u>	<u>488</u>	<u>111,092</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Cash flow statement
For the half-year ended 31 December 2009

	Half-year Consolidated	
	31 December 2009 \$'000	31 December 2008 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	63,276	89,288
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(54,701)</u>	<u>(73,457)</u>
	8,575	15,831
Interest received	53	982
Interest paid	(955)	(2,684)
Income taxes paid	<u>(706)</u>	<u>(1,132)</u>
Net cash inflow from operating activities	<u>6,967</u>	<u>12,997</u>
Cash flows from investing activities		
Payment for acquisitions	(7,967)	(15,076)
Payments for property, plant and equipment	(1,686)	(1,150)
Payments for intangibles	<u>(716)</u>	<u>-</u>
Net cash outflow from investing activities	<u>(10,369)</u>	<u>(16,226)</u>
Cash flows from financing activities		
Proceeds from issues of shares	33,443	-
Proceeds from borrowings	13,664	10,990
Payments for derivative financial instrument	(10,361)	-
Payment of share issue costs	(6,525)	-
Repayment of borrowings	<u>(25,195)</u>	<u>(774)</u>
Net cash inflow from financing activities	<u>5,026</u>	<u>10,216</u>
Net increase in cash and cash equivalents	1,624	6,987
Cash and cash equivalents at the beginning of the half-year	4,037	2,717
Effects of exchange rate changes on cash and cash equivalents	<u>(113)</u>	<u>53</u>
Cash and cash equivalents at end of the half-year	<u>5,548</u>	<u>9,757</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

(a) Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes generally included in an annual financial report and therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Bravura Solutions Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period, except as set out below:

Bravura Solutions Limited has changed some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* AASB 2009-2
- Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)
- AASB 2008-8 *Amendment to IAS 39 Amendment to Australian Accounting Standards - Eligible Hedged Items* (effective from 1 July 2009)
- AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments* (effective from 1 January 2009)

Segment reporting

AASB 8 results in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The consolidated entity adopted AASB 8 from 1 July 2009. Management has concluded that the segments previously reported were in a manner consistent with the internal reporting provided to the chief operating decision-maker therefore, there has been no change in the segmental disclosures as a result of the adoption of this standard.

Presentation of financial statements

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. As the entity has not made a prior period adjustment or has reclassified items in the financial statements, it will not need to disclose a third balance sheet (statement of financial position) at the beginning of the comparative period. The consolidated entity has applied the revised standard from 1 July 2009.

Eligible hedged items

AASB 2008-8 amending AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The consolidated entity has applied the amended standard from 1 July 2009. It has not had a material impact on the consolidated entity's financial statements.

1 Summary of significant accounting policies (continued)

Improving Disclosures about Financial Instruments

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosure* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The consolidated entity has applied the amendments from 1 July 2009 but they have not affected any of the amounts recognised in the financial statements.

(b) Going concern

The consolidated entity has net current liabilities of \$10.738 million (30 June 2009: \$26.662 million). The \$10.738 million of net current liabilities includes \$12.000 million of deferred revenue for maintenance contracts billed annually in advance. Furthermore, the directors have noted a reduction of \$15.924 million in net current liabilities since 30 June 2009.

The directors are of the opinion that the improved EBITDA margins excluding licence fees and continued solid operating cash flows achieved in the 6 months ended 31 December 2009 will continue to provide sufficient cash flows to support the consolidated entity. The directors are therefore confident the consolidated entity will be able to meet its debts as they fall due. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2009 reporting periods. The consolidated entity has not adopted these new standards and interpretations and it is not expected that their adoption will have a material impact on future financial statements.

2 Segment information

Half-year
2009

	APAC \$'000	EMEA \$'000	Consolidated \$'000
Maintenance revenue	6,791	16,661	23,452
Professional services revenue	9,755	13,908	23,663
Licence fee revenue	569	4,968	5,537
Other sales revenue	301	9	310
Total sales revenue	<u>17,416</u>	<u>35,546</u>	<u>52,962</u>
Other revenue	2,107	(463)	1,644
Total segment revenue	<u>19,523</u>	<u>35,083</u>	<u>54,606</u>
Trading EBITDA (segment result)	<u>3,057</u>	<u>10,460</u>	<u>13,517</u>
Reconciliation to loss before income tax:			
Research and development			(4,262)
Corporate costs			<u>(3,223)</u>
Group EBITDA			6,032
Interest income			161
Foreign exchange gains (net)			1,421
Other income			62
Depreciation and amortisation expense			(5,184)
Fair value loss on derivatives			(3,349)
Finance costs			(1,411)
Other expenses (corporate transaction costs)			<u>(24)</u>
Loss before income tax expense			(2,292)
Income tax expense			<u>(2,094)</u>
Loss after income tax expense			<u>(4,386)</u>
Segment assets	<u>119,693</u>	<u>67,328</u>	<u>187,021</u>
Unallocated assets			7,774
Total assets			<u>194,795</u>
Segment liabilities	<u>20,707</u>	<u>16,247</u>	<u>36,954</u>
Unallocated liabilities			46,749
Total liabilities			<u>83,703</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	990	1,486	2,476
Total acquisitions	<u>990</u>	<u>1,486</u>	<u>2,476</u>
Depreciation and amortisation expense	2,930	2,254	5,184
Total depreciation and amortisation	<u>2,930</u>	<u>2,254</u>	<u>5,184</u>

2 Segment information (continued)

Half-year 2008	APAC \$'000	EMEA \$'000	Consolidated \$'000
Maintenance revenue	6,935	15,547	22,482
Professional services revenue	13,228	17,720	30,948
Licence fee revenue	1,984	17,176	19,160
Other sales revenue	361	-	361
Total sales revenue	<u>22,508</u>	<u>50,443</u>	<u>72,951</u>
Other revenue	<u>3,931</u>	<u>1,250</u>	<u>5,181</u>
Total segment revenue	<u>26,439</u>	<u>51,693</u>	<u>78,132</u>
Trading EBITDA (segment result)	<u>6,211</u>	<u>13,565</u>	<u>19,776</u>
Reconciliation to loss before income tax:			
Research and development			(5,002)
Corporate costs			<u>(3,748)</u>
Group EBITDA			11,026
Interest income			982
Foreign exchange gains (net)			4,199
Depreciation and amortisation expense			(4,310)
Fair value loss on derivatives			(5,304)
Finance costs			(2,605)
Other expenses (corporate transaction costs)			<u>(924)</u>
Profit before income tax			3,064
Income tax expense			<u>(417)</u>
Profit after income tax expense			<u>2,647</u>
Segment assets	<u>123,847</u>	<u>81,878</u>	205,725
Unallocated assets			6,455
Total assets			<u>212,180</u>
Segment liabilities	<u>41,860</u>	<u>19,310</u>	61,170
Unallocated liabilities			60,385
Total liabilities			<u>121,555</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	<u>267</u>	<u>31,833</u>	<u>32,100</u>
Total acquisitions			<u>32,100</u>
Depreciation and amortisation expense	<u>2,959</u>	<u>1,351</u>	<u>4,310</u>
Total depreciation and amortisation			<u>4,310</u>

3 Revenue

	Half-year Consolidated	
	31 December 2009 \$'000	31 December 2008 \$'000
<i>Sales revenue</i>		
Maintenance income	23,452	22,482
Professional services income	23,663	30,948
Licence fees	5,537	19,160
Other revenue	310	361
	<u>52,962</u>	<u>72,951</u>
 <i>Other revenue</i>		
Interest received	161	982
	<u>161</u>	<u>982</u>
	<u>53,123</u>	<u>73,933</u>

4 Other income

	Half-year Consolidated	
	31 December 2009 \$'000	31 December 2008 \$'000
Foreign exchange gains (net)	1,421	4,199
Other income	62	-
	<u>1,483</u>	<u>4,199</u>

5 Profit for the half-year

	Half-year Consolidated	
	31 December 2009 \$'000	31 December 2008 \$'000
Profit before income tax includes the following specific expenses:		
<i>Telecommunication costs</i>		
Telecommunication and computer costs	6,260	4,869
Non-recurring data centre migration costs	-	2,176
Total telecommunication costs	<u>6,260</u>	<u>7,045</u>
 <i>Finance costs</i>		
Interest and finance charges paid/payable	1,186	2,605
Non cash interest on deferred consideration	142	-
Borrowing costs and other	84	-
Finance costs expensed	<u>1,412</u>	<u>2,605</u>

5 Profit for the half-year (continued)

	Half-year Consolidated	
	31 December 2009	31 December 2008
	\$'000	\$'000
<i>Employee benefits expense</i>		
Wages and salaries	23,843	35,389
Termination payments	907	1,776
Share based payments	338	540
Defined contribution superannuation expense	3,185	4,194
Other employee related costs	1,497	(67)
Total employee benefits	<u>29,770</u>	<u>41,832</u>
 <i>Research and development</i>		
External consultants	154	840
R&D internal and external charges	4,108	4,162
Total research and development	<u>4,262</u>	<u>5,002</u>
 <i>Other expenses</i>		
Printing and stationery costs	901	1,120
Marketing and conference costs	599	476
Corporate transaction costs	914	-
Bad and doubtful debts	-	509
Other	296	2,576
Total other expenses	<u>2,710</u>	<u>4,681</u>

6 Current liabilities - Borrowings

	Consolidated	
	31 December 2009	30 June 2009
	\$'000	\$'000
Secured		
Bank loans	14,060	23,959
Unsecured		
Other loans	115	-
Total current borrowings	<u>14,175</u>	<u>23,959</u>

See note 8 for further information.

7 Current liabilities - Other current liabilities

	Consolidated	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Accrued expenses	4,753	5,301
Deferred maintenance and service revenue	12,000	11,310
Deferred settlement - Bravura Solutions Polska Sp. Z OO	7,346	8,521
	<u>24,099</u>	<u>25,132</u>

(a) Deferred settlement - Bravura Solutions Polska Sp. Z OO

Deferred settlement - Bravura Solutions Polska Sp. Z OO represents the present value of the remaining purchase consideration. The future payments do not have any performance conditions attached.

8 Non-current liabilities - Borrowings

	Consolidated	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Secured		
Bank loans	<u>23,481</u>	<u>28,756</u>

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Bank loans	<u>37,541</u>	<u>52,715</u>

The bank loans are secured by a deed of charge and mortgage over Bravura and certain wholly-owned subsidiaries.

8 Non-current liabilities - Borrowings (continued)

	Consolidated	
	31 December	30 June
	2009	2009
Notes	\$'000	\$'000
Current		
<i>Floating charge</i>		
Cash and cash equivalents	5,548	-
Receivables	34,385	-
Other current assets	1,937	-
Total current assets pledged as security	41,870	-
<i>Floating charge</i>		
Receivables - non-current	4,639	-
Other financial assets	45	-
Plant and equipment	9,598	-
Total assets pledged as security	56,152	-

(b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Bank loan facilities		
Total facilities	42,002	56,055
Used at balance date	39,590	53,396
Unused at balance date	2,412	2,659

The bank loans as at 31 December 2009 stated in the balance sheet included capitalised borrowing costs of \$1.547 million (June 2009: \$681,000) which were offset in the balance sheet but not in the table above to reflect the amount used at balance date.

The financing arrangements impose certain covenants on the consolidated entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. The financial covenants that must be met are as follows:

- The interest cover ratio of the consolidated entity must not be less than 2.25:1;
- The leverage ratio (debt/adjusted EBITA) of the consolidated entity must not be greater than 5:1; and
- The net assets of the consolidated entity must not be less than A\$65 million.

There were no breaches of banking covenants during the financial period.

9 Contributed equity

	Consolidated entity		Consolidated entity	
	31 December 2009	30 June 2009	31 December 2009	30 June 2009
	Shares	Shares	\$'000	\$'000
(a) Share capital				
Ordinary shares				
Fully paid	<u>364,962,264</u>	<u>142,008,658</u>	<u>108,448</u>	<u>85,533</u>

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$'000
1 July 2009	Opening balance	142,008,658	85,533
1 September 2009	Share issue	103,254,303	15,488
7 September 2009	Share issue	119,699,303	17,955
	Transaction costs incurred (options)	-	(5,521)
	Transaction costs incurred (cash)	-	(7,153)
	Deferred tax recognised in respect of transaction costs incurred (cash)	-	2,146
31 December 2009	Balance	<u>364,962,264</u>	<u>108,448</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up Bravura in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

(d) Fair value of options issued

Bravura issued 86,666,667 unquoted options to the underwriter, as part of the overall Recapitalisation Proposal approved by Bravura shareholders on 24 July 2009 (Underwriter options). These options have been valued using the Black-Scholes model and the following assumptions:

Dividend Yield: 0.00%

Expected Volatility: 60.00%

Risk-free interest rate: 4.28%

Expected term: 2 years

Stock Price: \$0.16

Option exercise price: \$0.15

10 Contingencies

Contingent liabilities

The consolidated entity had contingent liabilities at 31 December 2009 in respect of:

Bank guarantees

Guarantees given in respect of bank overdrafts amounting to \$2,371,100 (30 June 2009: \$1,866,000) for the consolidated entity, secured by registered mortgages over the freehold properties of the subsidiaries.

11 Impairment of non-current assets

Goodwill

The consolidated entity and the company are required to review at each reporting date both internal and external indicators of impairment. Based on this review two indicators of impairment were noted:

- Net asset value above market capitalization; and
- Net loss after tax of \$4.386 million for the half year ended 31 December 2009

Management note there are a number of mitigating factors to these indicators, however management have undertaken an impairment test for goodwill at 31 December 2009. Based on the test performed no impairment has been recognised in the half year financial statements.

(a) Allocation of goodwill to CGU's

Goodwill acquired through business combinations has been allocated to cash generating units (CGU's) for impairment testing. The cash generating units have been identified as:

- Asia and Pacific ("APAC") which includes Australia, New Zealand and Asia; and
- Europe, Middle East and Africa ("EMEA") which currently comprises Europe, Middle East and Africa.

The recoverable amounts of both CGU's have been determined using a value in use calculation. The value in use of each CGU has been based on detailed financial projections approved by senior management covering a five year period.

The discount rate applied to APAC cash flow projections is 19.26% pre-tax (30 June 2009: 18.8% pre-tax) and the discount rate applied to EMEA cash flow projections is 16.2% pre-tax (30 June 2009: 16.2% pre-tax). The terminal value is calculated at the end of the five year period using a 2.5% (2008: 4.0%) growth rate. This is below the long-term average growth rate for the software market sector, however it is considered to be the prudent approach.

Carrying amount of goodwill allocated to each of the cash generating units is as follows:

	APAC \$'000	EMEA \$'000	Total \$'000
31 December 2009	17,454	51,402	68,856
30 June 2009	17,376	53,334	70,710

(b) Key assumptions used for value-in-use calculations

The following describes each key assumption on which cash flow projections are based to undertake impairment testing for goodwill.

Revenue projections are based on detailed plans for 2010 and growth projections based on the key drivers in the current business, including an assessment of:

- Contracted maintenance and support services – estimated based on recurring revenue from current contracts with existing clients;
- Revenues for professional services to existing clients – estimated after considering the levels of revenue currently being achieved and known projects;
- Uncontracted forecast revenue which is management's estimate of forecast revenue and is based on current sales opportunities and the average level of BAU revenues achieved; and
- Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2010 year. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

Discount rates applied reflect management's estimate of the time value of money and the risks specific to each goodwill amount. In determining appropriate discount rates regard has been given to Bravura's weighted average cost of capital.

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount of each cash generating unit is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount. Sensitivity analysis has been performed on all key assumptions with no impairment noted under all scenarios.

11 Impairment of non-current assets (continued)

(c) Disclosure error in 30 June 2008 Goodwill CGU allocation

Goodwill relating to the Rufus acquisition amounting to \$17.646 million was incorrectly allocated to the APAC CGU as at 30 June 2008 and included as a comparative in the 30 June 2009 financial statements.

The following table illustrates the adjustment required to correct the 30 June 2008 CGU goodwill classification for the consolidated entity:

	30 June 2008 Initial \$'000	Adjustment \$'000	30 June 2008 Final \$'000
APAC	34,940	(17,646)	17,294
EMEA	<u>21,359</u>	<u>17,646</u>	<u>39,005</u>
	<u>56,299</u>	<u>-</u>	<u>56,299</u>

No impairment is noted for the APAC or EMEA CGU goodwill under either classification.

12 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the Company or economic entity, the results of those operations or the state of affairs of the consolidated entity or economic entity in subsequent financial years.

13 Cash flow statement note

The payment for acquisitions in the 31 December 2009 and 2008 cash flow statement relates to the following acquisitions:

	Half-year Consolidated	
	31 December 2009 \$'000	31 December 2008 \$'000
Garradin Pty Limited	-	1,249
Rufus software	-	7,341
Forum Financial Group (Poland)	7,892	6,411
Bravura eCommerce Solutions Pty Limited	<u>75</u>	<u>75</u>
	<u>7,967</u>	<u>15,076</u>

**Bravura Solutions Limited
Directors' declaration
31 December 2009**

In accordance with a resolution of the directors of Bravura Solutions Limited, I state that:

In the directors' opinion:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and of the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Simon Kenneth Woodfull
Director

Melbourne
Date: 22 February 2010



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To the members of Bravura Solutions Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bravura Solutions Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bravura Solutions Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the half-year financial report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bravura Solutions Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

E A Lang
Partner
Sydney
22 February 2010