

## **Appendix 4E**

### **Preliminary Final Report**

### **Year ended 30 June 2009**

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## Appendix 4E

### Preliminary Final Report

**Name of entity:** BRAVURA Solutions Limited

**ABN:** 15 111 148 826

**Reporting period:** Year ended 30 June 2009

**Previous corresponding period:** Year ended 30 June 2008

#### Results for announcement to the market

<b>Results</b>		\$'000
Sales revenues	Down 2%	To \$133,538
Profit from ordinary activities after tax attributable to members	Steady	At \$1,638
Profit for the period attributable to members	Steady	At \$1,638

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Current period</b>		
Final dividend declared		
Interim dividend paid		
<b>Previous corresponding period</b>		
Final dividend paid	0.9 cents	0.9 cents

**Appendix 4E - Bravura Solutions Limited  
Preliminary final report**

**Dividend declared**

No dividend declared

**Dividend reinvestment plan**

Bravura Solutions Limited does not have a dividend reinvestment plan.

**Brief explanation of the figures reported above**

Refer to the attached Appendix 4E – Supplementary commentary for commentary on the year's results.

<b>Net tangible assets per security</b>	<b>Current period</b>	<b>Previous period</b>
Net tangible asset backing per ordinary security	(34.50) cents	(18.89) cents

**Control gained over entities having a material effect**

Refer to note 36 of the notes to the financial report for detail.

**Loss of control of entities having a material effect**

Nil

**Details of associates and joint venture entities**

Nil

**Appendix 4E - Bravura Solutions Limited  
Preliminary final report**

**Comments by directors**

Refer to the attached Financial Report (Directors' Report – Review of Operations section), for commentary on the year's results.

**Compliance Statement**

This report is based on financial statements which have been audited.

Signed:



Christine Nicholls  
Company Secretary

Date: 26 August 2009

# **Bravura Solutions Limited**

ABN 15 111 148 826

## **Financial report for the year ended 30 June 2009**

**Bravura Solutions Limited** ABN 15 111 148 826  
**Financial report - 30 June 2009**

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**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 year ended 30 June 2009.

**Directors**

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

Christopher J Ryan  
 Iain M Dunstan  
 Simon K Woodfull

Trevor Perry was appointed as director on 11 March 2009 and continues in office at the date of this report.

James MacKenzie, Elana Rubin and John Loebenstein were directors from the beginning of the financial year until their resignations on 21 November 2008.

**Principal activities**

During the 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.

**Dividends - Bravura**

Dividends paid to members during the financial year were as follows:

	2009 \$'000	2008 \$'000
Final ordinary dividend for the year ended 30 June 2008 of 0 cents (2007 - 0.9 cents) per fully paid share paid (2008 - 16 October 2007)	-	1,278
Interim ordinary dividend for the year ended 30 June 2009 of 0 cents (2008 - 0.6 cents) per fully paid share paid (2008 - 3 April 2008)	-	852
	-	2,130

**Review of operations**

The profit for the consolidated entity after providing for income tax for year ended 30 June 2009 amounted to \$1,638,000 (2008: \$1,568,000).

Bravura acquired Forum Financial Group Polska Sp. Z OO (renamed as "Bravura Solutions Polska Sp. Z OO") on 15 December 2008, a European transfer agency business based in Warsaw, Poland. Bravura Solutions Polska Sp. Z OO contributed revenues of \$4,800,000 and net profit before tax of \$1,200,000 to the consolidated entity for the financial year ended 30 June 2009.

As at 30 June 2009 Bravura employed 568 people (2008: 651 people) staffing 14 offices around Australia, New Zealand, UK, Europe, Asia and South Africa.

Further information is contained in the Chairman's Introduction and Operating Review in the Annual Report.

**Significant changes in the state of affairs**

Other than the acquisition of Bravura Solutions Polska Sp. Z OO, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

Since 30 June 2009 Bravura has completed the Recapitalisation Proposal (announced 18 May 2009) through a non-renounceable Rights Issue raising \$27.7 million, net of transaction costs. The proceeds of the non-renounceable rights issue will be applied to outstanding Bank of Scotland International ("BOSI") borrowings and other derivatives.

No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial year, or
- (b) the results of those operations in future financial year, or
- (c) the consolidated entity's state of affairs in future financial year.

**Likely developments and expected results of operations**

Please refer to the Chairman's Introduction in the Annual Report.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Commonwealth or State law.

**Information on directors**

**Christopher J Ryan BFA, FCA.** *Chairman and Non-executive Director.* Age 48

**Experience and expertise**

Christopher Ryan is a Fellow of the Institute of Chartered Accountants in Australia and CEO of Investorlink Corporate Limited, specialising in corporate finance. He has 21 years experience in mergers and acquisitions, including capital and debt raisings, IPOs and trade sales.

**Other current directorships**

None

**Former directorships in last 3 years**

None

**Special responsibilities**

Chairman, Member of the Remuneration and Nominations Committee, Member of Audit, Corporate Governance and Risk Management Committee

**Interests in shares and options**

9,538,306 ordinary shares

**Iain M Dunstan M.Com. Law, MBA, SIA (Aff), MAICD.** *Group CEO and Managing Director.* Age 47

**Experience and expertise**

Iain Dunstan has held senior roles in a number of internationally listed technology companies, including General Manager – Solutions Marketing for Comops Limited and Chief Operating Officer for Concept Systems International Limited. He was previously the Sales & Marketing Director for Mynd Corporation for a number of years before it was acquired by CSC. Iain won the 2007 Ernst & Young Entrepreneur of The Year Award for the Eastern Australian Region in the Technology, Communications, Ecommerce and Life Sciences Category. He is also an associate member of ASFA.

**Other current directorships**

None

**Former directorships in last 3 years**

None

**Special responsibilities**

None

**Interests in shares and options**

28,880,429 ordinary shares

583,922 options

**Simon K Woodfull** *Group CEO and Director – Operations.* Age 40

**Experience and expertise**

Simon Woodfull has more than 17 years experience in the financial services industry, with specific experience in superannuation and wealth management. He headed CSC's wealth management division for five years and prior to that held senior management roles with Policy Management Systems Corporation and Mynd. He has also held other corporate superannuation management roles with RACV Financial Services and Tower Life.

**Other current directorships**

None

**Information on directors (continued)**

**Former directorships in last 3 years**

None

**Special responsibilities**

None

**Interests in shares and options**

14,521,483 ordinary shares

583,922 options

**James MacKenzie B.Bus, FCA, FAICD.** *Non-executive Director.* Age 56 (Resigned 21 November 2008)

**Experience and expertise**

James MacKenzie has extensive board experience gained in the financial sector. A Chartered Accountant by profession, James was a partner in both the Melbourne and Hong Kong offices of an international accounting firm, now part of Deloitte Touche Tohmatsu. He has also previously held the positions of Managing Director, Funds Management and Insurance at the Australia and New Zealand Banking Group Limited, Chief Executive Officer of the then named Norwich Union Australia, and a Director of the prominent funds management companies Paladin Australia, Portfolio Partners and Victorian Funds Management Corporation. James is formerly the Chairman of the Victorian Transport Accident Commission and the Victorian WorkCover Authority and continues on both Boards of Management as a Director.

**Other current directorships**

Chairman of Mirvac Group and a Director of Pacific Brands Limited and Melco Crown Entertainment Limited

**Former directorships in last 3 years**

Former Director of Circadian Technologies Limited, James Fielding Holdings Limited, Medaire Inc., Strategic Pooled Development Limited and Zenyth Therapeutics Limited

**Special responsibilities**

Member of the Remuneration and Nominations Committee (former Chairman); Member of Audit, Corporate Governance and Risk Management Committee

**Interests in shares and options**

611,053 ordinary shares

**Elana Rubin BA (Hons), MA, FAICD, F FIN.** *Non-executive Director.* Age 51 (Resigned 21 November 2008)

**Experience and expertise**

Elana Rubin was previously Executive Director – Investments at The Australian Retirement Fund (ARF), where she oversaw a A\$10 billion investment portfolio. During her tenure, she managed the expansion of the portfolio into new classes and financial products, as well as the establishment of joint ventures with leading market participants. Elana is a Fellow of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.

**Other current directorships**

Chair of Australian Super, Victorian WorkCover Authority and Victorian Rail Track Corporation, as well as director of a number of organisations including Tower Australia Limited and non-executive director of Tower Australia Group Limited

**Former directorships in last 3 years**

Former Director of Hotel Leisure & Tourism Trust Australia

**Special responsibilities**

Chairman of the Audit, Corporate Governance and Risk Management Committee; Member of the Remuneration and Nominations Committee

**Interests in shares and options**

10,416 ordinary shares

**Information on directors (continued)**

**John Loebenstein B.Sc.** *Non-executive Director.* Age 61 (Resigned 21 November 2008)

**Experience and expertise**

John Loebenstein joined Bravura after 12 years at St George Bank, where he held the position of Group Executive for Information Technology. In this role he oversaw key IT projects such as the integration of St George's IT systems with those of Advance Bank and Bank SA (after their merger in 1997). He also managed St George's Y2K, GST and Best Bank projects. During his time with St George Bank, Mr Loebenstein was also Director and subsequently Chairman of Cashcard Limited, where he oversaw the transformation of Cashcard to a highly competitive and performing enterprise. Mr Loebenstein was also a member of the Microsoft Inc (USA) Global Executive Roundtable Board from 1998 to 2001 and most recently, a member of the Novell Inc (USA) Advisory Board from 2005 to 2007. Mr Loebenstein is also a Fellow of the Chartered Institute of Insurers.

**Other current directorships**

None

**Former directorships in last 3 years**

None

**Special responsibilities**

Chairman of the Remuneration and Nominations Committee; Member of the Audit, Corporate Governance and Risk Management Committee

**Interests in shares and options**

None

**Trevor Perry** *Non-executive Director.* Age 71 (Appointed 11 March 2009)

**Experience and expertise**

Trevor Perry previously held a variety of roles at Prudential Assurance over a 30 year period. His latest role at Prudential was as managing director for Australia. He was also responsible for significant and substantial IT system overhauls. Prior to this position, he was the Managing Director of South East Asia for Prudential. Since leaving Prudential Trevor Perry has provided capital for a number of start-up technology companies.

**Other current directorships**

His New Zealand directorships include: IpaaX Holdings Limited, Jellicoe Finance Co Limited, Peri-L Fashions Limited, Carnegie Vision Limited, Zici Limited and others.

**Special responsibilities**

None

**Interests in shares and options**

3,079,481 ordinary shares

**Company Secretary**

**Christine Nicholls B.Ec, LLB.** (Appointed 12 March 2009)

Christine Nicholls has over 12 years of in-house legal experience in industries including predominantly IT, advanced technology and structured finance. Prior to Christine's appointment as Company Secretary she carried out and continues to carry out her duties as delegated by the Board as Head of Legal. Prior to joining Bravura, Christine worked for CSC Australia Pty Limited, a subsidiary of US multinational Computer Science Corporation as in-house legal counsel for Asia Pacific and has held other in-house roles in Australia and Canada. Christine is also an affiliate member of the Chartered Secretaries Australia Limited.

**Jonathan Kenny MBA, Post Grad Dip Fin Mgt, CA, GAICD.** (Resigned 12 March 2009)

Jonathan Kenny has over 20 years of finance experience throughout Asia Pacific in industries including IT, telecommunications, publishing, property development, hospitality and tourism. Prior to this role, Jonathan worked for Marconi as the Finance Director for Asia Pacific and has held various other financial roles with Marconi and other organisations.

**Meetings of directors**

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit, Corporate Governance and Risk Management		Remuneration and Nominations	
	A	B	A	B	A	B
Christopher Ryan	32	33	1	1	1	1
Iain Dunstan*	32	33				
Simon Woodfull*	33	33				
James MacKenzie (Resigned 21 November 2008)	5	7	1	1	1	1
Elana Rubin (Resigned 21 November 2008)	6	7	1	1	1	1
John Loebenstein (Resigned 21 November 2008)	7	7	1	1	1	1
Trevor Perry (Appointed 11 March 2009)*	18	21				

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the relevant committee during the year

\* = Not a member of the relevant committee

**Remuneration report (audited)**

This remuneration report outlines the director and executive remuneration arrangements of Bravura and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of Bravura and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the consolidated entity receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the parent and the consolidated entity.

The remuneration report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

**A Principles used to determine the nature and amount of remuneration**

**Remuneration philosophy**

The performance of Bravura depends upon the quality of its directors and executives. To create value, Bravura must attract, motivate and retain highly skilled directors and executives.

To this end, Bravura embodies the following principles in its remuneration framework:

- Links executive rewards to shareholder value;
- Provides competitive rewards to attract high calibre executives;
- Has a significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establishes appropriate, demanding performance hurdles for variable executive remuneration.

**Remuneration report (audited) (continued)**

**A Principles used to determine the nature and amount of remuneration (continued)**  
**Remunerations and Nominations Committee**

The Board of Directors of Bravura is responsible for determining and reviewing compensation arrangements for the directors and executives. The Board has established a Remuneration and Nominations Committee, comprising non-executive directors.

The role of the Remuneration and Nominations Committee is to:

- Ensure appropriate policies are in place generally for people management and compensation across the business worldwide;
- Ensure incentive schemes are designed to enhance corporate and individual performance;
- Establish retention strategies for executives and senior managers;
- Approve conditions of employment, including remuneration policy and practice, for the executive directors and senior executives;
- Review the composition of the Board and competencies of Board members;
- Ensure appropriate succession planning for Board members, executives and senior managers; and
- Assess Board performance both at the individual level and for the Board as a whole.

The Remuneration and Nominations Committee formally ceased to meet after 21 November 2008. This was due to the resignation of three non-executive directors on 21 November 2008 and the lack of a quorum for this Committee. Until such time as new non-executive directors are appointed, matters that would otherwise be considered by the Remuneration and Nominations Committee have been considered by the Board of Bravura. Once new directors are appointed, the Remuneration and Nominations Committee will be formally reconvened. This is expected to occur before 31 December 2009.

**Remuneration structure**

The structure of non-executive director and executive remuneration is separate and distinct. The structure for each is set out below.

*Non-executive director remuneration*

**Objective:**

The Board seeks to set the aggregate remuneration for non-executive directors at a level which provides Bravura with the ability to attract and retain directors of a high calibre and reflect the demands which are made on, and the responsibilities of, the directors.

**Structure:**

Bravura's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. The current aggregate remuneration of non-executive directors as determined at the Bravura's 2006 Annual General Meeting of shareholders is \$600,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst the non-executive directors will be reviewed and approved annually having regard to market conditions. If considered appropriate, the Board will consider advice from external consultants when undertaking the review process.

<b>Base fees</b>	<b>From 1 July 2008 to 1 July 2009</b>	<b>From 1 July 2007 to 1 July 2008</b>
Chairman	\$150,000	\$150,000
Other non-executive directors	\$75,000	\$75,000

Non-executive directors are encouraged to hold shares in Bravura and can elect to sacrifice their fees for shares in the Non-executive Director Share Plan (NED Plan). Under the NED Plan, a non-executive director may sacrifice up to 100% of the director's annual director's fee in any year. The NED Plan became operational from the first fee payment date following the listing of Bravura on the ASX.

Non-executive directors will not be able to sell or otherwise dispose of shares acquired under the NED Plan until the earliest of 10 years after acquisition, the non-executive director ceasing to be a director of Bravura, a change of control event occurring in relation to Bravura or the non-executive director applying to the Board and the Board determining that any or all restrictions applying to the shares cease.

**Remuneration report (audited) (continued)**

**A Principles used to determine the nature and amount of remuneration (continued)**

Shares under the NED Plan will either be issued by Bravura or be purchased on-market at the prevailing market price of shares. If new shares are issued, it will be at a price equal to the weighted average price of shares on the ASX on the five trading days up to and including the allocation date.

Under ASX Listing Rules, any issue of shares to directors is required to be approved by shareholders.

*Executive director and executive remuneration*

**Objective:**

Bravura aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within Bravura and so as to:

- Reward executives and employees for Bravura, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of Bravura; and
- Ensure total remuneration is competitive by market standards.

The Remuneration and Nominations Committee is responsible for determining and reviewing compensation arrangements for the executive directors and the executive team. The Remuneration and Nominations Committee assesses the appropriateness of the nature and amount of remuneration of such executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team.

The combination of the following key elements make up an executive's total remuneration package:

- Fixed remuneration/base pay; and
- Variable remuneration in the form of:
  - variable pay and short-term incentives; and
  - equity plans and long-term incentives.

Arrangements for fixed and variable remuneration are established for each executive director and executive by the Remuneration and Nominations Committee. The Committee also reviews the overall remuneration strategy for Bravura and its application by executives to all employees.

*Fixed remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration for executive directors and executives is reviewed annually by the Remuneration and Nominations Committee and the process consists of a review of Bravura's business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

All employees, including executive directors and executives, are given the opportunity to receive their fixed (primary) remuneration in a variety of forms, including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue administration costs for Bravura.

*Variable remuneration*

The objective of the short-term incentive program is to link the achievement of the consolidated entity's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the consolidated entity is reasonable in the circumstances.

Actual short-term incentive payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non financial, corporate and individual measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management, and leadership/team contribution. These measures were chosen as they represent the key drivers for short-term success of the business and provide a framework for delivering long-term value.

The aggregate of annual short-term incentives payments available for executives across the consolidated entity is subject to the approval of the Remuneration and Nominations Committee. Payments made are delivered as a cash bonus in the following reporting period.

**Remuneration report (audited) (continued)**

**A Principles used to determine the nature and amount of remuneration (continued)**

No payments were made during the financial year 2009 in relation to the STI program for financial years 2008 and 2009 as budgeted EBITDA targets were not achieved.

During 2009 a discretionary bonus was paid to incentivise and retain certain executives as disclosed in the amounts of remuneration table for 2009. These payments were approved by the Board of Directors.

Bravura prohibits executives from entering into arrangements to protect the value of unvested long-term incentive awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

*Long Term Incentive (LTI)*

Bravura operates an ownership-based scheme for senior employees and executive directors of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares at an exercise price as specified below.

Each employee share option converts into one ordinary share on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to their date of their expiry.

The number of options is based on the level of seniority and other qualitative and quantitative measures as recommended by the Remuneration and Nominations Committee. The options granted expire within five years of their issue.

**B Details of remuneration**

**Amounts of remuneration**

Details of the remuneration of the directors, the key management personnel of the consolidated entity (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Bravura and the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity are the directors of Bravura and the following executives:

- Jonathan Kenny - Company Secretary and Chief Financial Officer (Resigned on 12 March 2009)
- Rebecca Norton - Chief Financial Officer (Appointed on 6 April 2009)
- Tony Klim - Chief Executive Officer, EMEA
- Andrew Chesterton - Chief Operating Officer, Global Transfer Agency
- Nick Parsons - Chief Technology Officer
- Darren Stevens - Global Head of Product

2009	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Salary and fees \$	Bonus \$	Non monetary benefits \$	Super-annuation \$	Long service leave \$	Shares / Options \$	
<i>Non-executive directors</i>							
Christopher Ryan*	210,000	-	-	-	-	-	210,000
James MacKenzie (Resigned 21 November 2008)	38,270	-	-	3,444	-	-	41,714
Elana Rubin (Resigned 21 November 2008)	29,570	-	-	2,661	-	-	32,231
John Loebenstein (Resigned 21 November 2008)	30,770	-	-	2,769	-	-	33,539
Trevor Perry (Appointed 11 March 2009)	21,171	-	-	1,905	-	-	23,076
<i>Executive directors</i>							
Iain Dunstan	544,597	-	39,289	49,014	9,858	131,890	774,648
Simon Woodfull	435,677	-	21,860	39,211	9,466	131,890	638,104
<i>Other key management personnel</i>							
Jonathan Kenny (Resigned 12 March 2009)	229,958	69,145	7,299	24,654	-	36,126	367,182
Rebecca Norton (Appointed 6 April 2009)	74,321	-	2,433	6,689	1,217	-	84,660
Tony Klim	448,108	-	6,485	51,829	-	28,267	534,689
Andrew Chesterton	385,481	-	7,359	30,843	-	48,774	472,457
Nick Parsons	323,933	-	5,637	48,590	-	49,161	427,321
Darren Stevens	310,385	49,050	-	32,349	4,996	35,071	431,851

\* The Board of Directors approved an additional payment of \$60,000 as a result of Ironbridge related time.

**Remuneration report (audited) (continued)**

**B Details of remuneration (continued)**

*Amounts of remuneration (continued)*

Performance related remuneration included as part of total remuneration for the year ended 30 June 2009:

- Iain Dunstan 0%
- Simon Woodfull 0%
- Jonathan Kenny 19%
- Rebecca Norton 0%
- Tony Klim 0%
- Andrew Chesterton 0%
- Nick Parsons 0%
- Darren Stevens 11%

**2008**

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Super-annuation \$	Long service leave \$	Options \$	
<i>Non-executive directors</i>							
Christopher Ryan	150,000	-	-	-	-	-	150,000
James MacKenzie	63,569	-	-	2,747	-	-	66,316
Elana Rubin	80,957	-	-	6,989	-	-	87,946
John Loebenstein	46,515	-	-	4,024	-	-	50,539
<i>Executive directors</i>							
Iain Dunstan	507,633	350,646	32,530	45,582	8,859	77,689	1,022,939
Simon Woodfull	406,106	280,517	16,651	36,465	8,014	77,689	825,442
<i>Other key management personnel</i>							
Jonathan Kenny	266,928	163,214	8,476	23,905	4,822	85,748	553,093
Tony Klim	163,256	-	32,855	12,731	-	14,265	223,107
Andrew Chesterton	402,967	170,331	69,954	30,863	-	78,798	752,913
Nick Parsons	311,855	55,191	51,080	28,751	-	86,383	533,260
Darren Stevens	205,385	65,000	-	18,485	3,545	41,132	333,547

Performance related remuneration included as part of total remuneration for the year ended 30 June 2008:

- Iain Dunstan 34%
- Simon Woodfull 34%
- Jonathan Kenny 30%
- Andrew Chesterton 23%
- Nick Parsons 10%
- Darren Stevens 19%

**Remuneration report (audited) (continued)**

**C Service agreements**

**Executive Director Service Agreement**

Bravura has entered into Executive Director Service Agreements with each of the executive directors, Iain Dunstan and Simon Woodfull. Each agreement is to be renewed at 31 December 2009, with a non-compete provision restraining the executive from competing or being associated with an entity which competes with the business of Bravura for twelve months after termination. The remuneration package of \$528,368 for Iain Dunstan and \$422,694 for Simon Woodfull plus superannuation contributions is for the period from 1 August 2008 to 31 December 2009. In addition to the remuneration package, Iain Dunstan and Simon Woodfull are eligible to participate in any Short Term Incentive Plan (STIP).

The remuneration is reviewed annually. The agreement is subject to termination provisions that provide for twelve months notice of termination by the executive and twelve months notice of termination by Bravura.

**Executive Agreements**

All service agreements for executives other than the executive directors are unlimited in term but may be terminated by written notice from either party or by the employing entity within Bravura making a payment in lieu of notice. The service agreements outline the components of the remuneration paid to executives and require the remuneration of executives to be reviewed annually. The service agreements do not require the employing entity to increase base salary, pay a short-term incentive (excluding profit share), make termination payment or offer a long-term incentive in any given year.

In the event of retrenchment, the executives listed above are entitled to the written notice or payment in lieu of notice as provided in their service agreement. The employment of the executives may be terminated without notice or payment in lieu of notice in some circumstances. Generally, this could occur where the executive:

- is charged with a criminal offence that is capable of bringing the organisation into disrepute;
- is declared bankrupt;
- breaches a provision of their employment agreement;
- is guilty of serious and wilful misconduct; or
- unreasonably fails to comply with any material and lawful direction given by the Company.

All executives are required to agree to a restraint of trade clause post employment to ensure that valuable knowledge and experience is not accessed by competitors through poaching of staff. Some executives are entitled to bonus payments based on performance against key performance indicators.

**D Share-based compensation**

*Issue of shares*

There were no shares issued to key management personnel during the year ended 30 June 2009.

*Options*

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26 Jul 07	15 Jan 08	15 Jan 12	\$1.90	\$0.306
26 Jul 07	15 Jan 09	15 Jan 12	\$1.90	\$0.284
26 Jul 07	15 Jan 10	15 Jan 12	\$1.90	\$0.281
14 Nov 07	15 Jan 08	15 Jan 12	\$1.90	\$0.397
14 Nov 07	15 Jan 09	15 Jan 12	\$1.90	\$0.401
14 Nov 07	15 Jan 10	15 Jan 12	\$1.90	\$0.402
29 Nov 07	30 Nov 10	30 Nov 12	\$1.80	\$0.679
13 Feb 08	15 Jan 09	15 Jan 13	\$1.47	\$0.347
13 Feb 08	15 Jan 10	15 Jan 13	\$1.47	\$0.360
13 Feb 08	15 Jan 11	15 Jan 13	\$1.47	\$0.346
30 Jun 09	30 Jun 10	30 Jun 14	\$0.20	\$0.040
30 Jun 09	30 Jun 11	30 Jun 14	\$0.20	\$0.030
30 Jun 09	30 Jun 12	30 Jun 14	\$0.20	\$0.030

Options granted under the plan carry no dividend or voting rights.

**Remuneration report (audited) (continued)**  
**D Share-based compensation (continued)**

Details of options over ordinary shares in the Company provided as remuneration to each director of Bravura and each of the key management personnel of the parent entity and the consolidated entity are set out below:

Name	Number of options granted during the year		Number of options vested during the year		Number of options lapsed during the year	
	2009	2008	2009	2008	2009	2008
Iain Dunstan	-	583,922	-	-	-	-
Simon Woodfull	-	583,922	-	-	-	-
Jonathan Kenny	-	362,416	120,805	87,374	362,416	-
Rebecca Norton	581,250	-	-	-	-	-
Tony Klim	787,500	166,150	55,384	-	27,692	-
Andrew Chesterton	504,984	480,384	160,128	112,776	80,063	-
Nick Parsons	590,625	509,075	169,692	128,154	84,846	-
Darren Stevens	562,500	241,441	80,480	43,333	61,905	-

Name of director or executive	Grant No.	Exercise price per option	Grant date	Vesting date	Expiry date	Value per option at grant date
<b>Named executives</b>						
Rebecca Norton	193,750	\$0.20	30 Jun 09	30 Jun 10	30 Jun 14	\$0.040
	193,750	\$0.20	30 Jun 09	30 Jun 11	30 Jun 14	\$0.030
	193,750	\$0.20	30 Jun 09	30 Jun 12	30 Jun 14	\$0.030
Total	<u>581,250</u>					
Tony Klim	262,500	\$0.20	30 Jun 09	30 Jun 10	30 Jun 14	\$0.040
	262,500	\$0.20	30 Jun 09	30 Jun 11	30 Jun 14	\$0.030
	262,500	\$0.20	30 Jun 09	30 Jun 12	30 Jun 14	\$0.030
Total	<u>787,500</u>					
Andrew Chesterton	168,328	\$0.20	30 Jun 09	30 Jun 10	30 Jun 14	\$0.040
	168,328	\$0.20	30 Jun 09	30 Jun 11	30 Jun 14	\$0.030
	168,328	\$0.20	30 Jun 09	30 Jun 12	30 Jun 14	\$0.030
Total	<u>504,984</u>					
Nick Parsons	196,875	\$0.20	30 Jun 09	30 Jun 10	30 Jun 14	\$0.040
	196,875	\$0.20	30 Jun 09	30 Jun 11	30 Jun 14	\$0.030
	196,875	\$0.20	30 Jun 09	30 Jun 12	30 Jun 14	\$0.030
Total	<u>590,625</u>					
Darren Stevens	187,500	\$0.20	30 Jun 09	30 Jun 10	30 Jun 14	\$0.040
	187,500	\$0.20	30 Jun 09	30 Jun 11	30 Jun 14	\$0.030
	187,500	\$0.20	30 Jun 09	30 Jun 12	30 Jun 14	\$0.030
Total	<u>562,500</u>					
Totals	<u>3,026,859</u>					

None of these options granted during 2009 have vested at 30 June 2009.

No share options have been exercised during the year by the management personnel. There have been no changes to the terms and conditions of options granted as remuneration to key management personnel since the grant date.

**Shares under option**

Unissued ordinary shares of Bravura under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Issue price of shares</b>	<b>Number under option</b>
26 Jul 07	15 Jan 12	\$1.90	1,118,612
26 Jul 07	15 Jan 12	\$1.90	559,307
26 Jul 07	15 Jan 12	\$1.90	1,118,594
14 Nov 07	15 Jan 12	\$1.90	21,667
14 Nov 07	15 Jan 12	\$1.90	21,667
14 Nov 07	15 Jan 12	\$1.90	43,334
29 Nov 07	30 Nov 12	\$1.80	1,167,844
13 Feb 08	15 Jan 13	\$1.47	257,998
13 Feb 08	15 Jan 13	\$1.47	515,987
13 Feb 08	15 Jan 13	\$1.47	515,988
30 Jun 09	30 Jun 14	\$0.20	1,769,171
30 Jun 09	30 Jun 14	\$0.20	1,769,171
30 Jun 09	30 Jun 14	\$0.20	1,769,171
			10,648,511

**Insurance of officers**

During the financial year, Bravura paid a premium in respect of a contract to insure the directors of Bravura against a liability as such a director to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Proceedings on behalf of Bravura**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Bravura, or to intervene in any proceedings to which Bravura is a party, for the purpose of taking responsibility on behalf of Bravura for all or part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 in the financial report.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 31 in the financial report do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Bravura, acting as advocate for Bravura or jointly sharing economic risks and rewards.

**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 14.

**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.



Iain Maxwell Dunstan

Director

Sydney  
Date 26 August 2009

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

In relation to our audit of the financial report of Bravura Solutions Limited for the financial year ended 30 June 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*

Ernst & Young

*J K Haydon*

J K Haydon  
Partner  
Date: 26 August 2009

**Bravura Solutions Limited** ABN 15 111 148 826  
**Financial report - 30 June 2009**

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**Bravura Solutions Limited**  
**Income statements**  
**For the year ended 30 June 2009**

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Revenue from operating activities</b>	5	<b>135,100</b>	136,246	<b>49,989</b>	53,038
Other income	6	<b>5,374</b>	130	<b>5,178</b>	180
Employee benefits expense		<b>(74,839)</b>	(81,360)	<b>(27,490)</b>	(25,745)
Depreciation and amortisation expense	7	<b>(9,162)</b>	(7,333)	<b>(4,797)</b>	(4,287)
Travel and entertainment costs		<b>(3,824)</b>	(3,942)	<b>(2,153)</b>	(2,357)
Occupancy costs		<b>(5,150)</b>	(5,006)	<b>(1,358)</b>	(1,206)
Telecommunications costs	7	<b>(13,489)</b>	(8,743)	<b>(1,814)</b>	(1,791)
Research and development	7	<b>(11,209)</b>	(12,119)	<b>(6,915)</b>	(9,072)
Fair value loss on derivatives		<b>(6,587)</b>	(1,767)	<b>(5,194)</b>	(1,870)
Other expenses	7	<b>(10,617)</b>	(7,968)	<b>(4,426)</b>	(3,789)
Finance costs	7	<b>(4,926)</b>	(5,338)	<b>(2,856)</b>	(1,822)
<b>Profit/(loss) before income tax benefit/(expense)</b>		<b>671</b>	2,800	<b>(1,836)</b>	1,279
Income tax benefit/(expense)	8	<b>967</b>	(1,232)	<b>1,409</b>	542
<b>Profit/(loss) after income tax benefit/(expense) attributable to members of Bravura</b>		<b>1,638</b>	1,568	<b>(427)</b>	1,821
		<b>Cents</b>	Cents		
Basic earnings per share	39	<b>1.15</b>	1.10		
Diluted earnings per share	39	<b>1.15</b>	1.10		

The above income statements should be read in conjunction with the accompanying notes.

**Bravura Solutions Limited**  
**Balance sheets**  
**As at 30 June 2009**

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	4,037	2,717	848	1,955
Trade and other receivables	10	40,485	40,027	26,479	20,942
Derivative financial instruments	11	-	571	-	298
Other current assets	12	2,925	2,556	1,384	778
<b>Total current assets</b>		<b>47,447</b>	<b>45,871</b>	<b>28,711</b>	<b>23,973</b>
<b>Non-current assets</b>					
Receivables	13	5,957	9,418	3,541	6,669
Other financial assets	14	43	43	74,583	42,455
Property, plant and equipment	15	10,844	12,329	1,131	1,623
Deferred tax assets	16	6,856	4,901	6,916	4,455
Intangible assets	17	136,949	111,206	50,293	51,375
<b>Total non-current assets</b>		<b>160,649</b>	<b>137,897</b>	<b>136,464</b>	<b>106,577</b>
<b>Total assets</b>		<b>208,096</b>	<b>183,768</b>	<b>165,175</b>	<b>130,550</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	18	8,620	14,774	22,452	14,189
Borrowings	19	23,959	1,762	12,666	799
Derivative financial instruments	11	7,991	2,400	7,006	2,400
Provisions	20	4,694	16,733	3,770	5,678
Current tax liabilities	21	3,713	3,841	836	391
Other current liabilities	22	25,132	11,200	13,709	4,930
<b>Total current liabilities</b>		<b>74,109</b>	<b>50,710</b>	<b>60,439</b>	<b>28,387</b>
<b>Non-current liabilities</b>					
Borrowings	23	28,756	40,906	4,726	11,842
Deferred tax liabilities	24	5,586	2,572	2,008	908
Provisions	25	1,775	1,656	1,375	1,280
Other non-current liabilities	26	8,645	476	8,174	-
<b>Total non-current liabilities</b>		<b>44,762</b>	<b>45,610</b>	<b>16,283</b>	<b>14,030</b>
<b>Total liabilities</b>		<b>118,871</b>	<b>96,320</b>	<b>76,722</b>	<b>42,417</b>
<b>Net assets</b>		<b>89,225</b>	<b>87,448</b>	<b>88,453</b>	<b>88,133</b>
<b>EQUITY</b>					
Contributed equity	27	85,533	85,533	85,533	85,533
Reserves	28(a)	(1,182)	(1,321)	2,501	1,754
Retained profits	28(b)	4,874	3,236	419	846
<b>Total equity</b>		<b>89,225</b>	<b>87,448</b>	<b>88,453</b>	<b>88,133</b>

The above balance sheets should be read in conjunction with the accompanying notes.

**Bravura Solutions Limited**  
**Statements of changes in equity**  
**For the year ended 30 June 2009**

<b>Consolidated</b>	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2007		85,565	10	3,798	89,373
Foreign currency translation	28	<u>-</u>	<u>(2,459)</u>	<u>-</u>	<u>(2,459)</u>
Net income recognised in equity		<u>85,565</u>	<u>(2,449)</u>	<u>3,798</u>	<u>86,914</u>
Profit after income tax		<u>-</u>	<u>-</u>	<u>1,568</u>	<u>1,568</u>
Total income and expense for the year		<u>-</u>	<u>-</u>	<u>1,568</u>	<u>1,568</u>
Transactions with owners in their capacity as owners					
Share issue costs, net of tax	27	(32)	-	-	(32)
Dividends paid	29	-	-	(2,130)	(2,130)
Share based payments		<u>-</u>	<u>1,128</u>	<u>-</u>	<u>1,128</u>
		<u>(32)</u>	<u>1,128</u>	<u>(2,130)</u>	<u>(1,034)</u>
<b>Balance at 30 June 2008</b>		<b><u>85,533</u></b>	<b><u>(1,321)</u></b>	<b><u>3,236</u></b>	<b><u>87,448</u></b>
Balance at 1 July 2008		85,533	(1,321)	3,236	87,448
Foreign currency translation		<u>-</u>	<u>(608)</u>	<u>-</u>	<u>(608)</u>
Net income recognised in equity		<u>85,533</u>	<u>(1,929)</u>	<u>3,236</u>	<u>86,840</u>
Profit after income tax		<u>-</u>	<u>-</u>	<u>1,638</u>	<u>1,638</u>
Total income and expense for the year		<u>-</u>	<u>-</u>	<u>1,638</u>	<u>1,638</u>
Transactions with owners in their capacity as owners					
Share-based payments		<u>-</u>	<u>747</u>	<u>-</u>	<u>747</u>
<b>Balance at 30 June 2009</b>		<b><u>85,533</u></b>	<b><u>(1,182)</u></b>	<b><u>4,874</u></b>	<b><u>89,225</u></b>

**Bravura Solutions Limited**  
**Statements of changes in equity**  
**For the year ended 30 June 2009**  
(continued)

<b>Parent entity</b>	Notes	<b>Ordinary shares \$'000</b>	<b>Reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2007		85,565	626	1,155	87,346
Net income recognised in equity		85,565	626	1,155	87,346
Profit after income tax		-	-	1,821	1,821
Total income and expense for the year		-	-	1,821	1,821
Transactions with owners in their capacity as owners:					
Shares issue costs, net of tax	27	(32)	-	-	(32)
Dividends paid	29	-	-	(2,130)	(2,130)
Share-based payments		-	1,128	-	1,128
		(32)	1,128	(2,130)	(1,034)
<b>Balance at 30 June 2008</b>		<b>85,533</b>	<b>1,754</b>	<b>846</b>	<b>88,133</b>
Balance at 1 July 2008		85,533	1,754	846	88,133
Net income recognised in equity		85,533	1,754	846	88,133
Loss after income tax		-	-	(427)	(427)
Total income and expense for the year		-	-	(427)	(427)
Transactions with owners in their capacity as owners:					
Share-based payments		-	747	-	747
<b>Balance at 30 June 2009</b>		<b>85,533</b>	<b>2,501</b>	<b>419</b>	<b>88,453</b>

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

**Bravura Solutions Limited**  
**Cash flow statements**  
For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of goods and services tax)		146,368	146,320	34,804	30,346
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(130,014)</u>	<u>(137,571)</u>	<u>(19,510)</u>	<u>(33,465)</u>
Interest received		16,354	8,749	15,294	(3,119)
Interest paid		1,562	406	1,251	279
Income taxes paid		<u>(4,625)</u>	<u>(2,363)</u>	<u>(2,565)</u>	<u>(1,360)</u>
<b>Net cash inflow (outflow) from operating activities</b>	38	<u>12,839</u>	<u>5,208</u>	<u>14,529</u>	<u>(5,418)</u>
<b>Cash flows from investing activities</b>					
Payment for acquisitions		(19,778)	(18,043)	(19,778)	(3,604)
Payments for property, plant and equipment		(1,753)	(8,776)	(407)	(780)
Payments for purchase of other financial assets		-	(96)	-	-
Payment for purchase of intellectual property		-	(4,401)	-	(4,401)
<b>Net cash (outflow) from investing activities</b>		<u>(21,531)</u>	<u>(31,316)</u>	<u>(20,185)</u>	<u>(8,785)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		11,861	39,070	6,313	20,950
Payment of share issue costs		-	(167)	-	(167)
Repayment of borrowings		(1,766)	(14,726)	(1,764)	(3,898)
Dividends paid	29	-	(2,130)	-	(2,130)
<b>Net cash inflow from financing activities</b>		<u>10,095</u>	<u>22,047</u>	<u>4,549</u>	<u>14,755</u>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		1,403	(4,061)	(1,107)	552
Cash and cash equivalents at the beginning of the financial year		2,717	7,320	1,955	1,403
Effects of exchange rate changes on cash and cash equivalents		<u>(83)</u>	<u>(542)</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the financial year</b>	9	<u>4,037</u>	<u>2,717</u>	<u>848</u>	<u>1,955</u>

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

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## **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Bravura as an individual entity and the consolidated entity consisting of Bravura and its subsidiaries.

### **(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

#### *Compliance with IFRS*

The financial report of Bravura also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **(b) Going concern**

The consolidated and parent entity have net current liabilities of \$26,662,000 (2008: \$4,839,000) and \$31,728,000 (2008: \$4,414,000). The consolidated entity is currently undertaking a non-renounceable fully underwritten rights issue raising net proceeds of \$27,700,000. Shareholders voted in favour of the proposed recapitalisation at a General meeting on 24 July 2009.

The proceeds from the rights issue will be applied to outstanding bank borrowings and foreign exchange derivatives in Australia and the United Kingdom. The funds from the rights issue will be received from shareholders and the underwriter by 11 September 2009.

Furthermore, the consolidated and parent entities have undertaken a number of measures to improve earnings before interest, tax, depreciation and amortisation (EBITDA) and operating cash flows.

The directors are of the opinion that improved EBITDA margins and operating cash flows in-conjunction with completion of the rights issue will strengthen the consolidated and parent entities financial position eliminating its net current liabilities position. The directors are therefore confident that the consolidated and parent entities will be able to meet its debts as they fall. 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) Principles of consolidation**

#### *(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bravura ("Company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Bravura and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity's companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

## **1 Summary of significant accounting policies (continued)**

Investments in subsidiaries are accounted for at cost in the individual financial statements of Bravura.

### **(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.

### **(e) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Bravura's functional and presentation currency.

Each entity in Bravura determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

- (a) Bravura Solutions (NZ) Limited – New Zealand dollars (NZ\$)
- (b) Bravura Solutions (UK) Limited – British pounds (UK£)
- (c) Bravura Solutions (HK) Limited – United States dollars (US\$)
- (d) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
- (e) Bravura Software Solutions (SA) (Proprietary) Limited – South African Rand (ZAR)
- (f) Bravura Solutions Polska Sp. Z OO – Zloty (PLN)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

### **(f) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity derives its revenues from the licence of its software products and of support, consulting, development, training, and other professional services. The vast majority of its software arrangements include support services and a few also include professional services.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

## **1 Summary of significant accounting policies (continued)**

### *(i) Licence fee (initial and recurring licence fees)*

Provided that the arrangement does not involve significant production, modification, or customisation of the software, Bravura recognises the revenue up front when all of the following four criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The fee is fixed or determinable; and
- Collectability is probable.

Licence fees (including initial and recurring licence fees) recognised upfront are recognised at the present value of the related future contractual revenue streams, discounted at Bravura's interest rate, with the discount being unwound through profit and loss over the period of the agreements and presented as interest income.

### *(ii) Maintenance and support fee*

Support and maintenance revenue is recognised on a straight line basis over the period of the contract.

### *(iii) Other professional fees*

Revenue is recognised on a time and material basis at monthly intervals.

In the case of fixed agreements and where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion of the contract at the reporting date. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

### *(iv) Revenue on multiple-element arrangements*

Arrangements usually provide licence for software products and services such as post-contract customer support. When the agreement doesn't specify the specific fee for each component, revenue is allocated to each element based on its respective fair value.

### *(v) Deferred revenue*

Fees for services received in advance are recorded as a liability within deferred revenue and these amounts are amortised to the income statement over the life of the contract which is in line with the provision of the services.

### *(vi) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the consolidated entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### *(vii) Dividends*

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

Other revenue is recognised when it is received or when the right to receive payment is established.

## **(g) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

## **1 Summary of significant accounting policies (continued)**

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

### *Tax consolidation legislation*

Bravura and its wholly-owned Australian entities have formed a tax consolidated group from 1 July 2006. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The consolidated entity uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if Bravura is a stand-alone tax payer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members the tax consolidated group has regard to the tax consolidated group's future taxable profits.

### **(h) Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

### **(i) Business combinations**

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

## **1 Summary of significant accounting policies (continued)**

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 fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the consolidated entity's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statements, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

### **(j) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

At each reporting date, Bravura assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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.

Non-financial assets other than goodwill that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

### **(k) Cash and cash equivalents**

For cash flow statements presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets.

### **(l) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 to 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Receivables from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

## 1 Summary of significant accounting policies (continued)

### (m) Investments and other financial assets

Investment in subsidiaries are carried at cost.

Other investments are stated at fair value. The fair values of quoted investments are based on current bid prices. For unlisted investments, Bravura establishes fair value by using discounted cash flow analysis.

### (n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statements, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statements within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statements within other income or other expenses.

### (o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- |                          |               |
|--------------------------|---------------|
| • Leasehold improvements | Term of lease |
| • Furniture and fittings | 20%           |
| • Plant and equipment    | 20% to 33%    |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statements. When revalued assets are sold, it is consolidated entity policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### (p) Intangible assets

#### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## **1 Summary of significant accounting policies (continued)**

### *(ii) Business contracts and relationships*

Business contracts and relationships acquired in a business combination are amortised on a straight line basis over the period of their expected benefit, being their finite life of between 10 and 20 years.

### *(iii) Intellectual property and software development*

Intellectual property and software development are capitalised as an asset and are amortised on a straight line basis over the period of their expected benefit, being their finite life of 10 years.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when Bravura can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date.

Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not material and, accordingly, all research and development costs are expensed when incurred.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

### **(q) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to Bravura prior to the end of the financial year that are unpaid and arise when Bravura becomes obliged to make future payments in respect of the purchase of these goods and services.

### **(r) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statements over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### **(s) Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### **(t) Provisions**

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

### **(u) Employee benefits**

#### *(i) Wages and salaries, and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

## **1 Summary of significant accounting policies (continued)**

### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### *(iii) Share-based payments*

Bravura provides benefits to employees (including directors) of Bravura in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Market conditions attached to these options are taken into account when estimating the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination for fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

### **(v) Contributed equity**

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by Bravura.

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.

### **(w) Earnings per share**

#### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Bravura, 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 and excluding treasury shares.

#### *(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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## **1 Summary of significant accounting policies (continued)**

### **(x) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheets.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Taxation Authority.

### **(y) 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, the nearest dollar.

### **(z) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors have not yet assessed the impact of these new standards and interpretations.

## **2 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### **(a) Critical accounting estimates and assumptions**

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *(i) Estimated impairment of goodwill*

The consolidated entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

#### *(ii) Income taxes*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

#### *(iii) Long service leave provision*

A provision has been made for the present value of the anticipated costs to meet Bravura's long service leave liabilities under Australian federal and state laws. The calculation of this provision requires assumptions such as an estimation of the probability that an employee will remain with Bravura until they reach the entitlement period. The probability factors applied to pro-rated entitlements are based on company and industry specific data. Adjustments are made to these probabilities when considered necessary.

### **(b) Critical judgements in applying the entity's accounting policies**

#### *Useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

#### *Share based payments*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, with the assumptions detailed in note 40. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

#### *Revenue recognition*

The consolidated entity determines the amount of revenue to be recognised on projects in progress based on the estimated amount of work completed in relation to the projects. This estimation is based on management's assessment of costs incurred as well as estimation of percentage of project completed.

### 3 Financial risk management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The senior management team of Bravura provides written principles for overall risk management, as well as policies addressing specific areas such as currency risk management, interest rate risk management and the related use of derivative financial instruments. The consolidated entity uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, that is, not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The consolidated entity and the parent entity undertake certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk also arises from net investments in foreign operations. The consolidated entity's balance sheet is affected by movements in the relevant currency exchange rate when converting these investments into Australian dollars (the consolidated entity's presentation currency) for consolidation purposes. Upon consolidation any foreign exchange gains and losses on these balances are taken to a foreign currency translation reserve within equity (see note 1 (e)) Foreign currency translation). These risks are mitigated by way of natural hedging.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Assets</b>				
US Dollar	5,070	1,069	4,984	1,035
Euro	806	2,220	-	-
Pound Sterling	18,374	21,565	-	-
New Zealand Dollar	1,314	1,884	-	-
South African Rand	3	-	-	-
Polish Zloty	3,174	-	-	-
	<u>28,741</u>	<u>26,738</u>	<u>4,984</u>	<u>1,035</u>
<b>Liabilities</b>				
US Dollar	16,818	742	-	-
Euro	939	1,503	-	-
Pound Sterling	46,861	52,015	13,889	7,699
New Zealand Dollar	409	1,939	-	-
South African Rand	57	-	-	-
Polish Zloty	901	-	-	-
	<u>65,985</u>	<u>56,199</u>	<u>13,889</u>	<u>7,699</u>

The consolidated entity had net liabilities denominated in foreign currency of A\$37,244,000 (2008: A\$29,461,000) as at 30 June 2009. Based on this exposure, had the Australian Dollar weakened/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's profit for the year would have been \$1,862,000 higher/lower. The actual foreign exchange gain for the year ended 30 June 2009 was \$5,374,000 (2008: gain of \$130,000).

### 3 Financial risk management (continued)

The parent entity had net liabilities denominated in foreign currency of A\$8,905,000 (A\$6,664,000) as at 30 June 2009. Based on this exposure, had the Australian Dollar weakened/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's profit for the year would have been \$445,000 higher/ \$445,000 lower. The actual foreign exchange gain for the year ended 30 June 2009 was \$5,004,000 (2008: gain of \$180,000).

The consolidated entity and parent entity held the following forward exchange contracts:

Maturity	30 June 2009				30 June 2008			
	Buy USD \$'000	Average exchange rate	Buy GBP \$'000	Average exchange rate	Buy USD \$'000	Average exchange rate	Buy GBP \$'000	Average Exchange rate
0 - 3 months	-	-	48,031	0.4164	901	0.8881	15,617	0.4098

(ii) *Price risk*

The consolidated entity and parent entity are not exposed to price risk.

(iii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The consolidated entity and parent entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity and parent entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity and parent entity to fair value interest rate risk. The consolidated entity's policy is to maintain approximately 75% of its term borrowings at fixed rate using interest rate swaps to achieve this when necessary.

As at the reporting date, the consolidated and entity and parent entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2009		30 June 2008	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
<b>Consolidated</b>				
Bank overdrafts and bank loans	2.84 %	53,396	7.62 %	43,162
Interest rate swaps (notional principal amount)	5.85 %	(22,946)	5.85 %	(23,176)
<b>Net exposure to cash flow interest rate risk</b>		<u>30,450</u>		<u>19,986</u>
<b>Parent</b>				
Bank overdrafts and bank loans	4.46 %	18,073	9.00 %	13,135
Interest rate swaps (notional principal amount)	6.64 %	(7,234)	6.64 %	(7,234)
<b>Net exposure to cash flow interest rate risk</b>		<u>10,839</u>		<u>5,901</u>

An analysis by remaining contractual maturities is shown in "liquidity and interest rate risk management" below.

For the consolidated entity the bank loans outstanding, totalling \$53,396,000 (2008: \$43,162,000), are principal and interest payment loans. Monthly cash outlays of approximately \$260,000 (2008: \$260,000) per month are required to service the interest payments. A net cash outlay of \$181,000 was required to service the interest rate swaps. An increase in interest rates by one percentage point would have an adverse affect on profit of \$534,000 (2008: \$432,000) per annum. In addition, in the next 12 months minimum principal repayments of \$875,000 (2008: \$438,000) are due on 31 December 2009 and \$1,312,500 (2008: \$875,000) are due on 30 June 2010.

### 3 Financial risk management (continued)

For the parent entity the bank loans outstanding, totalling \$18,073,000 (2008: \$13,135,000), are principal and interest payment loans. Monthly cash outlays of approximately \$86,000 (2008: \$95,000) per month are required to service the interest payments. A net cash outlay of \$47,000 was required to service the interest rate swaps. An increase in interest rates by one percentage point would have an adverse affect on profit of \$181,000 (2008: \$132,000) per annum. In addition, in the next 12 months minimum principal repayments of \$875,000 (2008: \$117,000) is due on 31 December 2009 and \$1,312,500 (2008: \$233,000) is due on 30 June 2010.

#### (b) Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit and risk control assesses the credit quality of the customer. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount. This is net of any provisions for impairment of those assets, as disclosed in the balance sheets and notes to the financial statements.

#### (c) Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### *Financing arrangements*

Undrawn borrowing facilities at the reporting date to which the consolidated entity and the parent entity had access are disclosed in note 23.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2008: 4 years).

#### *Liquidity and interest rate risk management*

The following tables detail the consolidated entity's and parent entity's remaining contractual maturity for its derivative and non-derivative financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity and parent entity can be required to pay. The tables include both interest and principal cash flows, disclosed as remaining contractual maturities and these totals differ from their carrying amount in the balance sheet for interest-bearing liabilities due to the interest component.

#### **Consolidated - At 30 June 2009**

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Over 3 to 4 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Interest bearing - fixed rate</b>						
Bank loans	2.84	3,672	4,041	49,272	-	56,985
Deferred settlement	4.25	<u>9,049</u>	<u>8,348</u>	-	-	<u>17,397</u>
<b>Total non-derivatives</b>		<u><b>12,721</b></u>	<u><b>12,389</b></u>	<u><b>49,272</b></u>	-	<u><b>74,382</b></u>
<b>Derivatives</b>						
Interest rate swaps	5.85	<u>(1,492)</u>	<u>(1,424)</u>	<u>(693)</u>	-	<u>(3,609)</u>
<b>Total derivatives</b>		<u><b>(1,492)</b></u>	<u><b>(1,424)</b></u>	<u><b>(693)</b></u>	-	<u><b>(3,609)</b></u>

### 3 Financial risk management (continued)

Consolidated - At 30 June 2008

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	-	10,152	-	-	-	10,152
Other payables	-	4,622	-	-	-	4,622
<b>Interest bearing - fixed rate</b>						
Bank loans	7.62	4,995	5,650	5,701	35,371	51,717
Other loans	8.04	393	-	-	-	393
Lease liability	8.95	58	-	-	-	58
Deferred settlement	13.00	14,121	-	-	-	14,121
<b>Total non-derivatives</b>		<b>34,341</b>	<b>5,650</b>	<b>5,701</b>	<b>35,371</b>	<b>81,063</b>
<b>Derivatives</b>						
Interest rate swaps	5.85	(1,511)	(1,440)	(1,347)	(649)	(4,947)
<b>Total derivatives</b>		<b>(1,511)</b>	<b>(1,440)</b>	<b>(1,347)</b>	<b>(649)</b>	<b>(4,947)</b>

Parent - At 30 June 2009

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Interest bearing - fixed rate</b>						
Bank loans	4.46	2,945	3,274	13,555	-	19,774
Deferred settlement	4.25	9,049	8,348	-	-	17,397
<b>Total non-derivatives</b>		<b>11,994</b>	<b>11,622</b>	<b>13,555</b>	<b>-</b>	<b>37,171</b>
<b>Derivatives</b>						
Interest rate swaps	6.64	(451)	(387)	(177)	-	(1,015)
<b>Total derivatives</b>		<b>(451)</b>	<b>(387)</b>	<b>(177)</b>	<b>-</b>	<b>(1,015)</b>

Parent - At 30 June 2008

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	-	1,072	-	-	-	1,072
Other payables	-	697	-	-	-	697
<b>Interest bearing - fixed rate</b>						
Bank loans	9.00	1,636	1,851	1,866	11,584	16,937
Other loans	8.04	393	-	-	-	393
Lease liability	8.33	58	-	-	-	58
Deferred settlement	13.00	3,451	-	-	-	3,451
<b>Total non-derivatives</b>		<b>7,307</b>	<b>1,851</b>	<b>1,866</b>	<b>11,584</b>	<b>22,608</b>
<b>Derivatives</b>						
Net settled (interest rate swaps)	6.64	(472)	(449)	(421)	(203)	(1,545)
<b>Total derivatives</b>		<b>(472)</b>	<b>(449)</b>	<b>(421)</b>	<b>(203)</b>	<b>(1,545)</b>

### 3 Financial risk management (continued)

#### Fair value of financial instruments

The carrying amounts of financial instruments approximates their fair values.

### 4 Segment information

#### (a) Primary reporting format - geographical segments

2009	APAC \$'000	EMEA \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Sales to external customers	<u>48,387</u>	<u>85,151</u>	-	<u>133,538</u>
Total sales revenue	48,387	85,151	-	133,538
Other revenue	<u>6,621</u>	<u>316</u>	-	<u>6,937</u>
<b>Total segment revenue</b>	<b><u>55,008</u></b>	<b><u>85,467</u></b>	-	<b><u>140,475</u></b>
<b>Segment result</b>	<b><u>9,520</u></b>	<b><u>6,205</u></b>	-	<b><u>15,725</u></b>
Unallocated revenue less unallocated expenses			-	<u>(15,054)</u>
Profit before income tax			-	671
Income tax expense			-	<u>967</u>
<b>Profit for the year</b>			-	<b><u>1,638</u></b>
<b>Segment assets</b>	<b><u>125,292</u></b>	<b><u>75,945</u></b>	-	<b><u>201,237</u></b>
Unallocated assets			-	<u>6,859</u>
<b>Total assets</b>			-	<b><u>208,096</u></b>
<b>Segment liabilities</b>	<b><u>38,576</u></b>	<b><u>18,281</u></b>	-	<b><u>56,857</u></b>
Unallocated liabilities			-	<u>62,014</u>
<b>Total liabilities</b>			-	<b><u>118,871</u></b>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	<u>4,229</u>	<u>33,197</u>	-	<u>37,426</u>
Total acquisitions			-	<u>37,426</u>
Depreciation and amortisation expense	<u>5,409</u>	<u>3,753</u>	-	<u>9,162</u>
Total depreciation and amortisation			-	<u>9,162</u>

**4 Segment information (continued)**

2008	APAC \$'000	EMEA \$'000	Inter- segment eliminations/ unallocated	Consolidated \$'000
Sales to external customers	<u>52,988</u>	<u>82,852</u>	-	<u>135,840</u>
Total sales revenue	52,988	82,852	-	135,840
Other revenue	<u>477</u>	<u>59</u>	-	<u>536</u>
<b>Total segment revenue</b>	<b><u>53,465</u></b>	<b><u>82,911</u></b>	-	<b><u>136,376</u></b>
<b>Segment result</b>	<b><u>5,296</u></b>	<b><u>9,276</u></b>	-	<b><u>14,572</u></b>
Unallocated revenue less unallocated expenses			-	<u>(11,772)</u>
Profit before income tax			-	2,800
Income tax expense			-	<u>(1,232)</u>
<b>Profit for the year</b>			-	<b><u>1,568</u></b>
<b>Segment assets</b>	<b><u>100,956</u></b>	<b><u>77,911</u></b>	-	<b><u>178,867</u></b>
Unallocated assets			-	<u>4,901</u>
<b>Total assets</b>			-	<b><u>183,768</u></b>
<b>Segment liabilities</b>	<b><u>18,971</u></b>	<b><u>28,718</u></b>	-	<b><u>47,689</u></b>
Unallocated liabilities			-	<u>48,631</u>
<b>Total liabilities</b>			-	<b><u>96,320</u></b>
Acquisitions of non-current segment assets	<u>1,016</u>	<u>7,760</u>	-	<u>8,776</u>
Total acquisitions			-	<u>8,776</u>
Depreciation and amortisation expense	<u>5,530</u>	<u>1,803</u>	-	<u>7,333</u>
Total depreciation and amortisation			-	<u>7,333</u>

**(b) Secondary reporting format - business segments**

The consolidated entity operates in one business segment being the provision of services and software to the financial services industry.

**5 Revenue**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>				
Maintenance income	<b>46,109</b>	45,055	<b>11,318</b>	11,065
Professional services income	<b>60,188</b>	65,161	<b>17,880</b>	17,356
Licence fees	<b>26,631</b>	25,066	<b>14,946</b>	7,555
Other revenue	<b>610</b>	558	<b>483</b>	446
Management fees	<b>-</b>	-	<b>4,111</b>	12,428
	<b><u>133,538</u></b>	<u>135,840</u>	<b><u>48,738</u></b>	<u>48,850</u>
<i>Other revenue</i>				
Interest received	<b>1,562</b>	406	<b>1,251</b>	279
Dividends	<b>-</b>	-	<b>-</b>	3,909
	<b><u>1,562</u></b>	<u>406</u>	<b><u>1,251</u></b>	<u>4,188</u>
	<b><u>135,100</u></b>	<u>136,246</u>	<b><u>49,989</u></b>	<u>53,038</u>

**6 Other income**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange gains (net)	<b>5,374</b>	130	<b>5,178</b>	180
	<b><u>5,374</u></b>	<u>130</u>	<b><u>5,178</u></b>	<u>180</u>

## 7 Expenses

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit before income tax includes the following specific expenses</b>				
<i>Depreciation</i>				
Plant and equipment	1,137	957	328	297
Leasehold improvements	1,700	747	319	318
Plant and equipment under lease	164	219	147	200
Furniture and fittings	158	131	41	20
Total depreciation	<u>3,159</u>	<u>2,054</u>	<u>835</u>	<u>835</u>
<i>Amortisation</i>				
Business contracts and relationships	1,595	1,193	70	70
Intellectual property and software development	4,408	4,086	3,892	3,382
Total amortisation	<u>6,003</u>	<u>5,279</u>	<u>3,962</u>	<u>3,452</u>
Total depreciation and amortisation	<u>9,162</u>	<u>7,333</u>	<u>4,797</u>	<u>4,287</u>
<i>Employee benefits expense</i>				
Salary and wages	53,968	56,247	22,848	22,582
Termination payments	2,257	858	278	440
Share-based payments	747	1,128	747	1,128
Consultants	679	652	297	298
Provision for annual leave	408	458	168	279
Provision for long service leave	1,152	75	1,152	74
Defined contribution superannuation expense	4,131	4,222	2,185	2,068
Other	11,497	17,720	(185)	(1,124)
Total employee benefits expense	<u>74,839</u>	<u>81,360</u>	<u>27,490</u>	<u>25,745</u>
<i>Finance costs</i>				
Interest and finance charges paid/payable	4,707	5,235	2,684	1,738
Borrowing costs and other	219	103	172	84
Finance costs expensed	<u>4,926</u>	<u>5,338</u>	<u>2,856</u>	<u>1,822</u>
<i>Research and development</i>				
External consultants	1,223	1,593	688	620
R&D internal and external charges	9,986	10,526	6,227	8,452
Total research and development expenses	<u>11,209</u>	<u>12,119</u>	<u>6,915</u>	<u>9,072</u>
<i>Telecommunication costs</i>				
Telecommunication and computer costs	10,628	8,743	1,814	1,791
Non-recurring data centre migration costs	2,861	-	-	-
Total telecommunications costs	<u>13,489</u>	<u>8,743</u>	<u>1,814</u>	<u>1,791</u>
<i>Other expenses</i>				
Printing and stationery costs	2,298	1,858	215	248
Marketing and conference costs	799	729	446	497
Professional and conference costs	2,425	3,201	1,648	1,738
Non-recurring corporate transaction fees	1,117	1,466	1,117	1,466
Doubtful debts	2,403	-	-	-
Other	1,575	714	1,000	(160)
Total other expenses	<u>10,617</u>	<u>7,968</u>	<u>4,426</u>	<u>3,789</u>

## 8 Income tax expense/(benefit)

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Income tax expense/(benefit)</b>				
Current tax	1,811	3,252	749	1,007
Deferred tax	(1,209)	(2,020)	(1,361)	(1,549)
Under/(over) provisions in prior years*	(1,569)	-	(797)	-
Total income tax expense/(benefit)	<u>(967)</u>	<u>1,232</u>	<u>(1,409)</u>	<u>(542)</u>
Deferred income tax expense /(benefit) included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 16)	(1,955)	(1,326)	(2,461)	(1,242)
(Decrease) increase in deferred tax liabilities (note 24)	746	(694)	1,100	(307)
	<u>(1,209)</u>	<u>(2,020)</u>	<u>(1,361)</u>	<u>(1,549)</u>
<b>(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable</b>				
Profit from continuing operations before income tax expense	<u>671</u>	<u>2,800</u>	<u>(1,836)</u>	<u>1,279</u>
Tax at the Australian tax rate of 30% (2008: 30%)	201	840	(551)	384
Difference in overseas tax rates	(253)	-	-	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Interest on deferred settlement	289	735	289	153
Employee share expenses	224	346	224	346
Non-deductible expenses	135	59	28	36
Non-taxable dividends	-	-	-	(1,172)
Research and development claim	(672)	(236)	(672)	(236)
Sundry items	678	(522)	70	(53)
Under/(over) provision in prior years	(1,569)	-	(797)	-
Current year unrecognised tax losses	-	10	-	-
Total income tax expense/(benefit)	<u>(967)</u>	<u>1,232</u>	<u>(1,409)</u>	<u>(542)</u>

\* Adjustment relates to elections made in the financial year ended 30 June 2009 for the 2008 tax return.

### (c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	<u>47</u>	<u>33</u>	-	-
Potential tax benefit at 30%	<u>14</u>	<u>10</u>	-	-

All unused tax losses were incurred by overseas entities that are not part of the Australian tax consolidated group.

### (d) Tax consolidation legislation

Bravura and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2006. Bravura is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.