



Appendix 4D – Supplementary commentary
Half year ended 31 December 2008



ASX ANNOUNCEMENT

Bravura Solutions delivers record half year results: Revenue up 9 per cent, EBITDA up 14 percent and NPAT up 66 per cent

Sydney, 24 February 2009 (ASX:BVA / OTCQX:BRVSY) – Bravura Solutions (Bravura) – a leading global supplier of wealth management applications and professional services – today reported record first half year earnings with a Management Adjusted EBITDA of \$11.0 million. The Company experienced total revenue growth of nine per cent to \$73.9 million and strong operating cash flow performance of \$13.0 million; an increase of \$8.6 million.

Earnings per Share was 1.86 cents, representing a net profit after tax of \$2.6 million. Earnings per Share (on a Management Adjusted basis) was 3.29 cents, based on a Management Adjusted net profit after tax of \$4.7 million.

Result highlights for 1H09

- Revenue increased by 9 per cent from \$67.4 million to \$73.9 million
- EBITDA increased 14 per cent to \$11.0 million
- Net profit after tax increased 66 per cent to \$2.6 million
- Positive net operating cash flow of \$13.0 million
- Capital expenditure was \$1.1 million, a decrease of \$4.3 million from 1H08
- R&D expenditure increased by 19 per cent to \$5.0 million
- Finance costs decreased by 19 per cent to \$2.6 million
- Net debt increased from \$40.0 million to \$50.1 million. The increase was attributed to final and initial acquisition payments. The Company remains within all banking covenants

Summary Income Statement	1H09 (A\$000's)
Reported revenue	73,933
Net profit after tax	2,648
Management Adjustments	
Corporate transaction costs	914
Unrealised (gains) & losses on other financial assets	10
Realised (gains) & losses on derivatives	192
Unrealised (gains) & losses on derivatives	5,111
Unrealised FX (gains) & losses	(4,199)
*Net profit after tax on a Management Adjusted basis	4,676
Add back/(subtract)	
Tax	417
Finance costs	2,605
Depreciation & amortisation	4,310
Other income & costs	(982)
*Management Adjusted EBITDA	11,026
Earnings per share	1H09
No. of shares on issue	142,008,658
Basic EPS on a statutory basis (cents per share)	1.86
*Basic EPS on a Management Adjusted basis (cents per share)	3.29



*Management has concluded that the exclusion of certain items promote a more meaningful analysis of underlying performance on a comparative basis. These adjusted results are used internally by management to measure performance, and are referred to as 'Management Adjusted Results'.

Management Adjustments promote transparency and facilitate shareholder understanding of the comparative operating performance of the business. Three items have been excluded from 1H09 accounts in arriving at the 1H09 Management Adjusted Results:

- Corporate and advisory transaction fees associated with proposals to acquire all of the shares in Bravura and other corporate affairs; and
- Foreign exchange gains and losses on derivatives primarily associated with foreign exchange forward contracts entered into as part of acquisitions; and
- Unrealised foreign exchange gains and losses.

The Company does not consider such items to be within normal operating activities, therefore, they have been excluded.

Strong organic revenue growth

The Company experienced strong organic revenue growth in 1H09. Total revenue grew by \$6.3 million in 1H09, resulting in total revenue of \$73.9 million for the period. Sales revenue (excluding interest) for the period increased by eight per cent to \$73.0 million, an increase of \$5.6 million on the corresponding period.

Revenue in Europe, Middle East and Africa (EMEA) increased by 14 per cent to \$50.4 million as a result of significant organic growth in the transfer agency business.

Revenue in Asia increased by 12 per cent to \$3.6 million through organic growth, contributing five per cent of 1H09 sales revenue.

Sales revenue in Australia and New Zealand decreased marginally by five per cent to \$18.9 million due to a downturn in New Zealand revenues, and a marginal slowdown in legacy system revenue as clients position themselves to upgrade to the new Sonata suite.

Licence fee revenue increased by 30 per cent to \$19.2 million compared to the prior period, reflecting new licence sales of transfer agency software in the UK and robust licence sales of wealth management products in Australia and the UK. Overall, licence fees accounted for 26 per cent of sales revenue in 1H09, compared with 22 per cent in the same prior period.

Professional services revenue of \$30.9 million increased by three per cent on the prior period, reflecting upgrades by existing customers and professional services arising from the implementation of new contracts. Rufus contributed \$13.1 million in 1H09 and Talisman contributed \$10.4 million. Overall, professional services were 42 per cent of sales revenue for 1H09, compared to 45 per cent in the previous period.

Maintenance revenue increased by one per cent to \$22.5 million compared to the prior period, reflecting the expanded licence base, increase in transaction volumes administered and funds under management. The maintenance growth rate was negatively impacted by fluctuating foreign exchange rates during the period. The maintenance revenue growth rate would have been five per cent had the 1H08 exchange rates been used. Overall, maintenance accounted for 31 per cent of sales revenue in 1H09, compared to 33 per cent in the previous period.

The current economic environment has resulted in increased foreign currency volatility in the period. Foreign exchange fluctuations reduced reported revenue by \$2.8 million in the period.

Successful cost containment

Operating costs increased by \$4.1 million (seven per cent) to \$61.9 million, reflecting the integration of historical acquisitions, restructuring costs of \$1.5 million and non-recurring data centre migration costs of \$2.2 million. Excluding these items, operating costs increased by \$0.4 million or one percent. This stability in underlying operating costs reflects the successful implementation of cost containment and efficiency initiatives across the business over the last twelve months. These initiatives are expected to provide further benefits in 2H09 and beyond.

The Company's R&D expenditure increased by 19 per cent on the prior period and includes \$5.0 million already spent on R&D. This investment for the future reflects Bravura's ongoing commitment to developing wealth management and administration solutions for its clients.

14 per cent EBITDA increase

EBITDA for 1H09 was \$11.0 million, a 14 per cent increase on 1H08. The EBITDA margin was impacted by a number of non-recurring items, including restructuring costs of \$1.5 million and new data centre migration costs of \$2.2 million. EBITDA margins increased by one per cent to 15 per cent in the period with normalised EBITDA margins improving to 23 per cent, up from 17 per cent in the prior period.

Amortisation, depreciation and financing costs

Amortisation and depreciation expenditure of \$4.3 million increased by 23 per cent on 1H08, due to the finalisation of acquisition accounting for previous acquisitions of \$0.2 million and the commencement of depreciation on costs capitalised for the data centre.

Finance costs of \$2.6 million decreased by 19 per cent on the previous half year. The decrease is attributable to the reduction in the final payment for the Rufus Software business acquisition that resulted in a revision to the non-cash interest taken in current and prior years reducing net finance charges by \$0.7 million. The decrease in finance costs was offset by an increase in interest in borrowings due to additional draw downs on the current debt facility.

Other non-operating items that affected NPAT included net unrealised foreign exchange/derivative losses of \$1.1 million, representing a \$0.2 million increase in the period.

The tax charge decreased by 29 per cent on the corresponding period despite the higher net profit before tax; this is attributable to a R&D tax concession receivable reducing the overall tax charge.

Dividend

The existing Company policy is to pay 50 per cent of NPAT as a shareholder dividend. However, no dividend is proposed at this time as the Company focuses on maximising operating cash flow and debt reduction strategies.

Positive balance sheet

The Company's financial position remains positive with total assets of \$212.2 million and net shareholder funds of \$90.6 million as at 31 December 2008.

There was a significant net increase in intangible assets of \$23.7 million relating to the Citi acquisition and a reduction in the final payment for the Rufus acquisition offsetting the increase.

The Company's current funding facility remains at \$65.0 million as at 31 December 2008. Net borrowings as at 31 December 2008 were \$50.1 million compared to \$40.0 million as at 30 June 2008.



The working capital facility has been reclassified to current liabilities as it is required to be repaid each calendar year. This has resulted in net current liabilities of \$15.9 million as at 31 December 2008. The directors are confident that the facility will be refinanced or reduced from operating cash flow within the current calendar year.

Solid operating cash flow

The Company experienced solid operating cash flow for the half year of \$13.0 million compared to \$4.4 million in 1H08. Strong revenue performance and company-wide working capital initiatives have reduced debtor days from 52 to 43 in the period and has contributed to the strong positive operating cash flow.

The Company made final payments on the Rufus and Garradin acquisitions and initial payments for the Citi acquisition totalling \$15.1 million. Where vendors are also customers of Bravura, cash receipts and payments for acquisitions are net settled where possible. These have been presented on a gross basis in the cash flow statement as separate components of operating and investing activities in order to present the underlying substance of the transaction.

Capital expenditure decreased by \$4.3 million from 1H08 returning to normal levels as the new London data centre set-up expenditure was largely finalised.

Financing cash inflows were \$10.2 million relating to the draw-down of debt funding of \$10.9 million and debt repayments of \$0.7 million used to finance acquisition payments and working capital requirements.

Strategic outlook

The Company believes that it is on track to deliver increased revenue and earnings growth for a third consecutive year, primarily achieved through organic growth and driving improved margins. Our previously stated full year EBITDA guidance of \$19 million to \$24 million is maintained.

Having successfully integrated the businesses acquired, the Company is now firmly established in its new markets. The Company has high expectations in particular for the Talisman, Sonata and Rufus applications in the UK and Asia/Pacific regions.

Growth is expected to continue in 2H09, provided there is no further deterioration of global financial markets. This statement is based on the volume of work currently contracted and the quality of existing pipeline opportunities.

The Company's focus for 2H09 will be on maximising operating cash flows and debt reduction strategies.

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About Bravura Solutions Limited

Bravura Solutions Limited (Bravura) is a leading global supplier of professional consulting services and highly specialised administration and management applications for superannuation & pension, life insurance, investment, portfolio administration, transfer agency and STP financial messaging.

Bravura provides professional services and wealth management applications to more than 180 financial institutions including a range of corporate clients. More than 18 million accounts are administered on Bravura software, with more than US\$1.1 trillion in funds managed globally.

Bravura currently employs more than 600 people staffing 15 offices across Australia, New Zealand, UK, Europe, Asia, South Africa and India.



Bravura Solutions is proud to have won the 2008 European International Custody and Fund Administration award for European Asset Servicing Technology Vendor of the Year, and to be listed as the only Australian company in the American Banker global FinTech 100 in both 2007 and 2008. Bravura Solutions is also recognised as one of the 50 financial technology companies included in the global Finextra50 Financial Technology Index.

American Depositary Receipts (ADRs): Bravura Solutions' ADRs trade under the code **BRVSY**. Each Bravura Solutions ADR is equivalent to 20 ordinary shares of Bravura Solutions as traded on the Australian Securities Exchange (ASX). The Bank of New York Mellon is the depository bank. Bravura Solutions' ADRs are listed on International OTCQX (www.otcqx.com), a premium market tier in the U.S. for international exchange-listed companies, operated by Pink OTC Markets, Inc.

Additional information is available at www.bravurasolutions.com

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