



BRAVURA SOLUTIONS LIMITED  
ACN 111 148 826

# EXPLANATORY MEMORANDUM RECAPITALISATION PROPOSAL

A NOTICE OF MEETING IS INCLUDED IN APPENDIX 1 TO THIS EXPLANATORY MEMORANDUM. A PROXY FORM FOR THE MEETING ACCOMPANIES THIS EXPLANATORY MEMORANDUM.

## IN THE ABSENCE OF A SUPERIOR PROPOSAL, YOUR INDEPENDENT DIRECTORS:

- RECOMMEND **THAT YOU VOTE IN FAVOUR OF THE RECAPITALISATION PROPOSAL; AND**
- **INTEND TO VOTE ALL THEIR BRAVURA SHARES IN FAVOUR OF THE RECAPITALISATION PROPOSAL.**

THE INDEPENDENT EXPERT HAS CONCLUDED THAT, IN THE ABSENCE OF A SUPERIOR PROPOSAL, THE RECAPITALISATION PROPOSAL, CONSIDERED AS A WHOLE, IS NOT FAIR BUT REASONABLE.

**YOUR VOTE IS IMPORTANT IN DETERMINING WHETHER THE RECAPITALISATION PROPOSAL PROCEEDS. THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.**

If you are in any doubt as to how to deal with this Explanatory Memorandum, please consult your legal, financial, taxation or other professional adviser immediately.

If, after reading this Explanatory Memorandum, you have any questions about the Recapitalisation Proposal, please call the Bravura Shareholder Information Line on 1800 218 694 (or for international callers, +61 2 8280 7601), Monday to Friday between 8.30 am and 5.30 pm (Sydney time).

If you have recently sold all of your Bravura Shares, please disregard all enclosed documents.

# Important Notices

## General

You should read this Explanatory Memorandum in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting. The notice convening the General Meeting is contained in Appendix 1. A proxy form for the meeting is enclosed.

## Defined terms

Capitalised terms in this Explanatory Memorandum are defined either in the Glossary in Section 8 of this Explanatory Memorandum or where the relevant term is first used.

## Purposes of this Explanatory Memorandum

The purposes of this Explanatory Memorandum are to:

- (a) explain the terms and effect of the Recapitalisation Proposal to Bravura Shareholders;
- (b) explain the manner in which the Recapitalisation Proposal will be considered and, if approved, implemented;
- (c) state any material interests of the Directors, whether as directors, members or creditors of Bravura or otherwise; and
- (d) provide such information as is prescribed by the Corporations Act, the regulations to that Act and the Listing Rules or as is otherwise material to the decision of the Bravura Shareholders whether to approve the resolutions to give effect to the Recapitalisation Proposal.

## ASIC and ASX

A copy of this Explanatory Memorandum has been lodged with ASX and ASIC. Neither ASX, ASIC nor any of their officers takes any responsibility for the contents of this Explanatory Memorandum.

## Input from other parties

The Underwriter Information contained in Section 5 of this Explanatory Memorandum has been prepared by and is the responsibility of the Underwriter.

Deloitte Corporate Finance has prepared the Independent Expert's Report in relation to the Recapitalisation Proposal in Appendix 2 and takes responsibility for that Appendix. Deloitte Corporate Finance is not responsible for any other information contained within this Explanatory Memorandum. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Other than in respect of the information identified above, the information contained in the remainder of this Explanatory Memorandum has been prepared by Bravura and its advisers and is the responsibility of Bravura. Bravura does not assume responsibility for the accuracy or completeness of any part of this Explanatory Memorandum other than the information identified above for which it is solely responsible.

## Investment decisions

This Explanatory Memorandum does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Explanatory Memorandum should not be relied on as the sole basis for any investment decision in relation to Bravura Shares. Independent financial and taxation advice should be sought before making any decision in relation to the Recapitalisation Proposal. It is important that you read the entire Explanatory Memorandum before making any voting or investment decision. In particular, it is important that Bravura Shareholders consider the possible disadvantages of the Recapitalisation Proposal and the risk factors identified in Section 3.

Bravura Shareholders should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Bravura Shareholders are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Recapitalisation Proposal. Past performance is no indication of future performance.

## Forward looking statements

This Explanatory Memorandum includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those identified in Section 3. The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by, Bravura.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Bravura, their officers, any person named in this Explanatory Memorandum or any person involved in the preparation of this Explanatory Memorandum makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Explanatory Memorandum reflect views held only as at the date of this Explanatory Memorandum.

## Electronic document

This Explanatory Memorandum may be viewed online at [www.bravurasolutions.com](http://www.bravurasolutions.com). A paper copy of this Explanatory Memorandum will be provided free of charge to any person who requests a copy by contacting Bravura.



# Important dates and times

---

Date of this Explanatory Memorandum	18 June 2009
Last time and date by which the proxy form for the General Meeting can be lodged	11.00 am (Sydney time) on Wednesday, 22 July 2009
Time and date for determining eligibility to vote at the General Meeting	7.00 pm (Sydney time) on Wednesday, 22 July 2009
General Meeting* to vote on the Recapitalisation Proposal	11.00 am (Sydney time) on Friday, 24 July 2009

---

\* The General Meeting will be held at the offices of Minter Ellison Lawyers, Level 19, 88 Phillip Street, Sydney New South Wales in the Perkins Room.

Your Independent Directors recommend that you consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

## Contents

Important Dates and Times	1
Chairman's Letter	2
Six reasons why you should vote in favour of the Recapitalisation Proposal	5
Potential disadvantages and risks of the Recapitalisation Proposal	6
Section 1 – Summary of the Recapitalisation Proposal	9
Section 2 – Rationale for the Recapitalisation Proposal	15
Section 3 – Relevant considerations for Bravura Shareholders	17
Section 4 – Profile of Bravura	28
Section 5 – Information from the Underwriter	37
Section 6 – Summary of key agreements	40
Section 7 – Additional information	47
Section 8 – Glossary	57
Appendix 1 – Notice of General Meeting	61
Appendix 2 – Independent Expert's Report	66
Corporate directory	IBC



**bravura**  
solutions

**Bravura Solutions Limited**  
Level 2, 345 George Street  
Sydney NSW 2000 Australia  
t +61 2 9018 7800  
f +61 2 9018 7811  
www.bravurasolutions.com  
ACN 111 148 826

# Chairman's Letter

18 June 2009

Dear Shareholder,

Further to Bravura's announcement to ASX on 18 May 2009, your Independent Directors are submitting to you a proposal that, if approved by Shareholders and subject to the fulfilment of other conditions, will result in a significant recapitalisation of Bravura.

Since Bravura released its half yearly report to Shareholders on 24 February 2009, a number of circumstances have arisen which have prompted Bravura to seek a significant increase in equity over the medium-term.

First, Bravura's lender, BOS International (Australia) Limited (**BOSI**), has indicated that its debt facilities with Bravura must be restructured and reduced by 15 August 2009.

Secondly, deteriorating global economic conditions have significantly impacted the financial services industry. Bravura's current and prospective clients operate in this industry sector in Australasia, the United Kingdom, Western Europe, Poland and South Africa. Bravura's client base has been adversely affected by the global financial crisis and, as a consequence, the decision making and approval process within financial services organisations for capital expenditure commitments is generally taking longer. This in turn has resulted in a longer sales cycle for Bravura. Specifically, Bravura's ability to conclude new licence agreements has been impacted in the short-term, with the signing of new licence agreements being delayed rather than foregone. However, the quality of Bravura's pipeline of opportunities remains strong.

In light of the above two circumstances, Bravura has been exploring opportunities to raise equity to provide a sound financial platform for the Company in the medium-term. Having received a firm proposal from entities associated with an Ironbridge private equity fund to underwrite a pro rata non-renounceable rights offer, your Independent Directors have resolved to submit the proposal, as described below, to Shareholders for their consideration.

Various features of the proposed underwriting and ancillary arrangements are likely to result in a change in control of Bravura. Accordingly, Bravura is seeking Shareholders' approval for the proposal to proceed. The relevant approvals are set out in the resolutions included in the enclosed Notice of Meeting. Their purpose and effect are described in this Explanatory Memorandum.

The proposal for an underwritten capital raising and ancillary arrangements is referred to in this Explanatory Memorandum as the **Recapitalisation Proposal**. The Recapitalisation Proposal has four key elements.

## 1. Rights Issue

Bravura proposes to undertake an underwritten non-renounceable rights issue to raise approximately \$33.4 million (before costs). Eligible Shareholders will be offered the opportunity to subscribe for 1.57 new Shares for every 1 Share they hold at the record date for the proposed Rights Issue, at an issue price of \$0.15 per Share. After payment of a \$1 million underwriting commission and reimbursement of \$4.7 million of the Underwriter's external advisory costs, net proceeds of \$27.7 million will be available to Bravura from the proposed Rights Issue. These net proceeds (together with \$700,000 of internal cash reserves) will be applied to reducing Bravura's obligations with its lender, BOSI, by \$28.4 million. Particularly in the current global economic climate, it is important for Bravura to manage its business actively and prudently, to ensure a continued stream of recurring revenue, a reduction in operating costs and the delivery of long-term sustainable growth. A de-leveraged and substantially strengthened balance sheet position will enable Bravura to better position itself to withstand the current global economic climate. To this end, Bravura has recently renegotiated its debt facilities with BOSI, including an option to extend the maturity date. The renegotiated debt facilities require Bravura to reduce its debt with BOSI. The proposed Rights Issue announced on 18 May 2009 will enable this to occur within the timeframe agreed with BOSI. The reduction in Bravura's debt facilities as required by BOSI is the principal reason for the proposed Rights Issue.

Bravura's improved financial position should also eliminate any perceived uncertainty by existing and prospective customers. This should immediately enhance Bravura's ability to negotiate and conclude new licence agreements and pursue opportunities for expansion in new geographical markets.

The Underwriter to the proposed Rights Issue comprises wholly owned or affiliated subsidiaries of the Ironbridge Fund II, a fund managed or advised by Ironbridge Capital. If the Recapitalisation Proposal proceeds, the Underwriter will be paid an underwriting commission of \$1 million (equivalent to 3% of the funds to be raised under the Rights Issue) and will be reimbursed for its external advisory costs of \$4.7 million. The total costs of \$5.7 million represent 17.2% of the funds to be raised under the Rights Issue.

## 2. Grant of options to the Underwriter

On completion of the Rights Issue, the Underwriter will be entitled to receive approximately 87 million options in Bravura for zero monetary consideration. These options will be exercisable at 15 cents per option at any time within two years from the conclusion of the Rights Issue. The Underwriter has indicated that, on balance, it is more likely than not that it will exercise at least some, if not all, of the Underwriter Options at some stage during their two year exercise period. Deloitte Corporate Finance, the Independent Expert, has assessed the fair market value of these options at between \$6.0 million and \$12.6 million.

## 3. Underwriter Board representation

The Underwriter will be entitled to nominate a Director to join the Bravura Board on completion of the proposed Rights Issue. Additionally, if at any time the Underwriter is issued with or otherwise acquires Bravura Shares having an aggregate subscription or issue price of at least \$10,949,000, the Underwriter will be entitled to nominate an additional Director to join the Bravura Board. Bravura considers that, on balance, this minimum threshold investment by the Underwriter is likely to be met, in which case the Underwriter will have two nominees on the Bravura Board.

## 4. Resolution of Lift Capital uncertainties

The Underwriter has also entered into agreements with Bravura's joint CEOs, Iain Dunstan and Simon Woodfull, to provide them with margin loans to allow them to settle their outstanding margin loans with Lift Capital (in liquidation) and associated legal claims. This has been agreed with Lift Capital's liquidators McGrath Nichol.

The commercial effect of these agreements is that Messrs Dunstan and Woodfull will exchange their current margin lending and security arrangements totalling approximately \$21.8 million with Lift Capital for new margin lending and security arrangements totalling approximately \$6.44 million with the Underwriter. In the process, Messrs Dunstan and Woodfull will be relinquishing significant potential legal claims against Lift Capital. The proposed settlement arrangements with Lift Capital and the proposed new margin lending and security agreements with the Underwriter will provide a resolution to the longstanding uncertainty for Bravura and its Executive Directors created by the insolvency of Lift Capital in April 2008.

## Likely change in control of Bravura

If the Recapitalisation Proposal proceeds, the Underwriter or its associates could end up with a shareholding in Bravura of between 19.1% and 78.3%. The Underwriter's proportionate shareholding in Bravura will depend on, for example, the extent to which Shareholders take up their rights entitlements, whether the Underwriter exercises any of its options and whether the Underwriter enforces any of its security rights in connection with the proposed new margin loans to be made to Messrs Dunstan and Woodfull.

The new margin loan and security arrangements that are proposed between the Underwriter and the privately controlled entities of Messrs Dunstan and Woodfull include a right of first refusal and a drag along right in favour of the Underwriter. The effect of these security and other rights is that the Underwriter will have voting power in Bravura of between 30.9% and 78.3%.

The full spectrum of potential control outcomes, including a discussion of the differences between the Underwriter's "shareholding" and "voting power" in Bravura, is disclosed in Sections 3.4(f) and 3.5 of this Explanatory Memorandum.

The Underwriter has informed Bravura that if the Recapitalisation Proposal proceeds, the Underwriter has no current intentions to acquire 100% of the Bravura Shares by way of a takeover bid or scheme of arrangement or de-list or restructure Bravura. Please see Section 5.3 of this Explanatory Memorandum for further details of the current intentions of the Underwriter.

## Shareholder approval required

The Recapitalisation Proposal will only proceed if it is approved by Bravura Shareholders. A General Meeting has been convened for Friday, 24 July 2009 to consider and vote on five resolutions for the Recapitalisation Proposal. The first three resolutions seek approval for an increase in the Underwriter's voting power in Bravura arising from the proposal. The

fourth resolution is to permit Bravura to undertake the Rights Issue on the basis of a ratio of 1.57:1, being greater than the maximum ratio of 1:1 permitted by ASX. The fifth resolution seeks approval to allow Bravura to give financial benefits connected with the proposal to the Underwriter and (indirectly) to the entities controlled by Messrs Dunstan and Woodfull.

The five resolutions to approve the Recapitalisation Proposal are all inter-conditional. This means that all five of the resolutions will need to be approved for the Recapitalisation Proposal to proceed.

Certain voting restrictions and exclusions required by law will apply for each resolution. In particular, the Underwriter, Messrs Dunstan and Woodfull and their respective controlled or associated entities are not eligible to vote on any of the five resolutions.

### **Implications if Recapitalisation Proposal is not approved**

If the Recapitalisation Proposal is not approved and in the absence of an alternative proposal, it is highly likely that Bravura will be unable to meet its repayment obligations to BOSI by 15 August 2009, being the timeframe agreed with BOSI. In the absence of an extension by BOSI beyond that date, this will constitute an event of default under the BOSI facility. This event of default would entitle BOSI to demand the immediate repayment of the entire debt facility of approximately \$61.0 million. Non-repayment of the entire facility on demand would potentially have significant financial implications for Bravura, in the absence of an agreed extension by BOSI beyond 15 August 2009 or an alternative source of finance.

### **Break fee may be payable**

A break fee of \$550,000 (inclusive of GST) is payable by Bravura to the Underwriter if the Recapitalisation Proposal does not proceed in certain circumstances. Importantly, no break fee is payable to the Underwriter if Shareholders do not approve the resolutions required to implement the Recapitalisation Proposal (assuming no similar transaction is subsequently completed by Bravura within the following six months). Please refer to Section 3.7(d) of this Explanatory Memorandum for a summary of the break fee provisions.

### **Independent Directors' recommendation and intentions**

In the absence of a superior proposal, your Independent Directors:

- **recommend that Bravura Shareholders vote in favour** of all resolutions required to implement the Recapitalisation Proposal; and
- **intend to vote in favour of the Recapitalisation Proposal** with respect to all Bravura Shares in which they have a relevant interest.

In forming this recommendation, your Independent Directors have taken into account a range of factors, including the expected advantages of the Recapitalisation Proposal, its possible disadvantages and its risks. These are discussed in Section 3 of this Explanatory Memorandum.

Deloitte Corporate Finance, the Independent Expert, has concluded that, *'Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable'*. You should read the Independent Expert's Report in **Appendix 2** in full as part of your consideration of the Recapitalisation Proposal.

I encourage you to read this Explanatory Memorandum carefully so that you have a complete understanding of the implications of the Recapitalisation Proposal for your current investment in Bravura.

Finally, I would like to take this opportunity to thank you once again for your continued support of Bravura during what has been a challenging 12 months.

Yours sincerely,



Chris Ryan  
Chairman



# Six reasons why you should vote in favour of the Recapitalisation Proposal

1

## **Opportunity to increase your investment in Bravura and participate in future upside**

The proposed Rights Issue price of \$0.15 per Share represents a 14.3% discount to Bravura's last quoted price of \$0.175 on ASX on 12 May 2009 (being the last date that Shares were traded on ASX before the Recapitalisation Proposal was announced) and a 21.1% discount to Bravura's three month volume weighted average price to the last trade on ASX on 12 May 2009 of \$0.19. Bravura Shares closed at \$0.15 on 18 June 2009, being the date of this Explanatory Memorandum. The proposed Rights Issue price of \$0.15 per Share will only represent a discount if Bravura Shares trade above \$0.15. No assurances can be given as to the future price at which Bravura Shares may trade.

By exercising your entitlements under the Rights Issue, you will increase the extent of your participation in any upside in Bravura's operational performance in the medium to long-term. Your Independent Directors have reasonable grounds to believe that, subject to the achievement of the expected advantages in points 2, 3 and 4, Bravura's business is well placed to perform strongly in the medium to long-term. If that occurs, the Board will consider the resumption of dividend payments within this timeframe.

2

## **Reduces indebtedness to BOSI**

The Recapitalisation Proposal will provide Bravura with sufficient funds to reduce its indebtedness to BOSI by approximately \$28.4 million by 15 August 2009, being a timeframe agreed with BOSI. Shareholders should note that Bravura will still have substantial remaining debt (see further Section 3.3(c) of this Explanatory Memorandum).

If the Recapitalisation Proposal is not approved and in the absence of an alternative proposal, it is highly likely that Bravura will be unable to meet its repayment obligations to BOSI by 15 August 2009. This would potentially have significant financial implications for Bravura.

3

## **Substantially strengthens Bravura's balance sheet and provides operational stability**

The deleveraging of Bravura's balance sheet will assist Bravura's management in addressing the operational challenges facing the Company during the global financial crisis and focusing on strategies to enhance cash flow and earnings in the medium term.

4

## **Removes the Lift Capital uncertainties**

The Recapitalisation Proposal will resolve the long-standing uncertainty surrounding the ownership and control of the Dunstan and Woodfull Shares, arising from the margin lending and security arrangements the Executive Director Entities have entered into with Lift Capital and that entity's insolvency position. The resolution of the Lift Capital issue should provide greater stability to the Bravura share register.

5

## **No superior alternative**

The Recapitalisation Proposal is the only firm proposal received by Bravura that addresses the funding and operational challenges the Company faces. In the absence of a superior proposal, the Recapitalisation Proposal is critical to Bravura's capacity to continue as a going concern.

6

## **Independent Expert's conclusion**

The Independent Expert has concluded that, *'Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable'*.



# Potential disadvantages and risks of the Recapitalisation Proposal

## 1

### Independent Expert's conclusion

The Independent Expert has concluded that the Recapitalisation Proposal is 'not fair' for the following reasons:

- **Valuation of Bravura Shares** – The Independent Expert has assessed the fair market value of a Bravura Share on a fully diluted control basis to be in the range of \$0.20 to \$0.31. The consideration payable by the Underwriter for each Share it acquires by underwriting any shortfall in the Rights Issue is \$0.15.
- **Valuation of Options** – The Independent Expert has assessed the fair market value of the Options to be issued to the Underwriter to be in the range of \$6.0 million to \$12.6 million. If the Recapitalisation Proposal proceeds, the Underwriter will not be required to pay any monetary consideration for the grant of these Options.
- **Transaction Costs** – If the Recapitalisation Proposal proceeds, the Underwriter will be paid an underwriting commission of \$1 million (equivalent to 3% of the funds to be raised under the Rights Issue) and will be reimbursed for its external advisory costs of \$4.7 million. The total costs of \$5.7 million represent 17.2% of the funds to be raised under the Rights Issue.

## 2

### Potential for significant dilution and change in control

Bravura's Executive Directors, Messrs Dunstan and Woodfull, have notified the Bravura Board that their current intention is that they will only be taking up a very small percentage of their combined 30.3% rights entitlements (please refer to Section 3.4 for an explanation of their reasons for this). If Messrs Dunstan and Woodfull only take up a very small percentage of their combined 30.3% rights entitlements, the balance of their 30.3% rights entitlement will be taken up by the Underwriter.

The Underwriter could end up owning between 19.1% and 78.3% of Bravura's issued share capital, depending on the extent to which Shareholders take up their rights entitlements, whether the Underwriter exercises any of its Underwriter Options and whether the Underwriter enforces any of its security and other rights in connection with the proposed new margin loans to be made to Messrs Dunstan and Woodfull.

If the Recapitalisation Proposal proceeds, the interests of existing Shareholders who do not take up their entitlements in full under the Rights Issue will be diluted significantly.

## 3

### Disincentive for future takeover proposals

The presence of the Underwriter as a significant shareholder with Board representation is likely to deter a third party from making a takeover offer for Bravura without prior agreement from the Underwriter.

Further, if any third party takeover proposal is received, the drag along right that the Underwriter has in respect of the Bravura Shares controlled by Messrs Dunstan and Woodfull means that the Underwriter could compel them to participate in that takeover offer. As Messrs Dunstan and Woodfull will retain a substantial parcel of Bravura Shares after the Rights Issue, their enforced participation in any third party takeover offer may determine the outcome of that offer.

---

# 4

## **Potentially greater illiquidity, minority shareholder risks**

If the Underwriter acquires a significant interest in Bravura, this would accentuate the current relative illiquidity of Bravura Shares. It is also possible that existing Bravura Shareholders could become minority shareholders in a listed but relatively illiquid company. Consequently, in relation to any dealings between Bravura and the Underwriter, the interests of the Underwriter as a substantial shareholder may be contrary to the interests of minority shareholders. However, in these circumstances, minority shareholders would have the benefit of certain legal protections (see further Section 3.4(d)).

---

# 5


## **Financial benefits to Underwriter and to Executive Director Entities**

If the Recapitalisation Proposal proceeds, this will involve:

- Bravura providing significant financial benefits to the Underwriter, including an underwriting commission of \$1 million, reimbursement of the Underwriter's external advisory costs of \$4.7 million, the issue of shares at \$0.15 per Share and the grant of approximately 87 million options for zero monetary consideration, exercisable at \$0.15 each within two years, noting that the Bravura Share price at the time of exercise may be significantly higher than \$0.15 per Share; and
- Bravura indirectly providing a financial benefit to the privately controlled entities of Messrs Dunstan and Woodfull, by facilitating the Underwriter providing those entities with new margin loans totalling approximately \$6.44 million.

These financial benefits and their potential economic costs and detriments are considered in Sections 7.4(b) and 7.8 of this Explanatory Memorandum.

---



**HAVING CONSIDERED THESE  
EXPECTED ADVANTAGES,  
POTENTIAL DISADVANTAGES  
AND RISKS,  
YOUR INDEPENDENT DIRECTORS  
RECOMMEND THAT YOU VOTE  
IN FAVOUR  
OF ALL RESOLUTIONS  
TO APPROVE THE  
RECAPITALISATION PROPOSAL,  
IN THE ABSENCE OF  
A SUPERIOR PROPOSAL.**

**THE FIVE RESOLUTIONS TO APPROVE THE  
RECAPITALISATION PROPOSAL ARE INTER-CONDITIONAL.  
THEREFORE, IF SHAREHOLDER APPROVAL IS NOT  
OBTAINED FOR EACH OF THE FIVE RESOLUTIONS,  
THE RECAPITALISATION PROPOSAL WILL NOT PROCEED.**

**EACH OF YOUR INDEPENDENT DIRECTORS INTENDS  
TO VOTE ALL THEIR BRAVURA SHARES IN FAVOUR OF  
ALL RESOLUTIONS TO APPROVE THE RECAPITALISATION  
PROPOSAL, IN THE ABSENCE OF A SUPERIOR PROPOSAL.**

You should read this Explanatory Memorandum in full before making any decision on the Recapitalisation Proposal. In particular, you should refer to Section 3 of this Explanatory Memorandum for guidance on the expected advantages, possible disadvantages and other considerations in respect of the Recapitalisation Proposal. This Explanatory Memorandum does not take into account the financial situation, investment objectives and particular needs of any Bravura Shareholder.

If you have any questions in relation to the Recapitalisation Proposal, please contact the Bravura Shareholder Information Line on 1800 218 694 (or for international callers, +61 2 8280 7601), Monday to Friday between 8.30 am and 5.30 pm (Sydney time).

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.



# 1

# Summary of the Recapitalisation Proposal

## 1.1 Introduction

On 5 May 2008, Bravura and Ironbridge Capital announced a proposal under which the Ironbridge Fund II and senior management of Bravura would acquire 100% of the Bravura Shares through a court approved scheme of arrangement between Bravura and its Shareholders. However, the implementation agreement regulating the proposed scheme of arrangement was terminated on 22 October 2008. In an ASX announcement on 22 October 2008, Bravura informed the market of Ironbridge Capital's intention to continue to work with Bravura on alternative proposals. This willingness of Ironbridge Capital and Bravura to explore alternative proposals has led to the development of the Recapitalisation Proposal.

The Recapitalisation Proposal involves the following four elements:

### (a) Rights Issue

Bravura proposes to conduct an underwritten, non-renounceable rights issue to raise approximately \$33.4 million for the purpose of reducing the Company's indebtedness under its banking facilities with BOSI. After payment of a \$1 million underwriting commission and reimbursement of \$4.7 million of the Underwriter's external advisory costs, the net proceeds of \$27.7 million from the Rights Issue (together with \$700,000 of internal cash reserves) will enable Bravura to reduce its banking facilities with BOSI by \$28.4 million. This will effectively reduce Bravura's principal loan obligations by 47%. Although Bravura continues to trade within its financial covenants under its banking facilities with BOSI, the Board considers that a reduction in interest bearing debt is prudent in light of current uncertain global economic conditions as they relate to the financial services industry. A reduction in Bravura's interest bearing debt is also a requirement of BOSI.

The Rights Issue will be a non-renounceable rights issue at a ratio of 1.57 new Shares for every 1 ordinary fully paid Share held, at an issue price of \$0.15 per Share.

ASX has granted Bravura a waiver of Listing Rule 7.11.3 to allow the Rights Issue to proceed on a ratio greater than 1:1, subject to Shareholder approval.

### Timing

If all of the resolutions required to approve the Recapitalisation Proposal are duly passed at the General Meeting to be held on 24 July 2009, Bravura will initiate the Rights Issue promptly following that meeting. Therefore, the Rights Issue is likely to open in early August 2009, with the aim of the subscription proceeds being received and the New Shares being issued by mid August 2009.

A separate timetable for the Rights Issue will be released to ASX after the General Meeting (assuming all resolutions are duly passed at that meeting). No prospectus will be issued by Bravura for the Rights Issue, as it is intended that this capital raising will be undertaken without a formal disclosure document under the 'undocumented' rights offer regime in section 708AA of the Act, as modified by ASIC Class Order 08/35.

### Underwriting arrangements

The Rights Issue will be fully underwritten by the Underwriter. The Underwriter comprises entities that are wholly owned or affiliated subsidiaries of the Ironbridge Fund II, a fund that is managed or advised by Ironbridge Capital. The Ironbridge Fund II currently holds an economic interest in approximately 0.76% of Bravura.

On 15 May 2009, Bravura entered into the Underwriting Agreement with the Underwriter. The Underwriting Agreement provides for an underwriting commission of 3% (exclusive of GST) and reimbursement of \$4.7 million of expenses of the Underwriter, payable in each case on completion of the Rights Issue. The Underwriting Agreement contains conditions, representations and warranties and terminating events that are consistent with market practice for transactions of this nature. The Underwriting Agreement also includes exclusivity and break fee arrangements in favour of the Underwriter. Importantly, no break fee is payable by Bravura to the Underwriter if Shareholders do not approve at the General

Meeting the resolutions required to implement the Recapitalisation Proposal (assuming no similar transaction is subsequently completed by Bravura within six months of the termination of the Underwriting Agreement). Please refer to Sections 3.7(d) and 3.7(e) for a summary of the break fee and exclusivity provisions. Please see Section 6.1 of this Explanatory Memorandum for a summary of the other terms of the Underwriting Agreement.

### Foreign Shareholders

If the Recapitalisation Proposal proceeds, Bravura Shareholders whose registered address is outside Australia or New Zealand (**Foreign Shareholders**) will not be eligible to participate in the Rights Issue. Any Foreign Shareholder who, despite their ineligibility to participate in the Rights Issue, purports to do so will have their application money refunded in full.

### (b) Grant of Options to the Underwriter

On 15 May 2009, Bravura entered into an Option Subscription Deed with the Underwriter. Under this deed, Bravura has agreed, subject to Shareholder approval and the fulfilment of other conditions, to grant approximately 87 million options to the Underwriter. The options will entitle the Underwriter to subscribe in aggregate for up to approximately 87 million Bravura Shares at an exercise price of \$0.15 per Share, being the same price as the issue price for the Rights Issue (**Underwriter Options**).

The Underwriter Options will be issued on completion of the Rights Issue for zero monetary consideration.

The Independent Expert has assessed the fair market value of the Underwriter Options (as stand alone securities) at between \$6.0 million and \$12.6 million<sup>1</sup>. The Underwriter Options will be exercisable within two years from completion of the Rights Issue. Please see Section 6.2 of this Explanatory Memorandum for a summary of the Option Subscription Deed.

The Underwriter has informed Bravura that, if the Recapitalisation Proposal proceeds, the Underwriter has no current intention to exercise the Underwriter Options immediately. Whether the Underwriter Options will be exercised during their two year exercise period depends on a range of factors during this period, including, without limitation, Bravura's need for additional equity capital, the Underwriter's assessment of the financial performance of Bravura, Bravura's prevailing share price, prevailing market conditions and any corporate control activity to which Bravura may be subject. Although the Underwriter does not have any information or full information on all of these matters as at the date

of the Explanatory Memorandum, the Underwriter has informed Bravura that, on balance, it is more likely than not that the Underwriter will exercise at least some, if not all, of the Underwriter Options at some stage during their two year exercise period. This statement should not be construed as a guarantee that the Underwriter will exercise some or all of the Underwriter Options.

The grant of the Underwriter Options for zero monetary consideration, the exercise price of \$0.15 per option and the other terms applying to the Underwriter Options are a requirement of the Underwriter, negotiated with Bravura on an arm's length basis as part of an overall package that forms the Recapitalisation Proposal. If the Recapitalisation Proposal proceeds, the Underwriter Options will be issued in consideration for the Underwriter's contribution in formulating, facilitating and participating in this proposal.

Subject to the Underwriter exercising the Underwriter Options in part or in full within two years from completion of the Rights Issue, this will provide additional working capital funds to Bravura up to a maximum of \$13 million.

### (c) New margin lending and security arrangements

Between 12 and 15 May 2009, Messrs Dunstan and Woodfull, together with their respective privately controlled entities (**Executive Director Entities**), entered into agreements with Lift Capital Partners Pty Ltd (in liquidation) (**Lift Capital**) and the Underwriter respectively whereby, subject to Shareholder approval and the satisfaction of various other conditions:

- the Underwriter will lend the Executive Director Entities approximately \$6.44 million to discharge and be released from their respective margin loans with Lift Capital which total approximately \$21.8 million;
- as part of the discharge and release of their Lift Capital margin loans, the Executive Director Entities agree to provide various releases of legal claims against Lift Capital and other parties;
- on discharge of the Lift Capital margin loans, Lift Capital will release its security interest in the combined parcel of approximately 30.3% of the Bravura Shares in which the Executive Director Entities currently have beneficial ownership; and
- a security trustee on behalf of the Underwriter will take various securities over that 30.3% parcel of Bravura Shares to secure repayment of the loans to be made by the Underwriter to the Executive Director Entities.

1. See section 8.3 of the Independent Expert's Report.

The commercial effect of these agreements is that Messrs Dunstan and Woodfull will exchange their current margin lending and security arrangements totalling approximately \$21.8 million with Lift Capital for new margin lending and security arrangements totalling approximately \$6.44 million with the Underwriter. In the process, Messrs Dunstan and Woodfull will relinquish significant potential legal claims against Lift Capital. The proposed settlement arrangements with Lift Capital and the proposed new margin lending and security agreements with the Underwriter, if they are completed in accordance with their terms, will resolve the uncertainty for Bravura and its Executive Directors created by the insolvency of Lift Capital in April 2008.

In addition to the Underwriter's security rights over the 30.3% parcel of Bravura Shares in which the Executive Director Entities have beneficial ownership, the proposed new margin lending and security arrangements give the Underwriter a first right of refusal and a drag along right over this parcel of Shares. If the Recapitalisation Proposal proceeds and the Executive Director Entities draw down funds under the Margin Loan Deeds, the legal effect of the Underwriter's security rights, its right of first refusal and drag along right is to give the Underwriter an *immediate* relevant interest in this 30.3% parcel of Shares, irrespective of the level of participation in the Rights Issue and any exercise of the Underwriter Options. However, the proposed new margin lending and security arrangements provide that the Executive Director Entities retain their full voting rights in the 30.3% parcel of Shares. The right of first refusal and drag along right cease to apply if the Executive Director Entities elect to repay their margin loans in full at any time, without penalty. For a further discussion of the implications of the Underwriter's security rights, right of first refusal and drag along right, please refer to Section 3.4(f) of this Explanatory Memorandum.

Please see Sections 6.3 and 6.4 of this Explanatory Memorandum for a summary of the settlement deed with Lift Capital and the new margin lending and security arrangements with the Underwriter.

#### **(d) Board changes**

Following the conclusion of the Rights Issue, a representative of the Underwriter will be appointed to the Bravura Board. Additionally, if at any time the Underwriter is issued with or otherwise acquires Bravura Shares having an aggregate subscription or acquisition price of at least \$10,949,000, the Underwriter will be entitled to nominate an additional Director to join the Bravura

Board. Bravura considers that, on balance, this minimum threshold investment by the Underwriter is likely to be met, in which case the Underwriter will have two nominees on the Bravura Board. Any such appointees will be subject to re-election at the next annual general meeting of Bravura following their appointment.

However, it should be noted that the Underwriting Agreement provides that if:

- Bravura Shareholders vote to remove any representative of the Underwriter as a Director;
- Bravura Shareholders vote not to re-elect any representative of the Underwriter as a Director; or
- any representative of the Underwriter is disqualified from office as a Director, or retires or resigns from office as a Director,

the Underwriter will be entitled to nominate a person to replace the outgoing representative of the Underwriter and Bravura must procure the immediate appointment to the Board of the person so nominated.

The above arrangements regarding the Underwriter's representation on the Bravura Board will only apply if the Recapitalisation Proposal proceeds. These arrangements are a requirement of the Underwriter, negotiated with Bravura on arms length terms as part of an overall package that forms the Recapitalisation Proposal.

## **1.2 Shareholder approvals**

The Recapitalisation Proposal will only proceed if it is approved by Bravura Shareholders. Specifically, shareholder approval is required for increases (and potential further increases) in the Underwriter's voting power in the Company arising from:

- the Underwriter subscribing for any Shortfall Shares as the underwriter of the Rights Issue (Resolution 1);
- the Underwriter acquiring up to a further 87 million shares by exercising options to be granted to it on completion of the Rights Issue (Resolution 2); and
- the Underwriter taking security rights and having other rights (some of which may be exercised in the future) under the proposed new margin lending and security arrangements for Messrs Dunstan and Woodfull (Resolution 3).

Shareholder approval is also required to permit Bravura to undertake the Rights Issue on the basis of a ratio of 1.57:1, being greater than the maximum ratio of 1:1 permitted by ASX Listing Rule 7.11.3 (Resolution 4). The receipt of this shareholder approval is required by ASX as a condition to a waiver granted by it of Listing Rule 7.11.3.

Finally, Shareholder approval is also required to permit Bravura to pay the Underwriter an underwriting commission of \$1 million, reimburse the Underwriter its external advisory costs of \$4.7 million (with both of these payments to be funded from the proceeds of the Rights Issue), issue Shortfall Shares to the Underwriter at \$0.15 per Share and issue the Underwriter Options for zero monetary consideration, exercisable at \$0.15 per option, on the basis that if the Recapitalisation Proposal proceeds:

- the Underwriter is likely to become a related party of Bravura; and
- the elements of the Recapitalisation Proposal identified above would constitute the provision by Bravura of financial benefits to the Underwriter who, at the time those benefits would be provided, is likely to be a related party of Bravura (Resolution 5).

The proposed new margin loan and security arrangements between the Underwriter and the Executive Director Entities would also constitute Bravura indirectly providing certain financial benefits to the Executive Director Entities who are also related parties of Bravura. Shareholder approval is also being sought to authorise this (Resolution 5).

Resolutions 1 to 5 each require approval by a simple majority of votes cast by eligible Bravura Shareholders at the General Meeting. The Underwriter and its associates are not eligible to vote in favour of Resolutions 1 to 5 inclusive. As Messrs Dunstan and Woodfull may be associates of the Underwriter as a matter of law, Bravura has determined that it is appropriate in all of the circumstances that Messrs Dunstan and Woodfull (including their respective Executive Director Entities) are not entitled to vote in favour of Resolutions 1 to 5 inclusive. In addition, any substantial shareholders of Bravura and any of their associates are not entitled to vote on Resolution 4.

Resolutions 1 to 5 are inter-conditional. Therefore, if shareholder approval is not obtained for each of the five resolutions, the Recapitalisation Proposal will not proceed.

For a full explanation of the nature, purpose and effect of the five resolutions and the voting restrictions applying to them, please refer to Section 7 of this Explanatory Memorandum.

## 1.3 Key conditions

The key conditions that must be satisfied or waived for the Recapitalisation Proposal to proceed are as follows:

- Bravura Shareholders approving at the General Meeting all five resolutions to give effect to the Recapitalisation Proposal.
- The Underwriting Agreement remaining in full force and effect. The Underwriter has the right to terminate the Underwriting Agreement if certain events take place. For further details, see Section 6.1(h) of this Explanatory Memorandum.
- Receipt of approval from the Foreign Investment Review Board (**FIRB**) for the Underwriter acquiring an interest in Bravura Shares on implementation of the Recapitalisation Proposal, or expiry of the FIRB objection period. FIRB approval was received on 16 June 2009.
- BOSI providing its written consent to the potential change in control of Bravura that may arise from the Recapitalisation Proposal. This consent was received on 5 June 2009.

The first two conditions are discussed more fully in this Explanatory Memorandum.

## 1.4 Independent Expert's report

The Independent Directors engaged Deloitte Corporate Finance to prepare an Independent Expert's Report expressing an opinion on whether or not the Recapitalisation Proposal, considered as a whole, is fair and reasonable to Shareholders who are not associated with the Underwriter.

The Independent Expert concludes that, *'Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable'*.

The Independent Expert's Report is set out in **Appendix 2** to this Explanatory Memorandum and you should read it as part of your assessment of the Recapitalisation Proposal.

## 1.5 Independent Directors' recommendations and intentions

Your Independent Directors recommend that Bravura Shareholders vote in favour of all five resolutions required to approve the Recapitalisation Proposal and intend to do so in relation to their own Shares, in the absence of a superior proposal.

Messrs Dunstan and Woodfull have a material personal interest in the Recapitalisation Proposal. Accordingly, they have not participated in the Board's consideration of this proposal and are abstaining from making a recommendation to other Bravura Shareholders in relation to it.

Further details of the interests in the Recapitalisation Proposal of Messrs Dunstan and Woodfull, together with the interests of your other Directors, are set out in Section 7.9 of this Explanatory Memorandum.

In forming their recommendation, your Independent Directors have carefully considered the expected advantages, potential disadvantages and risks of the Recapitalisation Proposal and the opinion of the Independent Expert. These matters are described in detail in Section 3 of this Explanatory Memorandum and in the Independent Expert's Report in **Appendix 2** to this Explanatory Memorandum. Your Independent Directors believe that the expected advantages of the Recapitalisation Proposal outweigh its potential disadvantages and risks.

## 1.6 Implementation and timetable

If all necessary approvals and conditions for the Recapitalisation Proposal are satisfied or waived (as applicable), it is expected that the Rights Issue will open in early August and will be fully implemented by mid August 2009. At that time, the Underwriter Options will be granted to the Underwriter. If the Recapitalisation Proposal is approved, further details as to the key dates and times for the Rights Issue will be provided to

Bravura Shareholders by way of an ASX announcement issued shortly after the General Meeting. At that time, offer documentation for the Rights Issue will be dispatched to Bravura Shareholders.

## 1.7 What to do next

### (a) Read the remainder of this Explanatory Memorandum

You should read and consider the remainder of this Explanatory Memorandum in full before making any decision on the Recapitalisation Proposal.

### (b) Consider your options

Bravura Shareholders should refer to Section 3 of this Explanatory Memorandum for further guidance on the expected advantages and possible disadvantages of the Recapitalisation Proposal. However, this Explanatory Memorandum does not take into account the financial situation, investment objectives and particular needs of any Bravura Shareholder.

### (c) Vote at the General Meeting

Your Independent Directors urge all Bravura Shareholders to vote on the Recapitalisation Proposal at the General Meeting. The Recapitalisation Proposal affects your investment in Bravura and your vote at the General Meeting is important in determining whether the Recapitalisation Proposal proceeds.

If, after reading this Explanatory Memorandum, you have any questions about the Recapitalisation Proposal, please contact the **Bravura Shareholder Information Line** on 1800 218 694 (or for international callers, +61 2 8280 7601), Monday to Friday between 8.30 am and 5.30 pm (Sydney time) or consult your legal, financial, taxation or other professional adviser.

## 1.8 Summary of how to vote

### (a) General

The General Meeting will be held at the offices of Minter Ellison Lawyers, Level 19, 88 Phillip Street, Sydney New South Wales, on Friday, 24 July 2009, commencing at 11.00 am Sydney time.

The notice convening the General Meeting is contained in **Appendix 1** to this Explanatory Memorandum. **Your vote at the General Meeting is important.** If you are registered as a Bravura Shareholder by the Bravura Share Registry at the Voting Entitlement Time (7.00 pm Sydney time, Wednesday, 22 July 2009), you will be entitled to vote at the General Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in **Appendix 1** to this Explanatory Memorandum. These voting restrictions and exclusions are summarised in Sections 1.2 and Section 7 of this Explanatory Memorandum.

Voting at the General Meeting will be conducted by poll.

### **(b) Voting in person**

Bravura Shareholders (with the exception of the Underwriter and its associates) wishing to vote in person on the Recapitalisation Proposal should attend the General Meeting on Friday, 24 July 2009 and **bring a suitable form of personal identification (such as their driver's licence).**

Please arrive at the venue 30 minutes prior to the time designated for the commencement of the General Meeting (11.00 am Sydney time), if possible, so that your shareholding may be checked against the Bravura Share Register and attendance noted. Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

### **(c) Voting by proxy**

Bravura Shareholders (with the exception of the Underwriter and its associates) wishing to vote by proxy at the General Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Explanatory Memorandum.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to Bravura by 11.00 am, Wednesday, 22 July 2009, in any of the following ways:

**By post** to the Bravura Share Registry:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**By hand delivery** to the Bravura Share Registry at:

Computershare Investor Services Pty Limited  
Level 2, 60 Carrington Street  
Sydney NSW 2000

**By fax** to the Bravura Share Registry on:

1800 783 447 from within Australia, or  
+61 3 9473 2555 from outside Australia

**Note:** proxies may not be returned by email nor is internet voting available.

### **(d) Voting by attorney**

If a Bravura Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to their shareholding in Bravura, that Bravura Shareholder must deliver the instrument appointing the attorney to the Bravura Share Registry for notation.

Bravura Shareholders wishing to vote by attorney at the General Meeting must, if they have not already presented an appropriate power of attorney to Bravura for notation, deliver to the Bravura Share Registry (at the address or facsimile number specified in this Section 1.8 of this Explanatory Memorandum) the original instrument appointing the attorney or a certified copy of it by 10.00 am Sydney time on Wednesday, 22 July 2009.

### **(e) Voting by corporate representative**

To vote in person at the General Meeting, a Bravura Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the General Meeting, a corporate Bravura Shareholder or proxy should obtain a Certificate of Appointment of Corporate Representative form from the Bravura Share Registry, and complete and sign the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the General Meeting.

### **(f) Further information**

Please refer to the Notice of General Meeting in Appendix 1 to this Explanatory Memorandum for further information on voting procedures and details of the resolution to be voted on at the General Meeting.



# 2 Rationale for the Recapitalisation Proposal

## 2.1 Background

The Recapitalisation Proposal has been developed in the context of the challenges Bravura is currently facing in terms of:

- Bravura's need for an equity capital injection to restructure and reduce its indebtedness to BOSI by 15 August 2009;
- the global economic conditions facing the financial services industry and Bravura's belief that, in response to those conditions, it is prudent to de-leverage and strengthen its balance sheet by raising additional equity finance; and
- Bravura's need to resolve the long-standing uncertainty surrounding the ownership and control of the 30.3% parcel of Bravura Shares in which Messrs Dunstan and Woodfull retain a beneficial interest, arising from their margin lending and security arrangements with Lift Capital and that entity's insolvency position.

These first two considerations are discussed in further detail below. Section 7.6(a) provides a chronology of key events relating to Messrs Dunstan and Woodfull's margin lending and security arrangements with Lift Capital.

The Board considers that Bravura's underlying business is sound. They are confident that if the Company's balance sheet can be strengthened, the business is well placed to navigate the uncertainties created by the global financial crisis and emerge in a strong position. This Recapitalisation Proposal offers Bravura an opportunity to move forward on a financially stable platform.

### (a) Bravura's debt funding arrangements

Bravura has the following facilities with BOSI:

- An amortising term facility of \$35.0 million, of which \$0.9 million has been repaid through scheduled instalments. The total amount outstanding on this facility as at the date of this Explanatory Memorandum is \$32.6 million. This facility remains fully drawn-down as amortised amounts cannot be

redrawn, despite the reduction in the total outstanding due to the depreciation in the GBP exchange rate.

- A revolving facility of \$24.4 million, of which a total of \$21.8 million has been drawn-down as at the date of this Explanatory Memorandum.
- A forward exchange contract at the rate of GBP 0.4184, in respect of which there is an unrealised loss as at the date of this Explanatory Memorandum of \$6.6 million. The forward exchange contract was entered into so that the total indebtedness approximated the overall Australian dollar facility limit which was \$65.0 million at that time.

As at the date of this Explanatory Memorandum, Bravura's total indebtedness to BOSI equals approximately \$61.0 million. This comprises approximately \$32.6 million under the amortising term facility, \$21.8 million under the revolving facility and an unrealised loss on the forward exchange contract of \$6.6 million.

The revolving facility is required to be reduced to nil for five consecutive business days in each calendar year. Compliance with this condition needs to occur no later than five consecutive business days before 15 August 2009. The forward exchange contract facility must be repaid by 15 August 2009.

Bravura has been in regular dialogue with BOSI in recent months regarding the necessity to pay down the revolving facility. It was agreed with BOSI that the final repayment date would be extended to 15 August 2009, subject to the successful recapitalisation of Bravura's balance sheet. A new working capital facility of \$15 million has also been negotiated with BOSI which will take effect on completion of the Recapitalisation Proposal.

### (b) Impact of the global financial crisis

The deteriorating global economic conditions have significantly impacted the financial services industry. Bravura's current and prospective clients operate in this industry sector in Australasia, the United Kingdom, Western Europe, Poland and South Africa. Bravura's

client base has been adversely affected by the global financial crisis and, as a consequence, the decision making and approval process within financial services organisations for capital expenditure commitments is generally taking longer.

This in turn has resulted in a longer sales cycle for Bravura. Specifically, Bravura's ability to conclude new licence agreements has been impacted in the short-term, with the signing of new licence agreements being delayed. Bravura primarily views the impact of the global financial crisis as one in which licence agreements are being delayed rather than foregone. Bravura considers that its pipeline of future opportunities remains strong.

## **2.2 Process leading up to the Recapitalisation Proposal**

In light of the circumstances described above, Bravura has been exploring opportunities to raise equity to provide a sound financial platform for the Company in the medium-term. In early March this year, Bravura received an indicative, non-binding proposal from the Underwriter to underwrite a rights issue capital raising. On 16 March 2009, the Independent Directors appointed legal and financial advisers to assist them in considering the merits of the Underwriter's proposal. The Underwriter completed extensive due diligence on Bravura and its indicative proposal developed to the point where legally binding agreements were entered into to give effect to what is referred to in this Explanatory Memorandum as the Recapitalisation Proposal.

Having received a firm proposal from the Underwriter to underwrite a pro rata non-renounceable rights offer, your Independent Directors have resolved to submit the proposal to Shareholders for their consideration.

Bravura and its advisers have considered alternatives to the current Recapitalisation Proposal. This included reviewing a number of other unsolicited indicative proposals and expressions of interest. However, none of these were considered to offer the same value and certainty as the Underwriter's proposal, including execution, funding and timing certainty. Bravura also explored pursuing a capital raising underwritten by a professional, public markets underwriter. However, based on preliminary discussions with various professional, public market underwriters, Bravura concluded that this avenue was unavailable. In light

of the nature, size and market for Bravura Shares, Bravura currently considers that the only realistic source of underwriting is from a related party, an existing Shareholder or a private equity firm. Further, Bravura considers that it is not feasible for Bravura to pursue a placement instead of a rights issue. Bravura would find it very difficult to place a sufficient number of shares that would raise the same net amount as would be raised under the proposed Rights Issue.

Bravura's Independent Directors have formed a commercial judgment that the Recapitalisation Proposal is the only proposal that is appropriate to submit to Shareholders for their consideration, including for the reason that it is the only firm proposal received by Bravura.

Other than the Recapitalisation Proposal announced on 18 May 2009 and as at the date of this Explanatory Memorandum, no other firm proposal has emerged that is suitable for consideration by Bravura's Shareholders.



# 3 Relevant considerations for Bravura Shareholders

## 3.1 Introduction

The purpose of this Section 3 is to identify significant issues for Bravura Shareholders to consider in relation to the Recapitalisation Proposal.

Before deciding how to vote at the General Meeting, Bravura Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Explanatory Memorandum.

## 3.2 Impact on Bravura's financial position

If the Recapitalisation Proposal is approved and implemented, Bravura will receive an increase in cash of approximately \$27.7 million (after costs) which will be applied to reduce the Company indebtedness to BOSI. Set out overleaf is a pro forma balance sheet showing the effect on Bravura's balance sheet if the Recapitalisation Proposal were implemented as at 30 June 2009, with the net proceeds of \$27.7 million applied to reducing the Company indebtedness to BOSI.

Bravura Solutions Limited and its Controlled Entities

ABN 15 111 148 826

Balance Sheet as at 31 December 2008 and Pro Forma as at 30 June 2009

	Notes	Consolidated				
		31 Dec 2008 Actual \$000's	2H Impact Projection \$000's	30 Jun 2009 Projection \$000's	Adj \$000's	30 Jun 2009 Pro Forma \$000's
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	1, 2	9,757	(4,608)	5,149	(1,002)	4,147
Trade and other receivables		40,767	2,725	43,492		43,492
Other assets		1,687		1,687		1,687
<b>Total current assets</b>		<b>52,211</b>	<b>(1,883)</b>	<b>50,328</b>	<b>(1,002)</b>	<b>49,326</b>
<b>Non-current assets</b>						
Receivables		6,458		6,458		6,458
Other financial assets		33		33		33
Property, plant and equipment		12,113	(1,906)	10,207		10,207
Intangible assets		134,910	(3,650)	131,260		131,260
Deferred income tax asset		6,455		6,455		6,455
<b>Total non-current assets</b>		<b>159,969</b>	<b>(5,555)</b>	<b>154,414</b>		<b>154,414</b>
<b>TOTAL ASSETS</b>		<b>212,180</b>	<b>(7,438)</b>	<b>204,742</b>	<b>(1,002)</b>	<b>203,740</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade payables and other payables		13,696		13,696		13,696
Borrowings		22,877	(875)	22,002	(22,002)	
Derivative financial instruments	2	6,735	1,626	8,361	(6,700)	1,661
Income tax		4,845	(358)	4,487		4,487
Provisions		3,357		3,357		3,357
Other		16,573	(3,733)	12,840		12,840
<b>Total current liabilities</b>		<b>68,083</b>	<b>(3,340)</b>	<b>64,743</b>	<b>(28,702)</b>	<b>36,041</b>
<b>Non-current liabilities</b>						
Borrowings		30,446		30,446		30,446
Deferred income tax liability		2,330		2,330		2,330
Provisions		1,597		1,597		1,597
Other		19,099	(1,588)	17,511		17,511
<b>Total non-current liabilities</b>		<b>53,472</b>	<b>(1,588)</b>	<b>51,884</b>		<b>51,884</b>
<b>TOTAL LIABILITIES</b>		<b>121,555</b>	<b>(4,928)</b>	<b>116,627</b>	<b>(28,702)</b>	<b>87,925</b>
<b>NET ASSETS</b>		<b>90,625</b>	<b>(2,510)</b>	<b>88,115</b>	<b>27,700</b>	<b>115,815</b>
<b>EQUITY</b>						
Contributed equity	1	85,533		85,533	27,700	113,233
Reserves		(792)		(792)		(792)
Retained profits		5,884	(2,510)	3,374		3,374
<b>TOTAL EQUITY</b>		<b>90,625</b>	<b>(2,510)</b>	<b>88,115</b>	<b>27,700</b>	<b>115,815</b>

Notes

- Capital raising assumed to contribute \$27.7 million in new equity, being gross \$33.4 million net of \$5.7 million in fees.
- The new capital is used to repay both the entire \$22.0 million drawn down under the revolving facility and the net position on the Forward Exchange Contract. A constant exchange rate from 31 December 2008 of GBP 0.4767 is assumed.

### 3.3 Expected advantages of the Recapitalisation Proposal

#### (a) Opportunity to increase investment and participate in future upside

If the Recapitalisation Proposal proceeds, it will provide Bravura Shareholders with an opportunity to increase their investment in Bravura at \$0.15 per Share, representing a 14.3% discount to Bravura's last quoted price of \$0.175 on ASX on 12 May 2009 (being the last date on which Shares were traded on ASX before the Recapitalisation Proposal was announced) and at a 21.1% discount on Bravura's three month volume weighted average price to the last trade on ASX on 12 May 2009 of \$0.19. The issue price of \$0.15 per Share under the Rights Issue will represent a discount only if Bravura Shares trade above \$0.15. Since the Recapitalisation Proposal was announced on 18 May 2009 and up to the date of this Explanatory Memorandum, Bravura Shares have traded in a range between \$0.14 and \$0.175 per Share. The last traded price of Bravura Shares on 18 June 2009 (being the date of this Explanatory Memorandum) was \$0.15. No assurances can be given as to the future price at which Bravura Shares may trade before the General Meeting to vote on the Recapitalisation Proposal, during the period for which the Rights Issue is open (assuming all resolutions are duly passed at the General Meeting) and post-implementation of the Recapitalisation Proposal.

Although Shareholders may be reticent about making a further investment in Bravura given the substantial fall in the Company's Share price in the past ten months, if the expected advantages outlined below are achieved, your Independent Directors expect that Bravura's financial performance will improve in the medium to long-term. If that occurs, the Board will consider the resumption of dividends at the appropriate time. On 28 May 2009, Bravura announced that it expected its EBITDA for the year ending 30 June 2009 to be in the range of \$16 million to \$19 million (see further Section 4.6 of this Explanatory Memorandum). The Board considers that the achievement of this forecast EBITDA range would represent a credible performance in the context of the global financial crisis and, in particular, the impact it has had on participants in the financial services industry (representing Bravura's client base). The achievement of an EBITDA figure within the range announced on

28 May 2009 would confirm the Independent Directors' belief that Bravura's underlying business is sound and that it is well placed to benefit from:

- a de-leveraged and strengthened balance sheet (see paragraphs (b) and (c) below);
- the resolution of the Lift Capital uncertainties (see paragraph (d) below); and
- an eventual improvement in global financial conditions.

If Shareholders exercise their entitlements in full or substantially under the Rights Issue, they will:

- increase the extent of their participation in any upside in Bravura's performance in the medium to long-term, including participating in a possible resumption of dividends within that timeframe; and
- maintain their proportionate shareholdings (ignoring any possible dilutionary impact of the Underwriter exercising the Underwriter Options), in turn limiting the potential change of control implications discussed in Section 3.5.

#### (b) BOSI obligations and working capital

If the Recapitalisation Proposal proceeds, Bravura will receive sufficient funds to enable it to fulfil its repayment obligations of approximately \$28.4 million due to BOSI on or before 15 August 2009<sup>2</sup>. This will also allow the new facilities negotiated with BOSI to come into immediate effect and assist in meeting working capital requirements. Under the new revolving facility, Bravura will have access to \$15 million of funds for working capital purposes. The existing term loan facility will continue to amortise through 2011, with Bravura having an option to extend this facility up to December 2012.

#### (c) Stable financial position

Particularly in the current global economic climate, it is important for Bravura to manage its business actively and prudently, to ensure a continued stream of recurring revenue, a reduction in operating costs and the delivery of long-term sustainable growth. Although Bravura continues to trade within its existing financial covenants under its banking facilities with BOSI, the Board considers that a reduction in interest bearing debt is prudent in light of current uncertain global economic conditions as they relate to the financial services industry.

2. The \$28.4 million repayment comprises \$21.8 million owing under the revolving facility and a payment of \$6.6 million on an unrealised loss on the Forward Exchange Contract. These figures are as at the date of this Explanatory Memorandum.

The net proceeds from the Rights Issue, together with additional proceeds of up to \$13 million that Bravura would receive if the Underwriter elects to exercise its Underwriter Options after the completion of the Rights Issue, will enable Bravura to achieve its aim of reducing its interest bearing debt and thereby substantially strengthen its balance sheet position.

Bravura's improved financial position should also eliminate any perceived uncertainty by existing and prospective clients about Bravura's financial capacity and viability. That in turn is expected to enhance Bravura's ability to negotiate and conclude new licence agreements in a timely fashion and pursue opportunities for expansion into new geographical markets.

Although the net proceeds from the Rights Issue of \$27.7 million (together with \$700,000 of internal cash reserves) will enable Bravura to immediately reduce its exposure to BOSI by \$28.4 million, substantial debt will remain in the form of the \$32.6 million outstanding on the term facility (payable by December 2011) and the potential for further debt to be drawn down under the Company's new \$15.0 million revolving facility. However, the level of Bravura's future debt will be significantly less than its current debt in that the total limit on this new revolving facility is just \$15.0 million, being approximately 38% less than the current limit of \$24.4 million on the existing revolving facility.

Having correctly aligned the Company's debt facilities with its ongoing recurring earnings capability, the Bravura Board does not envisage that BOSI will require any material modification to Bravura's recently renegotiated finance facilities, including the timing for repayment and compliance with other key obligations under those facilities.

#### **(d) Removal of Lift Capital uncertainties**

If the Recapitalisation Proposal proceeds, it will remove the long-standing uncertainty surrounding the ownership and control of the 30.3% parcel of Bravura Shares in which Messrs Dunstan and Woodfull have a beneficial interest and in respect of which they have margin lending and security arrangements with Lift Capital. Section 7.6(a) provides a chronology of key events relating to those margin lending and security arrangements in the context of Lift Capital's insolvency position. Under the settlement arrangements between Lift Capital and Messrs Dunstan and Woodfull:

- the Executive Director Entities will collectively pay Lift Capital approximately \$6.44 million to fulfil their repayment obligations of approximately \$21.8 million to Lift Capital;
- on receipt of that payment, Lift Capital will release its security interest in the Bravura Shares beneficially held by the Executive Director Entities so that legal ownership and control of these Shares will be returned to the Executive Director Entities, free from any encumbrance; and
- The Executive Director Entities will release Lift Capital fully from all current and future potential legal claims that they may have against Lift Capital in connection with their margin lending and security arrangements with Lift Capital.

This resolution of the Lift Capital issues should provide greater stability to the Bravura share register.

The Executive Director Entities' Shares will be subject to new security arrangements in favour of the Underwriter. For further details of the proposed new margin lending and security arrangements, please refer to Sections 6.3 and 6.4 of this Explanatory Memorandum.

#### **(e) Additional expertise and experience to the Bravura Board**

The appointment of up to two representatives of the Underwriter to the Bravura Board will provide additional expertise and experience to the Bravura Board. The details of the proposed nominees of the Underwriter to the Bravura Board are set out in Section 5.3 of this Explanatory Memorandum.

The proposed nominees of the Underwriter to the Bravura Board have extensive experience serving on a number of boards of private companies in a range of different businesses in Australia, New Zealand and the United Kingdom. They also have extensive experience in mergers and acquisitions transactions, having collectively conducted 22 private equity transactions in Australia, New Zealand and the United Kingdom, as well as being involved in numerous bolt-on acquisitions for portfolio businesses.

### 3.4 Possible disadvantages and risks of the Recapitalisation Proposal

#### (a) Underwriter likely to acquire a significant shareholding in Bravura

If the Recapitalisation Proposal proceeds, the Underwriter could end up with a significant shareholding in Bravura, at an entry price of \$0.15 per Share which is below the Independent Expert's valuation range of \$0.20 to \$0.31 per Share. The Underwriter could end up owning between 19.1% and 78.3% of Bravura's share capital depending on the extent to which Shareholders take up their rights entitlements, whether the Underwriter exercises any of its Underwriter Options (see Section 5.3 for the Underwriter's current intentions in this respect) and whether the Underwriter enforces any of its security and other rights in connection with the proposed new margin loans to be made to Messrs Dunstan and Woodfull.

The full spectrum of potential control outcomes is disclosed in Section 3.5 of this Explanatory Memorandum and in the Independent Expert's Report. In this regard, it is relevant to note the following points:

- Messrs Dunstan and Woodfull have notified the Bravura Board that their current intention is that they will only be taking up a very small percentage of their combined 30.3% rights entitlements. In Mr Dunstan's case, this will equate to an additional investment in Bravura Shares of approximately \$100,000 and in Mr Woodfull's case, no further investment. The current intentions of Messrs Dunstan and Woodfull, as described above, are attributable to their present financial circumstances, as impacted by the insolvency of Lift Capital in April 2008 (see further Section 7.6(a)) and also because, from an investment diversification perspective, they are comfortable with the current level of their substantial investment in Bravura.
- If all other Shareholders elect to exercise their rights entitlements in full or substantially, having regard to the expected advantages outlined in Section 3.3 and the key implications in Section 3.6, the potential impact of the Recapitalisation Proposal on the Underwriter's level of control of Bravura will be minimised.

- Specifically, if all Shareholders exercise their rights in full, excluding Messrs Dunstan and Woodfull, and assuming the Underwriter exercises all of the Underwriter Options, the Underwriter will own approximately 35% of Bravura's issued share capital.

#### (b) Market reaction to concentrated ownership

The Recapitalisation Proposal could concentrate a greater proportion of Bravura Shares amongst a smaller number of Shareholders. This concentration would accentuate the current relative illiquidity of Bravura Shares. It could also mean that existing Bravura Shareholders may become minority shareholders in a listed but relatively illiquid company (see further paragraph (d) below).

The Underwriter has advised Bravura that if the Recapitalisation Proposal proceeds and the Underwriter acquires a substantial level of control, the Underwriter has no present intention to acquire remaining Bravura Shares not owned by the Underwriter by way of a takeover bid or scheme of arrangement or to de-list or restructure Bravura.

On a related point, the Independent Expert notes that the presence of the Underwriter as a significant shareholder with Board representation would '*act as a significant deterrent against other prospective acquirers making a [takeover] offer for Bravura without prior agreement from Ironbridge. Under these circumstances, it would not be likely that a takeover premium could be realised except through a transaction supported by Ironbridge*'<sup>3</sup>.

#### (c) Composition of the Bravura Board

Following the conclusion of the Rights Issue, a representative of the Underwriter will be appointed to the Bravura Board. Additionally, if at any time the Underwriter is issued with or otherwise acquires Bravura Shares having an aggregate subscription or acquisition price of at least \$10,949,000, the Underwriter will be entitled to nominate an additional Director to join the Bravura Board. Bravura considers that, on balance, this minimum threshold investment by the Underwriter is likely to be met, in which case the Underwriter will have two nominees on the Bravura Board.

Any such appointees will be subject to re-election at the next annual general meeting of Bravura following their appointment. However, Bravura Shareholders should note that if:

3. See section 9.2.2. of Independent Expert's Report.

- Bravura Shareholders vote to remove any representative of the Underwriter as a Director;
- Bravura Shareholders vote not to re-elect any representative of the Underwriter as a Director; or
- any representative of the Underwriter is disqualified from office as a Director, or retires or resigns from office as a Director,

the Underwriter is entitled under the Underwriting Agreement to nominate a person to replace the outgoing representative of the Underwriter and Bravura must procure the immediate appointment to the Board of the person so nominated.

The above effectively means that the Underwriter could have a guaranteed, perpetual right to appoint up to two representatives to the Bravura Board. As at the date of this Explanatory Memorandum, there are four Directors on the Bravura Board, including two Non-executive Directors (see Section 4.2 of this Explanatory Memorandum for details of the current Bravura Directors). Therefore, although the right of the Underwriter to appoint up to two Directors to the Bravura Board could impact on Bravura Shareholders' right to determine the final composition of the Bravura Board, this would not in itself enable the Underwriter to control decisions at the Bravura Board level.

#### **(d) Minority shareholder risks**

If the Underwriter becomes a substantial shareholder of Bravura, its interests may not always be completely aligned with the interests of the Company's minority shareholders. However, in these circumstances, minority shareholders would have the benefit of the following protections provided by applicable laws and the Listing Rules in relation to any dealings between Bravura and the Underwriter including:

- a requirement to obtain shareholder approval for transactions between Bravura and the Underwriter (or its associates) in certain circumstances;
- a requirement for all Directors on the Bravura Board to comply with any applicable laws relating to conflicts of interest for directors;
- a requirement that at all times, the composition of the Board conforms with the ASX Corporate Governance Principles and Recommendations; and
- in the case of the Underwriter's nominees to be appointed to the Bravura Board, a requirement that they comply with the legal obligations to act in good

faith, in the best interest of Bravura, and for proper purposes, and to have regard to the interests of the Shareholders and Bravura as a whole.

#### **(e) Underwriter's external costs**

A 3% underwriting commission is payable to the Underwriters under the Underwriting Agreement. This equates to approximately \$1 million (excluding GST). As part of the Underwriting Agreement, Bravura is also required to reimburse the Underwriter for its external costs of \$4.7 million out of the proceeds of the Rights Issue. The Underwriter has informed Bravura that its external costs of \$4.7 million comprise advisory fees to accountants, lawyers and corporate advisers that assisted the Underwriter in formulating the Recapitalisation Proposal and in conducting due diligence on Bravura.

In the negotiation of the terms of the Recapitalisation Proposal, the Independent Directors endeavoured to limit the level of reimbursement of the Underwriter's external costs. However, the Underwriter insisted that the full reimbursement of its \$4.7 million in external costs was a fundamental condition to its participation in the Recapitalisation Proposal.

The underwriting commission together with the Underwriter's external costs total approximately \$5.7 million. This total amount will be deducted from the proceeds of the Rights Issue, representing 17.2% of the funds to be raised. Consequently, Bravura will not be able to fully utilise the proceeds of the Rights Issue for its purposes, including reducing the Company's debt further.

#### **(f) Underwriter's security rights, right of first refusal and drag along right**

Under the Margin Loan Security Arrangements, a security trustee on behalf of the Underwriter will take various securities over the Dunstan and Woodfull Shares in which the Executive Director Entities currently have beneficial ownership (and which represent 30.3% of Bravura's issued share capital). These securities will secure repayment of the margin loans to be made by the Underwriter to the Executive Director Entities under the Margin Loan Deeds.

The Margin Loan Deeds further provide that the Executive Director Entities may sell all or part of the Dunstan and Woodfull Shares charged to the Underwriter. However, this is subject to the Underwriter having a right of first refusal in respect of any Bravura Shares that the Executive Director Entities wish to sell. Any sale of the

Dunstan and Woodfull Shares by the Executive Director Entities must be conducted as an off-market transaction and must achieve a floor price of \$0.30 per Share.

Therefore, if Messrs Dunstan or Woodfull wish to sell any of their Shares off-market at a price of at least \$0.30 per Share, the Underwriter will have the first opportunity to buy the Shares offered for sale. If Resolution 3 is approved and the Executive Director Entities draw down funds from the Underwriter under the Margin Loan Deeds, this will entitle the Underwriter to exercise the right of first refusal and increase its relevant interest in Bravura Shares, without needing to obtain Shareholder approval at that time for this increase.

The Margin Loan Deeds also entitle the Underwriter to compel the Executive Director Entities to sell their Shares to any third party who submits a proposal for the acquisition of all of the Underwriter's interest and all of the Executive Directors Entities' interests in Bravura.

If the Recapitalisation Proposal is approved and the Executive Director Entities draw down funds from the Underwriter under the Margin Loan Deeds, the legal effect of the Underwriter's security rights, its right of first refusal and drag along right is to give the Underwriter an *immediate* relevant interest in this 30.3% parcel of Shares. This 30.3% relevant interest arises as a matter of law immediately following the draw down of funds by the Executive Director Entities under the Margin Loan Deeds, even if none of the security rights, the right of first refusal or the drag along right are ever exercised by the Underwriter and despite the Margin Loan Security Arrangements providing that the Executive Director Entities retain their full voting rights in the Dunstan and Woodfull Shares.

The 30.3% relevant interest held by the Underwriter in the Dunstan and Woodfull Shares arising from the security rights, the right of first refusal and the drag along right described above, when combined with:

- the Underwriter's existing interest of 0.76% in Bravura's issued share capital; and
- the Underwriter's acquisition of a relevant interest in all New Shares not taken up by the Executive Director Entities under the Rights Issue,

will give the Underwriter a relevant interest in 30.9% of Bravura Shares even if all other Shareholders subscribe for their full entitlement in the Rights Issue and even if the Underwriter does not exercise any of the Underwriter Options. By virtue of its relevant interest in 30.9% of

Bravura Shares, the Underwriter will also have voting power (as that term is defined in the Corporations Act) in approximately 30.9% of Bravura Shares.

**When considering the Underwriter's technical voting power in the Dunstan and Woodfull Shares, it is important to note the following two points.**

- Although the Margin Loan Security Arrangements and Margin Loan Deeds provide the Underwriter with the security rights, right of first refusal and drag along right described above, the Underwriter will not have any ability to control the votes attaching to this 30.3% stake in Bravura unless and until the Underwriter exercises its security rights or right of first refusal and acquires beneficial ownership of the Shares held by the Executive Director Entities. As noted above, the Margin Loan Deeds provide that the Executive Director Entities retain their full voting rights in the Dunstan and Woodfull Shares.
- The right of first refusal and drag along right described above apply only while the Margin Loan Deeds remain on foot. These deeds allow the Executive Director Entities to repay in full their respective margin loans at any time, without penalty. Therefore, if the new margin loans are repaid in full (for example, through a refinancing arrangement), the right of first refusal and drag along right would cease to apply.

### **3.5 Impact on Bravura's capital structure, Underwriter's shareholding interest and voting power**

#### **(a) Introduction**

If the Rights Issue proceeds, Bravura will issue approximately 222,953,593 New Shares. This will increase the Shares on issue from 142,008,658 Shares to 364,962,251 Shares. Further, if the Underwriter exercises all of the Underwriter Options, this will increase the Shares on issue from 364,962,251 Shares to 451,628,918 Shares.

This Section 3.5 contains three tables that illustrate the spectrum of possible outcomes for the Underwriter's proportionate shareholding interest in Bravura and the Underwriter's voting power in Bravura in different circumstances. Specifically:

- Table 1 illustrates the position immediately following the Rights Issue, assuming no exercise of the Underwriter Options.
- Table 2 illustrates the position immediately following the Rights Issue, assuming exercise of all of the Underwriter Options.
- Table 3 illustrates the position immediately following the Rights Issue, assuming exercise of all the Underwriter Options and also assuming Messrs Dunstan and Woodfull default on their respective Margin Loans and the Underwriter exercises its security rights over their combined 30.3% interest in Bravura or the Underwriter exercises its right of first refusal under the Margin Loan Security Arrangements.

### (b) Table 1

If the Rights Issue proceeds:

- the Underwriter's shareholding in Bravura would be between 19.07% and 61.38%; and
- the Underwriter's voting power in Bravura would be between 30.85% and 71.37%,

in each case, depending on the take up of rights by other Shareholders under the Rights Issue. See Table 1:

**TABLE 1: UNDERWRITER'S SHAREHOLDING AND VOTING POWER POST RIGHTS ISSUE**

Outcome	Underwriter's shareholding	Underwriter's voting power
0% of New Shares taken up by Shareholders	61.38%	73.17%
10% of New Shares taken up by Shareholders	57.15%	68.93%
30% of New Shares taken up by Shareholders	48.69%	60.46%
50% of New Shares taken up by Shareholders	40.23%	52.01%
70% of New Shares taken up by Shareholders	31.76%	43.55%
100% of New Shares taken up by Shareholders	19.07%	30.85%

**Note 1:** the reference to Shareholders in the table above excludes the Underwriter (which currently has an economic interest in 0.76% of Bravura Shares) on the assumption that the Underwriter will be taking up all of its 0.76% entitlement in each of the above scenarios.

**Note 2:** the reference to Shareholders in the table above also excludes all of the Shares held by the privately controlled entity of Mr Woodfull and most of the Shares held by the privately controlled entity of Mr Dunstan, as they have notified the Bravura Board that their current intention is that they will only be taking up a very small percentage of their combined 30.3% entitlement under the Rights Issue. Specifically, the above table has been prepared on the basis that the privately controlled entity of Mr Woodfull will not be taking up any of its entitlements under the Rights Issue while the privately controlled entity

of Mr Dunstan will only be taking up 666,667 New Shares under the Rights Issue (approximately \$100,000 worth of New Shares).

**Note 3:** the difference between the Underwriter's proportionate shareholding in Bravura and its proportionate voting power in Bravura is attributable to the fact that the Underwriter will have a relevant interest (and voting power) in the 30.3% stake in Bravura held by the Executive Director Entities by virtue of the security rights, right of first refusal and drag along right described in Section 3.4(f) above. However, as noted in that Section, although the Margin Loan Security Arrangements and Margin Load Deeds provide the Underwriter with security rights, a right of first refusal and a drag along right, the Underwriter will not have any ability to control the votes attaching to this 30.3% stake in Bravura until such time as the Underwriter exercises its security rights or right of first refusal and acquires beneficial ownership of the Shares held by the Executive Director Entities. Also, the right of first refusal and the drag along right would cease to operate if the Executive Director Entities repay in full their margin loans at any time, without penalty.

**Note 4:** this table also assumes that there are no other changes to the Company's capital structure.

### (c) Table 2

If the Rights Issue proceeds and the Underwriter exercises all of the Underwriter Options:

- the Underwriter's shareholding in Bravura would be between 34.60% and 68.79%; and
- the Underwriter's voting power in Bravura would be between 44.12% and 78.31%,

in each case, depending on the take up of rights under the Rights Issue. See Table 2:

**TABLE 2: UNDERWRITER'S SHAREHOLDING AND VOTING POWER POST RIGHTS ISSUE AND ASSUMING EXERCISE OF ALL OF THE UNDERWRITER OPTIONS**

Outcome	Underwriter's shareholding	Underwriter's voting power
0% of New Shares taken up by Shareholders	68.79%	78.31%
10% of New Shares taken up by Shareholders	65.37%	74.90%
30% of New Shares taken up by Shareholders	58.54%	68.06%
50% of New Shares taken up by Shareholders	51.70%	61.22%
70% of New Shares taken up by Shareholders	44.86%	54.38%
100% of New Shares taken up by Shareholders	34.60%	44.12%

**Note 1:** the reference to Shareholders in the table above excludes the Underwriter (which currently has an economic interest in 0.76% of Bravura Shares) on the assumption that the Underwriter will be taking up all of its 0.76% entitlement in each of the above scenarios.

**Note 2:** the reference to Shareholders in the table above also excludes all of the Shares held by the privately controlled entity of Mr Woodfull and most of the Shares held by the privately controlled entity of Mr Dunstan, as they have notified the Bravura Board that their current

intention is that they will only be taking up a very small percentage of their combined 30.3% entitlement under the Rights Issue. Specifically, the above table has been prepared on the basis that the privately controlled entity of Mr Woodfull will not be taking up any of its entitlements under the Rights Issue while the privately controlled entity of Mr Dunstan will only be taking up 666,667 New Shares under the Rights Issue (approximately \$100,000 worth of New Shares).

**Note 3:** the difference between the Underwriter's proportionate shareholding in Bravura and its proportionate voting power in Bravura is attributable to the fact that the Underwriter will have a relevant interest (and voting power) in the 30.3% stake in Bravura held by the Executive Director Entities by virtue of the security rights, right of first refusal and drag along right described in Section 3.4(f) above. However, as noted in that Section, although the Margin Loan Security Arrangements and Margin Loan Deeds provide the Underwriter with security rights, a right of first refusal and a drag along right, the Underwriter will not have any ability to control the votes attaching to this 30.3% stake in Bravura until such time as the Underwriter exercises its security rights or right of first refusal and acquires beneficial ownership of the Shares held by the Executive Director Entities. Also, the right of first refusal and the drag along right would cease to operate if the Executive Director Entities repay in full their margin loans at any time, without penalty.

**Note 4:** this table also assumes that there are no other changes to the Company's capital structure.

#### (d) Table 3

If the Rights Issue proceeds, the Underwriter exercises all of the Underwriter Options and Messrs Dunstan and Woodfull default on their respective Margin Loans and the Underwriter exercises its security rights over their combined 30.3% interest in Bravura or if the Underwriter exercises its right of first refusal under the Margin Loan Security Arrangements (see Section 3.4(f) of this Explanatory Memorandum):

- the Underwriter's shareholding in Bravura would be between 44.12% and 78.31%; and
- the Underwriter's voting power in Bravura would also be between 44.12% and 78.31%,

in each case, depending on the take up of rights under the Rights Issue. See Table 3:

**TABLE 3: UNDERWRITER'S SHAREHOLDING AND VOTING POWER POST RIGHTS ISSUE, ASSUMING THE UNDERWRITER EXERCISES ALL OF THE UNDERWRITER OPTIONS AND THE UNDERWRITER ENFORCES ITS RIGHTS UNDER THE MARGIN LOAN AND SECURITY ARRANGEMENTS**

Outcome	Underwriter's shareholding	Underwriter's voting power
0% of New Shares taken up by Shareholders	78.31%	78.31%
10% of New Shares taken up by Shareholders	74.90%	74.90%
30% of New Shares taken up by Shareholders	68.06%	68.06%

50% of New Shares taken up by Shareholders	61.22%	61.22%
70% of New Shares taken up by Shareholders	54.38%	54.38%
100% of New Shares taken up by Shareholders	44.12%	44.12%

**Note 1:** the reference to Shareholders in the table above excludes the Underwriter (which currently has an economic interest in 0.76% of Bravura Shares) on the assumption that the Underwriter will be taking up all of its 0.76% entitlement in each of the above scenarios.

**Note 2:** the reference to Shareholders in the table above also excludes all of the Shares held by the privately controlled entity of Mr Woodfull and most of the Shares held by the privately controlled entity of Mr Dunstan, as they have notified the Bravura Board that their current intention is that they will only be taking up a very small percentage of their combined 30.3% entitlement under the Rights Issue. Specifically, the above table has been prepared on the basis that the privately controlled entity of Mr Woodfull will not be taking up any of its entitlements under the Rights Issue while the privately controlled entity of Mr Dunstan will only be taking up 666,667 New Shares under the Rights Issue (approximately \$100,000 worth of New Shares).

**Note 3:** there is no discrepancy in this table between the Underwriter's proportionate shareholding in Bravura and its proportionate voting power because the table has been prepared on the basis that the Underwriter has exercised its security rights and acquired beneficial ownership of the Shares held by the Executive Director Entities.

**Note 4:** this table also assumes that there are no other changes to the Company's capital structure.

For further information regarding the Underwriter, including its intentions if it acquires control of Bravura, please refer to Section 5 of this Explanatory Memorandum.

## 3.6 Key implications if the Recapitalisation Proposal does not proceed

Resolutions 1 to 5 are inter-conditional. Therefore, if Shareholder approval for each of these Resolutions is not obtained, the Recapitalisation Proposal will not proceed. This Section 3.6 considers the implications for Bravura if the Recapitalisation Proposal does not proceed.

### (a) Bravura will not be able to meet its banking obligations

If the Resolutions for the Recapitalisation Proposal are not approved, Bravura will continue to operate with its current capital structure, exploring all available alternatives to optimise and develop its assets and other growth opportunities. However, given the current difficult equity market conditions, the constrained availability of credit and the uncertainty associated with pursuing a debt refinancing, the Independent Directors believe

that the Recapitalisation Proposal represents the best available option for Shareholders as at the date of this Explanatory Memorandum.

If the Recapitalisation Proposal is not implemented and in the absence of an alternative proposal, it is highly likely that Bravura will be unable to meet its repayment obligations to BOSI by its deadline of 15 August 2009.

In the absence of an agreed extension by BOSI beyond that deadline, this will constitute an event of default under the BOSI facility. This event of default would entitle BOSI to demand the immediate repayment of the entire debt facility of approximately \$61 million. Non-repayment of the entire facility on demand would potentially have significant financial implications for Bravura, in the absence of an agreed extension by BOSI beyond 15 August 2009 or an alternative source of finance.

#### **(b) Bravura may suffer difficulties in obtaining new clients and retaining existing key clients**

If the Resolutions for the Recapitalisation Proposal are not approved, any perceived uncertainty surrounding the viability of Bravura will be exacerbated. This may have an adverse effect on Bravura's ability to obtain new clients and retain existing key clients. Bravura's lack of financial stability may cause concern with its client base and this could potentially materially affect its business operations.

#### **(c) Transaction costs**

If the Resolutions are not approved, Bravura will not be entitled to capitalise a number of its advisory and other transaction costs relating to the Recapitalisation Proposal, a substantial portion of which have already been incurred.

### **3.7 Other relevant considerations**

#### **(a) Conditions to implementation of the Recapitalisation Proposal may not be satisfied**

The Recapitalisation Proposal will only proceed if all five Resolutions are approved and certain other conditions precedent are satisfied or waived. The key conditions to the implementation of the Recapitalisation Proposal are set out in Section 1.3 of this Explanatory Memorandum. Although Bravura is not aware of any matter which would, as at the date of this Explanatory Memorandum,

cause these other conditions to be breached or unfulfilled, there is a risk that due to matters outside its control, those conditions will not be satisfied.

If the approval of Bravura Shareholders for the Recapitalisation Proposal is not obtained, the proposal will not be implemented. The implications of this are described in Section 3.6 of this Explanatory Memorandum.

#### **(b) Risks associated with an investment in Bravura**

If the Resolutions for the Recapitalisation Proposal are approved, Bravura Shareholders will have to consider whether to take up their rights under the Rights Issue. For further details of the risks associated with an investment in Bravura, please refer to Section 4.8 of this Explanatory Memorandum.

#### **(c) Likelihood of a superior proposal**

Since the announcement of the Recapitalisation Proposal on 18 May 2009 and up to the date of this Explanatory Memorandum, no superior proposal has been received. As at the date of this Explanatory Memorandum, your Independent Directors have no basis for believing that a superior proposal will be received.

Your Independent Directors will inform you of any material developments in relation to any legitimate superior proposal that may emerge.

#### **(d) Break fee**

Under the terms of the Underwriting Agreement, Bravura must pay the Underwriter a break fee of \$550,000 (inclusive of GST) if any of the following occurs:

- Bravura or the Underwriter terminates the Underwriting Agreement due to the Bravura Board publicly announcing and recommending a superior proposal.
- Any Bravura Director publicly withdraws his recommendation of the Recapitalisation Proposal.
- The proponent of a competing proposal acquires a relevant interest in at least 50% of Bravura's Shares, or acquires the whole or a substantial part of the Bravura group's assets, during the term of the Underwriting Agreement or within six months after it terminates.
- The Underwriter validly terminates the Underwriting Agreement, other than in respect of the following termination events (i.e. if the following terminating events arise, the Underwriter may terminate the Underwriting Agreement but not also claim the break fee):

- failure to obtain any required shareholder approval;
- fall in the All Ordinaries index beyond a specified limit;
- change in law;
- refusal of listing of the New Shares;
- hostilities breaking out involving certain nations;
- withdrawal or amendment of a necessary ASX waiver or ASIC modification;
- disruption in financial markets;
- unacceptable circumstances being declared by the Takeovers Panel; or
- certain changes in executive management.

### (e) Exclusivity

The Underwriting Agreement provides that during the Exclusivity Period (see below), Bravura and its related parties and representatives must not solicit, encourage or invite competing proposals (**no shop**) or negotiate or enter into discussions with any third party in relation to a competing proposal (**no talk**). However, the 'no talk' restriction does not apply to an unsolicited competing proposal which the Bravura Board, acting in good faith and to satisfy its fiduciary and statutory duties, determines is a superior proposal.

The Exclusivity Period commences on the date the Underwriting Agreement is signed and ends on the earliest of:

- 15 September 2009;
- the date of the General Meeting if, at that meeting, all five resolutions required to approve the Recapitalisation Proposal are not duly passed;
- the date all of the new shares under the Rights Issue have been allotted (including any Shortfall Shares allotted to the Underwriter); and
- the date that the Underwriting Agreement is validly terminated.

If, during the Exclusivity Period, Bravura receives an unsolicited competing proposal that it considers is more favourable than the Recapitalisation Proposal, Bravura must notify the Underwriter in writing, including providing all material details of the competing proposal. Bravura must not enter into a binding agreement with the proponent of the competing proposal, publicly recommend the competing proposal or facilitate or otherwise progress the competing proposal without first giving the Underwriter the right to submit to Bravura a revised proposal within two business days of Bravura notifying the Underwriter of the competing proposal.

Section 6 of this Explanatory Memorandum provides a summary of these exclusivity arrangements, including the qualifications and exceptions.

## 3.8 Independent Directors' recommendation and intentions

Your Independent Directors are Chris Ryan and Trevor Perry. The interests of the Independent Directors in the Recapitalisation Proposal are disclosed in Section 7.9 of this Explanatory Memorandum.

Having regard to all of the considerations discussed in this Section 3, your **Independent Directors consider that, in the absence of a superior proposal, the expected advantages of the Recapitalisation Proposal outweigh its potential disadvantages and risks.**

The Independent Expert has concluded that, *'Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable'*.

The Independent Expert's Report is set out in full in **Appendix 2** to this Explanatory Memorandum and you are strongly encouraged to read that report as part of your assessment of the Recapitalisation Proposal.

Your **Independent Directors recommend** that, in the absence of a superior proposal, Bravura Shareholders **vote in favour of the Recapitalisation Proposal.**

In the absence of a superior proposal, **your Independent Directors intend to vote** all of the Bravura Shares held by them or in which they otherwise have a relevant interest **in favour of the Recapitalisation Proposal.**

Messrs Dunstan and Woodfull have a material personal interest in the Recapitalisation Proposal. Accordingly, they have not participated in the Board's consideration of this proposal and are abstaining from making a recommendation to other Bravura Shareholders in relation to it. The interests of Messrs Dunstan and Woodfull in the Recapitalisation Proposal are disclosed in Sections 7.6 and 7.9 of this Explanatory Memorandum.



# 4 Profile of Bravura

## 4.1 Overview of Bravura

### (a) Overview

Bravura is a leading global supplier of professional services and wealth management applications for superannuation and pensions, life insurance, investment, portfolio administration, transfer agency and straight-through processing (STP) financial messaging.

Bravura has over 180 corporate clients throughout Australia, New Zealand, the United Kingdom, Western Europe, Poland, Asia and South Africa. They are supported by approximately 570 employees, in fourteen offices across nine countries. Office locations comprise Sydney, Melbourne, Brisbane, Adelaide, Auckland, Wellington, Hong Kong, Bangkok, London, Manchester, Edinburgh, Luxembourg, Warsaw and Johannesburg.

Over 18 million accounts are administered on Bravura's wealth management applications, with more than A\$1.2 trillion in funds managed globally.

Bravura's applications are designed to automate and simplify information management, analysis, accounting, reporting and compliance for the wealth management industry.

In addition to licensing wealth management applications, Bravura also offers professional services including strategic consulting, applications development and implementation, support and training and BPO partnering.

Bravura is a certified partner of Oracle, IBM, Sybase, QAS, Computer Associates, Kofax, Thunderhead, iFinancial, FINCAD and Sun Microsystems. Bravura is also a Microsoft Gold Certified Partner.

### (b) History

Bravura was established in December 2004 through a management buy-out of the Australian corporate and superannuation business unit of Computer Sciences Corporation (CSC). The wealth management business acquired by Bravura had an extensive client portfolio and had operated for more than 20 years.

On completion of the CSC acquisition, Bravura provided back office wealth management applications to 72 clients, had over 70 staff located in Melbourne, Sydney and Brisbane and supported three products.

Since then, Bravura has significantly expanded its applications and number of staff through a combination of product development and the following strategic acquisitions:

Jan 2005	Syscorp acquisition
Jul 2005	Tacit acquisition
Mar 2006	Essential acquisition
Dec 2006	Rufus acquisition
Dec 2006	AB Prodata acquisition
May 2007	Garradin acquisition
Dec 2008	GTAS division of Citi in Warsaw acquisition

Each of Bravura's acquisitions has enabled it to expand its wealth management applications and professional services capabilities. The acquisitions have opened new markets and expanded Bravura's client base, as well as providing new technologies which can be offered to existing clients.

### (c) Clients

Bravura provides applications and support to more than 180 financial institutions globally. Bravura aims to achieve economies of scale for its clients.

Key clients in each region are as follows:

<b>Australia</b>	Aon Consulting, Colonial, AXA, CBA, ING, Mercer, National Group, Perpetual, State Super Financial Services, Statewide, Superpartners
<b>Asia</b>	China Life, Dah Sing, Mercer, Sunlife Canada, New York Life International, Bao Viet
<b>New Zealand</b>	AMP, ASB, National Bank of New Zealand, ING, Tower, Westpac
<b>United Kingdom and Europe</b>	Bank of New York Mellon, MGM Assurance, Nordea, Pioneer Friendly, Scottish Friendly Assurance, Scottish Widows, Cardiff Pinnacle, Société Générale, MLC Savings, Legal & General
<b>South Africa</b>	ABSA

## 4.2 Current Directors

The Board consists of the following four Directors:

### (a) Christopher J. Ryan, BFA, FCA

**Chairman and Non-executive Director**

**Date of Birth** – 31 May 1961

**Appointed** – 28 September 2004

Christopher Ryan is a Fellow of the Institute of Chartered Accountants in Australia and CEO of Investorlink Corporate Limited, specialising in corporate finance.

Christopher has 20 years experience in mergers and acquisitions, including capital and debt raisings, IPOs and trade sales.

Christopher Ryan has not held any directorships in other listed companies in the last three years.

### (b) Iain M. Dunstan, M.Com. Law, MBA, SIA (Aff), MAICD

**Group CEO and Managing Director**

**Date of Birth** – 11 November 1961

**Appointed** – 28 September 2004

Iain Dunstan has held senior roles in a number of 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.

Iain Dunstan has not held any directorships in other listed companies in the last three years.

### (c) Simon K. Woodfull

**Group CEO and Director – Operations**

**Date of Birth** – 9 May 1969

**Appointed** – 13 December 2004

Simon Woodfull has more than 16 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.

Simon Woodfull has not held any directorships in other listed companies in the last three years.

### (d) Trevor Perry

**Non-executive Director**

**Date of Birth** – 1 October 1938

**Appointed** – 11 March 2009

Trevor Perry's last role was Managing Director of Australasia for Prudential Assurance (Prudential), where he oversaw the successful takeover of NZI in New Zealand and its integration with the local New Zealand Prudential operation. He was also responsible for significant and substantial IT system overhauls, a task he had previously undertaken in Asia. Prior to his Australasian position, Trevor was the Managing Director of South East Asia for Prudential, where he oversaw the establishment of representative offices in China and commenced the process for Prudential's entry into Indonesia.

## 4.3 Recent developments

The following are considered important recent developments and milestones:

- On 18 December 2008, Bravura was selected to provide the Garradin portfolio administration platform for Northern Trust's entry into the Australian market supporting Northern Trust's move into super investment accounting.
- On 16 July 2008, existing client Equity Trustees limited signed a five year deal to upgrade to Garradin, which will be used to administer the assets for EQT's funds and private clients, as well as the company's reporting needs.
- On 26 June 2008, new client UniSuper signed a five year contract for the ePASS superannuation eBusiness platform, which will provide UniSuper with savings in administration time, cost to the company, and also increased accuracy for the reconciliation of contributions.
- On 6 May 2008, new client Pillar Administration signed a three year contract for Bravura's superannuation administration system to accommodate its newest retail client.
- On 1 April 2009, Bravura signed a contract with new client Health Super for ePASS, enabling increased efficiency in servicing its members, employers, back office and call centre.
- On 28 January 2009, new client Myer Family Office signed an agreement for the use of Garradin, which will administer several of Myer Family Office's funds on behalf of family, philanthropic and charitable clients.
- On 14 January 2009, Bravura signed an agreement with Bao Viet for the acquisition and implementation of Bravura's next generation life insurance administration package, TalisLife.
- Bravura has facilitated JPMorgan Asset Management in consolidating all of its UK Asset Management product lines onto a single business platform, Bravura's Rufus, which is used for the administration of unit trusts, money market funds, cash, equities and investment trusts and life assets.
- On 11 September 2008, existing client, Statewide entered into an agreement for the implementation of Bravura's superannuation system, as well as the extension of an existing product license for ePASS.

Statewide has been using ePASS since 2000 and has extended its licence of the application for a further 15 years.

Bravura has also signed a number of new contracts and/or contract extensions with existing clients in the past twelve months, including the following:

- Legal and General extended their contract, choosing to continue with Bravura's Rufus Global Transfer Agency (**GTA**) and Output Management Service until the end of 2011. The business relationship commenced in 1997.
- Expanded agreement with existing client, Scottish Friendly for a further three years to enable Scottish Friendly to service Norwich Union's Lifetime proposition. Under the initial three year deal, Bravura will provide secure hosted applications to support the re-launch of Norwich Union's high net worth wrap proposition.

In 2008, Bravura also completed the first stage of a major consolidation of Perpetual's unit registry systems. The project migrated Perpetual's largest legacy system onto a single Service Oriented Architecture (**SOA**) platform. The new architecture delivers Perpetual a robust and scalable system that retains the functionality of its legacy systems.

In addition, Bravura added to the expertise of its executive team with the appointment of Tony Klim to the position of Chief Executive Officer for EMEA, and the appointment of Rebecca Norton as Chief Financial Officer.

In November 2008, Bravura entered into an outsourcing agreement for the provision of transfer agency technology services to Citi's Securities and Fund Services business in the European Region. As part of the agreement Bravura acquired Citi's Warsaw-based transfer agency software platform for consideration of US\$21 million (A\$32 million).

Also in November 2008, Non-executive Directors John Loebenstein, Elana Rubin and James MacKenzie retired from the Board of Directors. Trevor Perry was subsequently appointed to the Board as a Non-executive Director.

In December 2008, Bravura announced it had established a Level I American Depositary Receipt (**ADR**) program to facilitate the purchase of Bravura shares by US investors. On 18 February 2009, Bravura announced that its American Depositary Receipts (**ADRs**) were listed on International OTCQX for greater access to the US capital markets.

## 4.4 Bravura historical financial information

Bravura Solutions Limited and its Controlled Entities

ABN 15 111 148 826

### INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007, 30 JUNE 2008 & 30 JUNE 2009

	Consolidated						
	Notes	Jun 07 Audited FY07 \$000's	Jun 08 Audited FY08 \$000's	Dec 08 Audit Reviewed FY09 \$000's	Jun 09 Projection FY09 \$000's	Pro Forma Adj FY09 \$000's	Jun 09 Pro Forma FY09 \$000's
<b>Revenue</b>							
Maintenance income		31,942	45,055	22,482	46,285		46,285
Professional services income		44,339	65,161	30,948	61,923		61,923
Licence fees & other revenue		23,843	25,624	19,521	28,264		28,264
<b>Total revenues</b>		100,124	135,840	72,951	136,472	–	136,472
<b>Operating Expenses</b>							
Employee benefit expense		(57,821)	(81,360)	(41,832)	(78,490)		(78,490)
Travel & entertainment		(3,318)	(3,942)	(2,061)	(4,016)		(4,016)
Occupancy costs		(4,272)	(5,006)	(2,420)	(5,121)		(5,121)
Telecommunication costs		(5,724)	(8,743)	(7,045)	(13,928)		(13,928)
Research and development		(9,754)	(12,119)	(5,002)	(10,380)		(10,380)
Other expenses		(5,887)	(6,057)	(3,565)	(7,538)		(7,538)
<b>Total Operating Expenses</b>		(86,776)	(117,227)	(61,925)	(119,473)	–	(119,473)
<b>EBITDA</b>		13,348	18,613	11,026	17,000	–	17,000
Depreciation		(731)	(1,835)	(1,439)	(3,345)		(3,345)
Amortisation		(3,230)	(5,498)	(2,871)	(6,521)		(6,521)
<b>EBIT</b>		9,387	11,280	6,716	7,134	–	7,134
Net interest income / (expense)	1	(2,877)	(4,931)	(1,622)	(3,506)	449	(3,057)
Restructuring costs	2	–	(1,466)	(914)	(2,278)	2,278	–
Unrealised losses on derivatives	3	–	(1,767)	(5,111)	(6,738)	6,700	(38)
Foreign exchange gains / (losses)		(168)	(316)	3,997	5,585		5,585
<b>Net Profit before tax</b>		6,342	2,800	3,065	197	9,427	9,624
Tax expense	4	(1,898)	(1,232)	(417)	(59)	(2,828)	(2,887)
<b>Net Profit after tax</b>		4,444	1,568	2,648	138	6,599	6,736

#### Notes:

1. This is the differential in interest expenses had the capital raising occurred on 30 June 2008. The capital raising would have precluded the need to drawdown on the working capital facility in FY2009. The only interest expense in FY2009 would have been that on the term facility. The pro forma interest rate expense is arrived at using the new higher interest rate margins that will come into effect post the recapitalisation process.
2. The restructuring costs of \$2.278 million are assumed to have occurred in FY2008 and are implicitly reflected within retained earnings in the balance sheet.
3. The forward exchange contract, that was entered into so that the total indebtedness approximated the overall Australian dollar facility limit with BOSI, would not have been required had the transaction occurred on 30 June 2008.
4. We apply a notional effective tax rate of 30% to adjustments 1 through 3.

## 4.5 Management discussion and analysis of financial information

Bravura's consolidated entity net profit before tax for the year ended 30 June 2008 was \$2.8 million (2007: \$6.3 million). EBITDA was \$18.6 million (2007: \$13.6 million) with a 35% increase in revenue to \$136.4 million.

For the half year ended 31 December 2008, consolidated entity net profit before tax was \$3.1 million (half year ended 31 December 2007: \$2.2 million). EBITDA was \$11.0 million (half year ended 31 December 2007: \$9.6 million) with a 9% increase in revenue to \$73.9 million.

## 4.6 Financial Year 2009 outlook

On 28 May 2009, Bravura announced that it expected its revenue for the financial year ending 30 June 2009 to be in the range of \$135 million to \$140 million and its EBITDA for the year ending 30 June 2009 is expected to be in the range of \$16 million to \$19 million.

As announced on 28 May 2009, to achieve this expected revenue and EBITDA range, uncontracted forecast revenue for contracts still being negotiated will need to be derived before 30 June 2009. A number of contracts are at an advanced stage of negotiation and are expected to be signed by 30 June 2009. There can be no guarantee that such contracts will be finalised on or before 30 June 2009. Any delays in the finalisation of such contracts (which would cause reductions in 2009 EBITDA) will be reported in the succeeding reporting period.

## 4.7 Bravura - A disclosing entity

As a company listed on the ASX and a 'disclosing entity' under the Corporations Act, Bravura is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. Bravura's most recent announcements are available from its website.

Further announcements concerning Bravura will continue to be made available on the website after the date of this Explanatory Memorandum.

ASX maintains files containing publicly available information about entities listed on their exchange. Bravura's files are available for inspection from ASX during normal business hours and are available on the website at [www.asx.com.au](http://www.asx.com.au)

Bravura is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Bravura may be obtained, or inspected at, ASIC offices.

The following documents are available for inspection free of charge prior to the General Meeting during normal business hours at the Sydney head office of Bravura:

- Constitution of Bravura;
- Bravura's annual reports for the financial years ended 30 June 2006, 30 June 2007 and 30 June 2008;
- Bravura June 2006 Initial Public Offering Prospectus;
- Bravura March 2007 Entitlement Offer Prospectus;
- Bravura public announcements; and
- Bravura interim reports for the 6 month periods ended 31 December 2007 and 31 December 2008.

The annual and interim reports and public announcements are also available at Bravura's website at [www.bravurasolutions.com](http://www.bravurasolutions.com)

## 4.8 Risks associated with an investment in Bravura

If the Recapitalisation Proposal is approved, Bravura will proceed with the Rights Issue. Eligible Shareholders will have the right to subscribe for 1.57 New Shares for every 1 Share they hold at the record date for the Rights Issue, at a price of \$0.15 per Share. This Section outlines some of the risks associated with exercising rights and acquiring further Shares under the Rights Issue. It should be noted that the risks outlined are ones to which Bravura Shareholders are already exposed.

There are a number of risks, both specific to Bravura and general investment risks, which may materially and adversely affect the future performance of Bravura and the value of Shares. Bravura has taken steps to put in place safeguards and appropriate systems and actions to mitigate risks but it cannot guarantee that these safeguards and systems will be effective. Some risks are outside the control of Bravura and the Directors and cannot be mitigated. This section describes a number of risks associated with an investment in Shares.

Shareholders should note that this list of risks is not exhaustive as it is not possible to identify all risks.

None of the Directors, Bravura or any person associated with Bravura guarantees the performance of Bravura, the performance of New Shares offered under the Rights Issue, the payment of dividends or the market price at which the New Shares and Shares will trade.

Prior to making a decision in respect of taking up rights, Shareholders should read this Explanatory Memorandum carefully and consider the following risk factors.

Shareholders should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### **(a) Risks specific to Bravura**

#### **Economic environment**

General economic conditions in the countries and regions in which Bravura operates will affect the performance of Bravura. Adverse changes in such factors as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of Bravura and the Directors and may result in material adverse impacts on the business and its operating results and forecasts.

Bravura's clients operate in the financial services and wealth management industries in various countries.

A number of external factors may cause clients and potential clients to reduce, delay, or cancel expenditure on Bravura's products and services, including:

- a weakening or downturn of the financial services and wealth management industries; and
- fluctuations, disruptions or instability in the financial services industry or global or domestic economies.

#### **Regulation and legislative changes**

Legislative and regulatory changes which affect the Wealth Management Industry have in the past had a positive impact on Bravura's financial performance by generating additional Professional Services revenues. However, there is a risk that future legislative or regulatory changes in the countries and industries in which Bravura or its clients operate may cause Bravura or its clients to incur increased costs.

In Australia, Bravura has sought to manage its exposure to changes through its representation on the Superannuation Funds Working Group and Software Developers Consultative Group convened by the ATO. These groups, amongst other things, discuss proposed legislation changes. This enables Bravura to participate in lobby groups that seek to influence the direction of proposed legislative change and help mitigate the risk of legislation being introduced that is not technically viable for compliance by the Wealth Management Industry in Australia.

Bravura also participates in relevant industry groups within other regions such as the PEP and ISA Managers Association (**PIMA**) and the Investment Managers Association (**IMA**) committees in the UK and the Investment Savings and Insurance Association (**ISI**) within New Zealand, to manage exposure to proposed legislative changes.

The enactment dates for legislation are immovable dates. There is a risk that an increase in project scope could mean a late software delivery thereby missing a compliance regulation. Bravura's approach to mitigate this risk is to work with industry groups to control the scope as well as working with the customer base to ensure that additional work that is required fits within the parameters for successful on time delivery.

#### **Product development and technology**

The development of Bravura's Wealth Management Applications is a complex process. Despite rigorous testing by Bravura and clients, there is the possibility that Bravura's Wealth Management Applications may contain defects, bugs or errors that are difficult to detect or correct. Undetected design defects, errors or failures may significantly impact Bravura's reputation and performance.

Bravura is reliant on enhancing its existing products and services, and on developing and introducing new products and services to meet changing client needs and evolving regulatory requirements for the Wealth Management Industry. Bravura will lose market share and its competitive advantage if it is unable to predict, react and incorporate technological developments into its products and services.

Bravura is seeking to partially mitigate the risk of not detecting errors in its applications by partnering with IBM to design a test strategy that delivers end to end testing and high levels of automation testing for repeatable test cycles to identify any potential errors.

### **Retaining and attracting experienced personnel**

Bravura is reliant on certain key management, technical and sales personnel to generate future earnings and is partially dependent on the recruitment of additional professional staff with appropriate skill sets. Bravura is committed to retaining key personnel, including by implementing and maintaining a long-term incentive plan. However, there is no guarantee that key personnel will remain committed to Bravura.

Although Bravura has a strategy of developing relationships with clients, there is no guarantee that a client will remain committed to Bravura if any staff member with which the client has been dealing leaves.

Bravura relies on its ability to attract, retain, motivate and train highly skilled and qualified employees in order to develop and market its products. Therefore, if key personnel leave Bravura or do not continue to be engaged by Bravura, this may have a material adverse effect on Bravura's ability to achieve its forecast earnings.

### **Competition**

Current or potential competitors may have greater resources for research and development, develop superior products or adapt more quickly to new technologies, evolving industry trends or changing client or regulatory requirements. Increased competition may result in price reductions, reduced margins and loss of market share. There is no assurance that Bravura will be able to win market share from its competitors in its key or new markets.

The threat of new entrants or competitors is in part mitigated by the complexity of the Wealth Management Industry globally. This complexity provides a high cost and barrier to entry for potential competitors to Bravura.

### **Loss of key clients**

Loss of a key client may arise if the client changes to its own in-house Wealth Management Application, or if the client changes to a competitor's products and services. Additionally, a client could merge with another company which uses its own in-house Wealth Management Application which might lead to the client adopting this system. These events could have an adverse effect on Bravura's financial performance and market share. This may be partially offset by the additional revenues from Professional Services fees as systems are merged and upgraded.

### **Client attraction and retention**

Bravura's ability to meet the needs of existing clients, to extend and renew existing contracts, sell additional products or services or attract new clients is essential to its financial performance. A number of factors affect Bravura's ability to successfully retain and attract clients, including:

- the demand for Wealth Management Applications and Professional Services;
- level of client spending on IT;
- level of competition from internal client solutions and competitors;
- quality of Bravura's customer service;
- ability to update products and service and develop new products and services required by clients;
- ability to understand the organisation and processes of clients; and
- ability to integrate and manage new clients following the acquisition of a business.

Bravura's clients may defer spending on Wealth Management Applications for a number of reasons or decide not to proceed at all. Deferral or termination of existing contracts or anticipated projects could result in the loss or deferral of forecast earnings to subsequent financial years. Some customer contracts acquired as part of the Rufus and AB Prodata acquisitions provide for termination without cause (with varying

notice periods). However, Bravura's strong customer relationships and the nature of its business mitigate against the risk of early termination.

The risk of delays to the commencement of key contracts is partially mitigated by Bravura's ability to immediately redeploy staff to perform Professional Services for other clients.

### Key suppliers

Bravura relies on third-party software, hardware and technologies for the development, implementation and operation of its products and services. Key third-party suppliers include Microsoft, Oracle, IBM and Sybase.

Bravura's operations would be significantly impacted if:

- existing licences were found to infringe the rights of others; or
- third-party suppliers no longer made their software available to Bravura or Bravura's clients; or
- third-party suppliers materially increased the price of their licences; or
- an unforeseen material problem arose which prohibited Bravura's products using or functioning together with third-party wrap platforms or software.

In such circumstances, Bravura may be required to undertake additional development tasks or find new suppliers of such products.

### Intellectual property

Bravura's market position depends in part on its ability to protect its intellectual property rights and proprietary applications. Bravura relies on a combination of trade secret, copyright and trademark law, non-disclosure agreements and technical measures to protect its proprietary technology. These actions provide only limited protection for the applications and associated documentation.

It is possible for a third party to gain unauthorised access to and to use applications and materials to which Bravura has proprietary ownership. In addition, it may be possible for unauthorised third parties to copy portions of its products or to reverse engineer or otherwise obtain and use proprietary information.

There is the risk that third parties may claim the technology Bravura has developed, acquired or incorporated into its products will infringe the rights third parties may hold. There is also a risk that the seller of technology which it has acquired may not have appropriately protected the intellectual property rights.

Indemnities and other rights under applicable acquisition documents and laws may provide some protection, although there is the risk that Bravura's efforts and legal safeguards may be insufficient to prevent third parties asserting intellectual property rights over or using Bravura's applications and products.

### Financing facilities

The Independent Directors believe that the capital structure of Bravura following the Recapitalisation Proposal, together with its borrowing facilities, will provide sufficient capital resources to enable Bravura to significantly recapitalise Bravura. However, there is no guarantee that this can be achieved without further financing or, if further financing is required, that it can be achieved on favourable terms or at all.

### Foreign exchange risk

Bravura prepares its financial statements in A\$. However, over 75% of forecast revenue in FY2009 will be received in currencies other than A\$. Changes in foreign currency exchange rates could have an adverse impact on the value of Bravura's assets and liabilities, revenues and costs and therefore its financial results.

Historically, Bravura has managed its exposure to foreign exchange risk by natural hedging through keeping relevant foreign currency cash accounts and matching foreign costs with foreign revenues. While natural hedging will continue, Bravura also manages its foreign exchange risk on material monetary transactions through the use of hedging instruments.

### Litigation and contractual claim risk

Having regard to the nature of its business, Bravura could become subject to litigation regarding intellectual property rights, product liability claims, claims arising under acquisition contracts or customer contracts or other claims.

Bravura's contracts with clients generally contain clauses which seek to limit its liability. Bravura has also undertaken appropriate general product liability insurance. Despite these protections it is possible that product liability or other claims not covered by insurance may arise and have an adverse effect on Bravura's financial performance and reputation.

In relation to potential claims arising under acquisition contracts, it should also be noted that the acquisition agreement pursuant to which Bravura acquired the Rufus GTA software contains a restrictive covenant preventing Bravura from selling the Rufus GTA software to any competitor of the Bank of New York Mellon for five years following the acquisition or, while the Master Licence and Services Agreement is in effect, to a non-competitor without the Bank of New York Mellon's consent. For the purposes of the restrictive covenant a direct or indirect change in control of Bravura (where control may include owning 20% of the voting shares in Bravura) is deemed a sale of the Rufus GTA software.

#### **Hostilities, acts of terrorism and politics**

Hostilities, problematic trade or international relations or social or political unrest may affect Bravura's ability to carry on business in the countries in which it operates. Further, acts of terrorism or an outbreak, or escalation of international hostilities may adversely affect consumer confidence and spending and general economic conditions globally or in regions in which Bravura operates. Accordingly, such events may have a negative impact on Bravura's financial performance.

#### **Taxation**

Changes to taxation legislation or policy in jurisdictions where Bravura operates may adversely affect Bravura's profit. Any change in the status of Bravura's eligibility to receive research and development tax concessions could similarly have an adverse effect on Bravura's profit. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on future profit of Bravura and the level of dividend franking.

#### **(b) General risks**

##### **Stock market fluctuations**

The price of the Bravura Shares on ASX may rise or fall due to numerous factors that may affect the market performance of Bravura and are beyond the control of Bravura and the Directors, including:

- general economic conditions, including the global financial crisis, changes in inflation rates, interest rates and exchange rates;
- variations in the domestic and international market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion or removal from market indices; and
- general operational and business risks.

In particular, the share prices for many companies may reflect a diverse range of non-company specific influences such as acts of terrorism and the general state of the economy. Such market fluctuations may materially adversely affect the price of the Shares.

No guarantee can be made that Bravura's market performance will not be adversely affected by any such market fluctuations or factors. None of the Directors, Bravura, or any person associated with Bravura guarantees the market price at which the Shares will trade.

##### **Liquidity**

There can be no guarantee that an active market in the Shares will continue or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders who acquire Shares under the Rights Issue receiving a market price for their Shares that is less or more than the price that Shareholders paid for New Shares.

##### **Dilution**

Shareholders' proportionate interests may be diluted by future capital raisings by Bravura. Bravura may also use stock to finance future acquisitions, which may dilute the value of Shareholders' interests if the business value received in the acquisition is less than the value given up by issuing stock to finance the acquisition.

##### **Changes in accounting policy**

Bravura is subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on Bravura.



# 5 Information from the Underwriter

This Section has been prepared by the Underwriter which is responsible for its accuracy.

## 5.1 Overview of the Ironbridge Fund II and Ironbridge Capital

The Ironbridge Fund II is managed or advised by Ironbridge Capital. Ironbridge Capital is an Australian incorporated and based private equity manager and adviser. It has managed or advised on the following investments made by the Ironbridge Fund II:

- iNova Pharmaceuticals – Asia Pacific and South African pharmaceutical operations of 3M that were renamed iNova Pharmaceuticals
- EnviroWaste – a New Zealand waste services business
- MediaWorks – a media business with leading market positions in the Free-to-Air and radio markets in New Zealand
- Australian Drilling Solutions – an aggregation of drilling businesses operating in the mining and infrastructure sectors
- FleetPartners – a leading fleet leasing business in Australia and New Zealand
- Healthbridge – a specialist day surgery and diagnostic business offering disciplines such as assisted reproductive technology services and pathology

The Ironbridge Fund I and the Ironbridge Fund II collectively have total committed capital of approximately \$1,500 million. Approximately \$450 million of this committed capital is in the Ironbridge Fund I and approximately \$1,050 million of this committed capital is in Ironbridge Fund II.

As at the date of this Explanatory Memorandum, all of the capital in the Ironbridge Fund I is committed to existing Ironbridge Fund I investments and approximately 57% of the committed capital from Ironbridge Fund II had been drawn-down.

Consequently, there are currently adequate undrawn funds in the Ironbridge Fund II that could be called by the Underwriter to facilitate payment of the cash required to be paid by the Underwriter under the Recapitalisation Proposal.

Please see the discussion in Section 5.4 of this Explanatory Memorandum regarding the Underwriter's funding of their payment obligations under the Recapitalisation Proposal.

The investors in the Ironbridge Fund II consist predominantly of large institutional investors such as superannuation funds and pension funds.

## 5.2 Overview of the Underwriter

### (a) Introduction

The Ironbridge Fund II will invest in Bravura through the Underwriter. The Underwriter consists of Carp Advisory A Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 1, Carp Advisory B Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 2 and Carp Holdings NV.

The Carp Investment Trust No. 1 is a unit trust in which all of the issued units are held by Ironbridge Capital II A Pty Limited in its capacity as trustee for Ironbridge Fund II A.

Carp Investment Trust No. 2 is a unit trust in which all of the issued units are held by Ironbridge Capital II B Pty Limited in its capacity as trustee for Ironbridge Fund II B.

Carp Holdings NV is a company incorporated in Belgium. One share in Carp Holdings NV is held by Ironbridge Capital II G.P. Limited (representing Ironbridge Capital II L.P.) and the remaining issued shares in Carp Holdings NV are held by Ironbridge II Luxembourg Holdings S.à.r.l.. Ironbridge Capital II G.P. Limited (representing Ironbridge Capital II L.P.) owns all of the issued shares in Ironbridge II Luxembourg Holdings S.à.r.l..

## **(b) Identity of the Underwriter's associates**

A list of the Underwriter's associates as at the date of this Explanatory Memorandum is provided below:

- Ironbridge Capital Holdings Pty Limited  
– ACN 104 198 110
- Ironbridge Capital Pty Limited – ACN 105 880 108
- Ironbridge Capital II Pty Limited – ACN 120 177 782
- Ironbridge Capital II A Pty Limited – ACN 120 210 175
- Ironbridge Capital II B Pty Limited – ACN 120 210 157
- Ironbridge II Luxembourg Holdings S.à.r.l.  
– company number B 122.618
- Ironbridge Fund II, L.P.
- Ironbridge Capital II G.P Limited

(collectively, the **Underwriter's Associates**).

## **5.3 Intentions of the Underwriter**

This Section sets out the intentions of the Underwriter in relation to Bravura if the Recapitalisation Proposal is implemented and if the Underwriter is in a position to control Bravura within the meaning of section 50AA of the Corporations Act.

The statements of intention in this Section 5.3 are based on information concerning the Bravura group, its business and the business environment known to the Underwriter at the date of this Explanatory Memorandum, which is limited to publicly available information and a due diligence review of certain non-public information provided by Bravura. Final decisions regarding these matters will only be made by the Underwriter after conducting a detailed review of the business following completion of the Recapitalisation Proposal. Accordingly, the statements set out in this section are statements of current intention only, which may change as new information becomes available or as circumstances change.

The Underwriter has the following intentions in relation to Bravura following implementation of the Recapitalisation Proposal.

### **Continued operations**

If the Recapitalisation Proposal is implemented, the Underwriter intends to support the Bravura group in operating the Bravura group business consistent with its existing strategies and initiatives.

### **Strategic direction**

The Underwriter has no current intention to seek to do any of the following:

- change the incumbent senior management, with the exception of the appointment of up to two nominees of the Underwriter as Non-executive Directors of Bravura (see the Appointments to the Board section below for a discussion of the Underwriter's intentions in this regard);
- make any major changes to the future employment of the Bravura group's employees;
- amend Bravura's dividend policy;
- transfer any of the Bravura group's property to the Underwriter (or its affiliated entities); or
- redeploy any of the Bravura group's fixed assets.

### **Appointments to the Board**

On completion of the Rights Issue, Bravura is obliged under the Underwriting Agreement to procure the appointment to the Board of a person nominated by the Underwriter. Additionally, if at any time the Underwriter is issued with or otherwise acquires Bravura Shares having an aggregate subscription or acquisition price of at least \$10,949,000, the Underwriter will be entitled to nominate an additional Director to join the Bravura Board.

On completion of the Rights Issue, the Underwriter proposes to nominate Matthew McLellan to be appointed to the Board. If the Underwriter is entitled to nominate a second person to be appointed to the Board, they propose to nominate Neil Broekhuizen.

Matthew McLellan is a Director of Ironbridge Capital and has more than 10 years' private equity experience. He has been a senior executive at Ironbridge Capital since 2005. Matthew most recently led the Ironbridge Fund II's investment in EnviroWaste. Matthew holds a Bachelor of Business degree from UTS Sydney.

Neil Broekhuizen is a Managing Partner of Ironbridge Capital and has more than 15 years' of private equity experience with Investcorp and Bridgepoint Capital in Europe and with Gresham Private Equity and Ironbridge Capital in Australia. Neil most recently led the Ironbridge Fund II investment in Healthbridge. Neil is a qualified Chartered Accountant and holds a BSc (Eng) (Hons) degree from Imperial College, University of London, where he read electronic engineering.

### **Investment in Bravura**

The Underwriter has no current intention to seek to do any of the following:

- exercise any of the Underwriter Options immediately following the implementation of the Recapitalisation Proposal;
- transfer any of the Underwriter Options to a third party;
- acquire 100% of the Bravura Shares by way of a takeover bid or scheme of arrangement; or
- de-list or restructure Bravura.

In relation to the Underwriter Options, whether these will be exercised during their two year exercise period depends on a range of factors during this period, including, without limitation, Bravura's need for additional equity capital, the Underwriter's assessment of the financial performance of Bravura, Bravura's prevailing share price, prevailing market conditions and any corporate control activity to which Bravura may be subject. Although the Underwriter does not have any information or full information on all of these matters as at the date of the Explanatory Memorandum, on balance, it is more likely than not that the Underwriter will exercise at least some, if not all, of the Underwriter Options at some stage during their two year exercise period. This statement should not be construed as a guarantee that the Underwriter will exercise some, or all, of the Underwriter Options.

## 5.4 Funding arrangements

The Underwriter has agreed to underwrite the Rights Issue on the terms of the Underwriting Agreement. The Underwriting Agreement requires the Underwriter to subscribe for all Shortfall Shares. The Underwriter will fund the application money in respect of any Shortfall Shares entirely through cash provided to the Underwriter by the Ironbridge Fund II in the form of equity, loans or other instruments or securities.

The Underwriter has also severally agreed under the terms of the Margin Loan Deeds to provide a cash advance to each of Gardun and Shiamist to finance the Gardun Payment and the Shiamist Payment. The Underwriter will fund the payment of these cash advances to Gardun and Shiamist entirely through cash provided to the Underwriter by the Ironbridge Fund II in the form of equity, loans or other instruments or securities.

The Underwriter has executed equity commitment letters with the Ironbridge Fund II (**Equity Commitment Letters**) in which the Ironbridge Fund II has undertaken to make available to the Underwriter:

- an aggregate amount equal to the application money required by the Underwriter to pay Bravura for the issue of the Shortfall Shares to the Underwriter (the **Underwriting Equity Commitment**); and

- an amount equal to the sum of the cash advances payable by the Underwriter to Gardun and Shiamist under the terms of the Margin Loan Deeds (the **Margin Loan Equity Commitment**).

The Ironbridge Fund II's obligation to fund the total Underwriting Equity Commitment is subject to the satisfaction (or written waiver by the Ironbridge Fund II) of the following conditions which remain unsatisfied as at the date of this Explanatory Memorandum:

- satisfaction or waiver (as the case may be) in accordance with the Underwriting Agreement of each of the conditions precedent set out in the Underwriting Agreement; and
- the Underwriting Agreement not having been terminated in accordance with its terms.

The Ironbridge Fund II's obligation to fund the Margin Loan Equity Commitment is subject to the satisfaction (or written waiver by the Ironbridge Fund II) of the following conditions which remain unsatisfied as at the date of this Explanatory Memorandum:

- satisfaction or waiver (as the case may be) in accordance with the Margin Loan Deeds of each of the conditions precedent set out in the Margin Loan Deeds; and
- the Margin Loan Deeds not having been terminated in accordance with its terms.

The Underwriter has undertaken in the Equity Commitment Letters to:

- use the funds advanced by the Ironbridge Fund II under the Underwriting Equity Commitment for the purposes of paying the Application Money to Bravura for the issue to the Underwriter of the Shortfall Shares under the terms of the Underwriting Agreement; and
- use the funds advanced by the Ironbridge Fund II under the Margin Loan Equity Commitment for the purposes of paying the cash advances to Gardun and Shiamist under the terms of the Margin Loan Deeds.

The Underwriting Equity Commitment is sufficient to enable the Underwriter to pay Bravura the sum of \$33,443,039, being the maximum amount of cash required to be paid by the Underwriter to Bravura for the issue of the Shortfall Shares to the Underwriter.

The Margin Loan Equity Commitment is sufficient to enable the Underwriter to pay Gardun and Shiamist an aggregate sum of \$6,476,366.04, being the maximum amount of cash required to be advanced by the Underwriter to Gardun and Shiamist under the terms of the Margin Loan Deeds.



# 6 Summary of key agreements

## 6.1 Underwriting Agreement

### (a) Parties

The parties to the Underwriting Agreement are Bravura and the Underwriter. The Underwriter consists of Carp Advisory A Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 1 (**Ironbridge A**), Carp Advisory B Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 2 (**Ironbridge B**) and Carp Holdings NV (**Ironbridge C**).

The Underwriter's obligations are several, not joint and several. Ironbridge A and Ironbridge B have entered into the Underwriting Agreement as trustees, and the agreement limits their liability to the assets of the relevant trusts.

### (b) Underwriting

The Underwriting Agreement governs the underwriting of a 1.57 for 1 non-renounceable rights issue of 222,953,593 shares at \$0.15 per Share, to raise approximately \$33.4 million (before costs).

### (c) Fees and costs

The Underwriter is entitled to the following fees and costs:

- an underwriting commission of 3% (excluding GST) of the amount to be raised under the Rights Issue; and
- a reimbursement of \$4.74 million (including GST) (fixed) of the Underwriter's expenses.

The above amounts are only payable if all conditions below are satisfied or waived.

### (d) Conditions to underwriting

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following conditions:

- Receipt of FIRB approval or expiry of the FIRB objection period. This approval was received on 16 June 2009.
- Receipt of any necessary ASX waivers and ASIC modifications being obtained.

- Shareholder approval being obtained in respect of Resolutions 1 to 5 inclusive in the Notice of Meeting.
- BOSI providing its consent to the possible change of control and its confirmation of the refinancing terms. This consent was received on 5 June 2009.
- No impeding actions from government agencies.
- No 'Prescribed Occurrences' – these are events that would allow a hypothetical takeover bidder to withdraw its bid, such as a change in capital structure of Bravura or a sale of the Bravura business.
- Delivery by Bravura to the Underwriter of a due diligence report and relevant professional opinions in relation to the Rights Issue.
- Bravura lodging with ASIC a cleansing notice by 9.00 am on the lodgement date for the offer documentation relating to the Rights Issue.
- There being no indication from ASX that quotation of the New Shares will not be granted.
- Delivery by Bravura to the Underwriter of a shortfall certificate at the close of the Rights Issue.
- Neither Bravura nor the Underwriter having a right to terminate the Underwriting Agreement (see the termination events outlined in paragraphs (f), (g) and (h) below).

### (e) Warranties

Bravura and the Underwriter provide a standard set of general warranties relating to their solvency and capacity to enter into the Underwriting Agreement.

Each entity of the Underwriter warrants that they have funding arrangements that will allow them to meet their proportion of the underwriting obligations.

In addition, Bravura has provided the following key representations and warranties under the Underwriting Agreement:

- The Rights Issue and associated offer documentation will comply with the Corporations Act and Listing Rules.
- Appropriate due diligence for the Rights Issue and verification of the offer documentation will be carried out.

- Bravura will continue to make appropriate enquiries to ascertain whether the offer documentation for the Rights Issue needs to be updated at any stage prior to the close of the Rights Issue.
- All ASX announcements are true and correct.
- There is no price sensitive information that has not been disclosed to ASX (including confidential information), or would have to be included in the cleansing notice for the Rights Issue.
- No litigation or investigations, except as disclosed.
- The due diligence material provided to the Underwriter prior to its entry into the Underwriting Agreement was, to the best of Bravura's knowledge, accurate in all material respects and not misleading.
- Bravura holds all necessary licences for its business.
- Bravura's accounts for the financial year ended 30 June 2008 and the half year accounts for the period ended 31 December 2008 each present a true and fair view of the Bravura group's financial position at the relevant times and have not been rendered misleading by subsequent events.
- Since the accounts for the year ended 30 June 2008, Bravura's business has been carried on in the ordinary course, there has been no material and adverse occurrence and there have been no dividends or distributions.
- Bravura will not engage in any directed selling or general solicitation or advertising of the New Shares that would trigger US regulatory consequences.

#### **(f) Mutual termination rights**

Either party may terminate the Underwriting Agreement in either of the following circumstances:

- a condition precedent that applies for each party's mutual benefit is not satisfied or waived by both parties; or
- a condition precedent that applies for the sole benefit of a party is not satisfied or waived by that party.

#### **(g) Bravura's termination rights**

In addition to the above mutual termination rights, Bravura may terminate the Underwriting Agreement in any of the following circumstances:

- if a superior proposal which falls within the terms of the 'fiduciary out' clause arises – please refer to the discussion below in paragraph (j) under the heading 'Exclusivity'; or

- if any of the warranties given by the Underwriter is breached in a material respect, and Bravura has reasonable grounds to believe that the breach could have a material adverse effect on the financial condition or prospects of the Underwriter, materially prejudices the Underwriter's ability to perform its obligations or is likely to lead to a contravention of the Corporations Act or other law by the Underwriter (or to it having a liability under such law).

Before Bravura may terminate on the basis of a superior proposal arising, it must deliver a statutory declaration to the Underwriter confirming that the Bravura Board (acting in good faith and to satisfy its fiduciary and statutory duties) regards the competing proposal as superior, and that it did not solicit or encourage that proposal in contravention of the 'no shop' restriction.

#### **(h) Underwriter's termination rights**

In addition to the above mutual termination rights, the Underwriter may terminate the Underwriting Agreement in any of the following circumstances:

- a failure to obtain a required shareholder approval for the Recapitalisation Proposal;
- a 15% fall in the All Ordinaries index that persists for three business days (measured against the level at which the All Ordinaries index closed on 15 May 2009);
- a change in law that has a material effect;
- Bravura Shares ceasing to be quoted on ASX;
- an official statement by ASX that listing of the New Shares will not be obtained, or a failure to obtain approval to listing of the New Shares before the closing date of the Rights Issue;
- an insolvency event occurs in relation to any member of the Bravura group;
- a material default by Bravura of its obligations under the Underwriting Agreement;
- an activity, matter, event, circumstance or state of affairs occurs, exists, is announced or becomes known to Bravura or the Underwriter which (on its own or when aggregated with others) has a material adverse effect on the assets, liabilities, financial position or performance, profits, losses or prospects of the Bravura group. Events which constitute a material adverse change include insolvency events in relation to a material customer (budgeted to contribute 5% of revenue), termination of a contract

by a material customer, default under finance facilities or termination or amendment of finance facilities by Bravura's financiers;

- a material breach by Bravura or a related body corporate of its constitution, the Corporations Act or Listing Rules, ASX or ASIC waivers or modifications or tax legislation;
- an alteration of capital structure by Bravura or any related body corporate;
- an amendment of the constitution of Bravura or any related body corporate (without the consent of the Underwriter, which must not be unreasonably withheld);
- Bravura or a related body corporate seeking shareholder approval for financial assistance in connection with the acquisition of its Shares (without the consent of the Underwriter, which must not be unreasonably withheld);
- Bravura or a related body corporate disposing of the whole or a substantial part of its business, or ceasing or threatening to cease to carry on business;
- hostilities involving certain nations;
- deficiencies in the offer documentation for the Rights Issue;
- ASIC issuing a stop order or applying for a court order, Bravura being notified of a deficiency in the offer documentation or a material new circumstance, ASIC giving notice of a hearing in relation to the offer or any person withdrawing their consent to be named in the offer documentation, in each case only where the Underwriter reasonably believes that the event will affect the level of applications (or settlement), or the price at which the New Shares will trade in the two weeks following their allotment;
- a Director or officer of Bravura or a related body corporate being charged with certain indictable offences, or engaging in any fraudulent conduct or activity;
- Bravura or a related body corporate giving a charge over the whole or a substantial part of its business;
- the due diligence report Bravura prepares for the Rights Issue being misleading or deceptive in a material respect;
- any information supplied by Bravura to the Underwriter being misleading or deceptive in a material respect;
- withdrawal of the offer documentation for the Rights Issue;
- failure by Bravura to provide a required certificate to the Underwriter or provision of a misleading or inaccurate certificate;
- a delay of more than seven business days in the timetable for the Rights Issue, other than delays outside the reasonable control of the parties;
- a 'Prescribed Occurrence' (that would allow a hypothetical takeover bidder to withdraw its bid) occurring;
- a change in control of Bravura (other than arising under or as a result of the Recapitalisation Proposal);
- withdrawal or amendment of an ASX or ASIC waiver or modification;
- certain disruption events in financial markets;
- a Bravura warranty not being true and correct or being misleading or deceptive;
- a declaration of unacceptable circumstances by the Takeovers Panel; or
- any of Iain Dunstan, Simon Woodfull, Rebecca Norton, Christine Nicholls or Tony Klim ceasing to be engaged in Bravura's day to day management or affairs.

#### (i) Break fee

Bravura must pay the Underwriter a break fee of \$550,000 (inclusive of GST) if any of the circumstances described in Section 3.7(d) arise.

#### (j) Exclusivity

During the Exclusivity Period (see definition below), Bravura and its related parties and representatives must not solicit, encourage or invite competing proposals (**no shop**) or negotiate or enter into discussions with any third party in relation to a competing proposal (**no talk**). However, the 'no talk' restriction does not apply to an unsolicited competing proposal which the Bravura Board, acting in good faith and to satisfy its fiduciary and statutory duties, determines is a superior proposal.

**Matching right:** if, during the Exclusivity Period, Bravura receives an unsolicited competing proposal that it considers is more favourable, Bravura must notify the Underwriter in writing, including providing all material details of the competing proposal. Bravura must not enter into a binding agreement with the proponent of the competing proposal, publicly recommend the competing proposal or facilitate or otherwise progress the competing proposal without first giving the Underwriter the right to submit to Bravura a revised proposal within two business days of Bravura notifying the Underwriter of the competing proposal.

The Exclusivity Period commences on the date the Underwriting Agreement is signed and ends on the earliest of:

- 15 September 2009;
- the date of the General Meeting if, at that meeting, all five resolutions to required approve the Recapitalisation Proposal are not duly passed;
- the date the New Shares have all been allotted (including any Shortfall Shares allotted to the Underwriter); and
- the date that the Underwriting Agreement is validly terminated.

### **(k) Appointment of Directors**

The Underwriter is entitled to appoint one Director to the Bravura Board from the time that the New Shares are allotted. Additionally, if at any time the Underwriter is issued with or otherwise acquires Bravura Shares having an aggregate subscription or acquisition price of at least \$10,949,000, the Underwriter will be entitled to nominate an additional Director to join the Bravura Board. Both Directors' continuation in office will be subject to confirmation at the next annual general meeting of Bravura.

### **(l) Other material obligations of Bravura**

Bravura must:

- conduct the Rights Issue substantially in accordance with the timetable annexed to the Underwriting Agreement;
- ensure that the offer is compliant with all laws, the Listing Rules and any ASX or ASIC waivers or modifications;
- carry out the due diligence in accordance with the planning memorandum;
- allow the Underwriter access to its books, records and offices;
- not cancel or withdraw the Rights Issue; and
- use the proceeds to repay outstanding indebtedness under the existing working capital facilities, to close out the outstanding forward exchange contract by 15 August 2009 and lastly, for working capital purposes.

### **(m) Liability arrangements**

Bravura indemnifies the Underwriter and its affiliates, related bodies corporate, officers and certain other parties against loss incurred as a direct or indirect result of certain potential irregularities that may impact the Rights Issue, such as any defects in the offer document

for the Rights Issue, a failure by Bravura to comply with its obligations under the Underwriting Agreement or regulatory intervention in relation to the Rights Issue. The indemnity does not apply to the extent that the loss results from one of the indemnified person's fraud, recklessness, wilful misconduct or negligence.

## **6.2 Option Subscription Deed**

### **(a) Parties**

The parties to the Option Subscription Deed are Bravura and the Underwriter. The Underwriter consists of Carp Advisory A Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 1 (**Ironbridge A**), Carp Advisory B Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 2 (**Ironbridge B**) and Carp Holdings NV (**Ironbridge C**).

The Underwriter's obligations are several, not joint and several. Ironbridge A and Ironbridge B have entered into the Underwriting Agreement as trustees, and the agreement limits their liability to the assets of the relevant trusts.

### **(b) Underwriter Options**

The Option Subscription Deed provides for the granting of 86,666,667 options for New Shares in Bravura. 14,800,644 options are granted to Ironbridge A, 14,800,644 options are granted to Ironbridge B and 57,065,379 options to Ironbridge C.

The Underwriter Options will:

- be issued for zero monetary consideration;
- have an exercise price of \$0.15;
- be exercisable for two years following grant; and
- be unquoted.

### **(c) Conditions to the grant of the Underwriter Options**

The grant of the Underwriter Options will be subject to the fulfilment of the following conditions:

- The issue of all New Shares under the Rights Issue (and receipt of the subscription proceeds).
- Shareholder approval of the Rights Issue and of the possible control outcomes resulting from the underwriting of the Rights Issue, from the exercise of the Underwriter Options and from the refinancing of the Executive Director Entities' margin loans.
- The Option Subscription Deed can be terminated if the conditions are not fulfilled by 15 September 2009.

#### (d) Warranties

Bravura and the Underwriter provide a standard set of general warranties relating to their solvency and capacity to enter into the Option Subscription Deed.

In addition, Bravura has provided the following key representations and warranties under the Option Subscription Deed:

- Entry into the deed does not breach any material obligation of Bravura, any laws, the constitution of Bravura or any binding requirement of ASIC or ASX.
- Bravura is not in breach of its continuous disclosure requirements, and is not withholding any information pursuant to exceptions to those continuous disclosure requirements (e.g. a confidential and incomplete proposal).
- Each member of the Bravura group is solvent.
- Confirmation of capital structure.
- The warranties are all subject to matters fairly disclosed in the due diligence material or certain public databases (at certain times).
- The warranties are expressed to be given at the time of signing and at all times until completion of the Rights Issue.

#### (e) Pre-completion restrictions

Prior to completion of the Rights Issue, Bravura is restricted from changing its capital structure.

#### (f) Underwriter Options exercise terms

The Underwriter Options may be exercised at any time from their grant, until they expire two years later. There is no minimum exercise tranche. Upon each exercise Bravura must lodge a cleansing notice to ensure that the resultant New Shares can be freely traded, and apply for quotation of those New Shares.

No holder of Underwriter Options may participate in any new issue of Shares made by Bravura without first exercising its Underwriter Options.

#### (g) Underwriter Options transfer terms

The Underwriter Options may be transferred without Bravura's consent, unless the transferee is a competitor of Bravura. If the proposed transferee is a competitor of Bravura, Bravura must not unreasonably withhold its consent to the proposed transfer.

#### (h) Adjustments to Underwriter Options

If there is a consolidation or sub-division of Bravura's capital, the number of unexercised options must be

consolidated or sub-divided (as the case may be) in the same ratio as the capital of Bravura is consolidated or sub-divided, and the exercise price per option must be amended appropriately to reflect that ratio.

If Bravura returns capital, the number of unexercised options will remain the same, and the exercise price per option must be reduced by the same amount as the amount returned in relation to each issued Share.

If Bravura conducts a pro-rata cancellation of capital, the number of unexercised options must be reduced in the same ratio as the capital of Bravura is cancelled, and the exercise price per option must be amended appropriately to reflect that ratio.

If Bravura conducts a reduction of capital by way of a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled, the number of unexercised options and the exercise price must remain unaltered.

If Bravura conducts any bonus offer of shares (or convertible securities) other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any shareholder election, the number of unexercised options must be increased by the number of shares which the option holders would have received had the unexercised options been exercised before the record date for the bonus issue.

If there is a pro rata issue (excluding the Rights Issue), no change will be made to the number of shares issued on exercise, but the exercise price will be reduced with the new exercise price of each option to be calculated in accordance with the following formula:

$$NP = OP - \frac{E[P - (S + D)]}{N + I}$$

NP = the new exercise price of each option

OP = the old exercise price of each option

E = the number of shares into which one option is exercisable

P = the average market price per share (weighted by reference to volume) during the five trading days ending on the day before the ex rights date or ex entitlement date

S = the subscription price for a share under the pro rata issue

D = any dividend due but not yet paid on the existing shares (except those to be issued under the pro rata issue)

N = the number of shares with rights or entitlements that must be held to receive a right to one new share

## 6.3 Settlement Deed

The Settlement Deed is between Lift Capital, the Executive Director Entities and the Lift Capital Liquidators.

Under the Settlement Deed, Gardun must pay Lift Capital the sum of \$4,271,345 and Shiamist must pay Lift Capital the sum of \$2,178,222, (**Gardun Payment** and **Shiamist Payment**, respectively) by a sunset date of 17 August 2009.

On receipt of the Gardun Payment and Shiamist Payment, the Liquidators and the Lift Capital Entities will:

- release Shiamist, Gardun, Messrs Woodfull and Dunstan and their related entities from any claim, liability or action arising from or connected to the Shiamist Lift Facility and the Gardun Lift Facility. Accordingly, Shiamist, Gardun, Woodfull, Dunstan and their related entities will have no further liability to pay the outstanding amount pursuant to the Gardun Lift Facility (\$14.4 million) and the Shiamist Lift Facility (\$7.4 million); and
- transfer back to Shiamist its 14,521,483 Shares in Bravura and transfer back to Gardun its 28,475,636 Shares in Bravura, free from any encumbrance.

On payment of the Gardun Payment and Shiamist Payment, Shiamist, Gardun, Messrs Woodfull and Dunstan will release the Liquidators, Lift Capital and LCN and their related entities from:

- any claim, liability or action arising from or connected to the Shiamist Lift Facility and the Gardun Lift Facility;
- any proof of debt in the liquidation of Lift Capital and LCN; and
- any other claim, liability or action relating to any costs entitlement arising from the Supreme Court proceedings filed in the Supreme Court of NSW, Equity Division, Sydney Registry, Number 2661 of 2008.

## 6.4 Margin Loan Deeds and Margin Loan Security Arrangements

### (a) Margin Loan Deeds

The Gardun Payment and Shiamist Payment will be funded out of the proceeds of margin loans entered into by each of Gardun and Shiamist (**Borrower**) with the Underwriter (**Lender**). The Shares in Bravura that are transferred back to the Borrower pursuant to the Settlement Deed will be held subject to an equitable mortgage of Shares in favour of a security trustee on behalf of the Lender.

### Key features of the margin loans

The margin loans are available to be drawn until a sunset date of 31 August 2009. The amounts available to be drawn under the margin loans are:

- \$4,288,930.70 for Gardun sufficient to fund the Gardun Payment and the associated mortgage duty; and
- \$2,187,435.34 for Shiamist sufficient to fund the Shiamist Payment and the associated mortgage duty.

The interest payable on each loan is 8% per annum and capitalises periodically.

### Conditions precedent

The conditions precedent to draw-down under the margin loans are (among other customary conditions precedent):

- evidence that Bravura has obtained the approval of its Shareholders in a general meeting with respect to all of the matters set out in clause 2.4(c) of the Underwriting Agreement;
- after the date of the margin loans, the Lender (or any nominee or affiliate on behalf of the Lender) being issued with, or otherwise acquiring by way of an unconditional option the right to acquire, fully paid ordinary Shares in Bravura having an aggregate subscription or acquisition price of at least \$13 million; and
- the Lender being satisfied that:
  - the closing price of each fully paid ordinary Share in Bravura as quoted on ASX as at the date on which ASX is open for trading immediately preceding the draw-down date is higher than \$0.02; and
  - the Bravura Shares will be transferred into a CHESST Sponsored Account with a broker that is a party to a tripartite deed in order to protect and preserve the Lender's security interest in the Shares.

### Repayment date

The loans are repayable on the earliest of:

- the fifth anniversary of the draw-down date;
- six months after either Messrs Dunstan or Woodfull cease to be employed or engaged by Bravura;
- Gardun or Shiamist ceasing to be controlled by Messrs Dunstan or Woodfull; and
- an Exit Event when the proceeds of the Exit Event (as defined in the Margin Loan Deeds) are first distributed to the Shareholders of Bravura.

Any cash dividends or cash distributions paid on the Bravura Shares are applied to repaying the loans.

The Borrower may prepay all or part of a loan at any time without penalty. An equivalent proportion of the Bravura Shares that are subject to the share mortgage as the amount prepaid bears to the total amount owing will be released from the share mortgage up to a maximum of 50% of the total Bravura Shares mortgaged as at the draw-down date.

### Events of default

Under the Margin Loan Deeds, standard event of default provisions consistent with market practice will apply including the following events:

- there is a failure to perform or observe any other obligation under a transaction document and the default cannot be remedied or the default can be remedied but it is not remedied within five Business Days;
- there occurs a change of control of the Borrower (i.e. Messrs Dunstan or Woodfull cease to control the Borrower);
- an Insolvency Event (as defined in the Margin Loan Deeds) occurs in respect of the Borrower or Messrs Dunstan or Woodfull;
- Bravura Shares are suspended from trading on the ASX for a continuous period of more than five trading days for whatever reason, except as a result of the Underwriter's acquisition under the Underwriting Agreement, any other transaction that will or may constitute an Exit Event (as defined in the Margin Loan Deeds) or a delisting where Bravura has requested such delisting and that is the sole basis for such delisting;
- Bravura Shares are, or an order is made that they be, delisted by ASX, or an application is made, or any other steps are taken, by any person to have them delisted by ASX, except as a result of the Underwriter's acquisition under the Underwriting Agreement or any other transaction that will or may constitute an Exit Event (as defined in the Margin Loan Deeds); and
- the Borrower fails to perform or observe any of its obligations as trustee of the trust, and the Lenders consider that the failure does or may materially and adversely affect the trust fund or the ability of the Borrower to perform its obligations under the transaction documents.

### Other features of the loan

#### RETENTION OF VOTING RIGHTS

Gardun and Shiamist will retain their full voting rights in respect of the Dunstan and Woodfull Shares once they have been transferred back to Gardun and Shiamist under the Settlement Deed.

#### MARGIN CALL

The Lender may make a margin call if the closing sale price of Bravura falls below \$0.02. The Borrowers must then pay the difference between the closing price and the margin call price, multiplied by the number of mortgaged Bravura Shares.

#### INVESTOR RETURN FEE

If the Lender does not achieve a money multiple of two times on the money invested by the Lender in Bravura, the Borrower must pay an additional 12% per annum interest rate accruing and capitalising on the loan as if the interest was payable from the draw-down date.

#### RIGHT OF FIRST REFUSAL

Despite the share mortgage, the Borrower may sell all or part of its Bravura Shares subject to a right of first refusal process in favour of the Lender. The sale must be off-market and achieve a floor price of at least \$0.30 per Share.

#### DRAG ALONG PROVISIONS

The Underwriter has the ability to drag the Borrower into an Exit Event provided that it is for 100% of the Borrower's interest and the Underwriter's interest in Bravura.

### (b) Margin Loan Security Arrangements

The margin loans are secured by various security arrangements:

- an equitable mortgage of shares – under which the Borrower retains all voting rights until there is an event of default;
- a fixed and floating charge – over all assets of the Borrower other than the Bravura Shares;
- a personal guarantee and indemnity by Messrs Dunstan and Woodfull of the obligations of Gardun and Shiamist under the transaction documents; and
- a tripartite deed – which ensures that the CHESSE broker (Macquarie Securities) appointed by the Borrower does not give effect to any instructions under CHESSE other than from the security trustee acting on behalf of the Lender to give effect to or preserve their security interests.



# 7 Additional information

## 7.1 Introduction

This Section includes additional information that your Independent Directors consider material to a decision on how to vote on the resolutions to be considered at the General Meeting.

## 7.2 Rights Issue

If the Rights Issue proceeds, all New Shares to be issued under it will rank equally with existing Shares from allotment.

The rights will be non-renounceable and will not be tradeable on ASX or otherwise transferable.

Eligible Bravura Shareholders who do not take up their full entitlement will not receive any value in respect of entitlements they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible. Any Foreign Shareholder who, despite their ineligibility to participate in the Rights Issue, purports to do so will have their application money refunded in full.

## 7.3 Resolutions inter-conditional

Resolutions 1 to 5 (inclusive) are inter-conditional. This means each of these resolutions needs to be passed for the approval sought in respect of the Recapitalisation Proposal to be effective.

Resolutions 1 to 5 (inclusive) are proposed as ordinary resolutions, requiring approval by a simple majority of votes cast by eligible Bravura Shareholders present and voting at the General Meeting.

## 7.4 Regulatory requirements

This Section summarises the Corporations Act requirements relevant to Resolution 1 (Approval of Underwriting), Resolution 2 (Approval of issue of New Shares to Underwriter on exercise of Underwriter Options) and Resolution 3 (Approval of Margin Loan Security Arrangements). This summary is followed by an explanation in Section 7.5 of the purpose and effect of Resolutions 1 to 5 inclusive.

### (a) Chapter 6 of the Corporations Act

Under section 606(1) of the Corporations Act, a person must not acquire a relevant interest in Bravura Shares if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in Bravura increases:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

The voting power of a person in Bravura is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in Bravura involves determining the voting shares in Bravura in which the person and the person's associates have a relevant interest.

A person (second person) will be an associate of the other person (first person) if:

- the first person is a body corporate and the second person is:
  - a body corporate the first person controls;
  - a body corporate that controls the first person; or
  - a body corporate that is controlled by an entity that controls the first person;

- the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of Bravura's board or the conduct of Bravura's affairs; or
- the second person is a person with whom the first person is acting or proposes to act in concert in relation to Bravura's affairs.

A person has a relevant interest in Bravura Shares if they:

- are the holder of the Shares;
- have the power to exercise, or control the exercise of a right to vote attached to the Shares; or
- have power to dispose of, or control the exercise of a power to dispose of the Shares.

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in section 606(1). In particular, section 611 (Item 7) of the Corporations Act provides that an acquisition approved previously by a resolution passed at a general meeting of the relevant company will be exempt from the prohibition in section 606(1) if:

- no votes are cast in favour of the resolution by:
  - the person proposing to make the acquisition and their associates; or
  - the persons (if any) from whom the acquisition is to be made and their associates; and
- the members of the company were given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

#### (b) Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits Bravura, as a public company, directly or indirectly providing a financial benefit to a related party, unless the provision of that benefit is approved in advance by Bravura Shareholders or falls within certain exceptions. Messrs Dunstan and Woodfull and their respective Executive Director Entities are related parties of Bravura. The Underwriter is also related party of Bravura because, if the Recapitalisation Proposal proceeds, Bravura has reasonable grounds to believe that the Underwriter may control Bravura.<sup>4</sup>

4. See section 228(6) Corporations Act.

If the Recapitalisation Proposal proceeds, it will involve Bravura providing various financial benefits to the Underwriter, including the payment of an underwriting commission of \$1,000,000, the reimbursement of \$4.7 million of external advisory costs (with both these payments being met from the proceeds of the Rights Issue), the issue of Shortfall Shares at \$0.15 per Share and the grant of the Underwriter Options for zero monetary consideration, exercisable at \$0.15 per option (collectively, the **Underwriter Financial Benefits**).

The Margin Loan Deeds also involve a financial benefit being provided by the Underwriter to each Executive Director Entity by way of the provision of margin loans totalling approximately \$6.44 million that the Executive Director Entities will apply to repaying and discharging their margin loans with Lift Capital totalling approximately \$21.8 million (**Executive Director Financial Benefit**). Although the Executive Director Financial Benefit is not being provided directly by Bravura, it is open to conclude that this financial benefit is being indirectly provided by Bravura on the basis that:

- the Underwriter's preparedness to enter into the Margin Loan Deeds is dependent on the broader Recapitalisation Proposal proceeding;
- if the Recapitalisation Proposal proceeds, Bravura's participation means that it would be facilitating the Underwriter providing the Executive Director Financial Benefits; and
- Chapter 2E captures the indirect provision by Bravura of financial benefit through, for example, one or more interposed entities (here, the Underwriter).

Neither the arm's length terms exception in section 210 of the Corporations Act nor the other exceptions in Part 2E.1 (Division 2) of the Corporations Act unequivocally apply to:

- the Underwriter Financial Benefits that Bravura would be providing if the Recapitalisation Proposal proceeds; or
- the Executive Director Financial Benefit that Bravura would be indirectly providing (through the Underwriter) if the Recapitalisation Proposal proceeds.

Accordingly, Bravura has determined that it is appropriate in all of the circumstances to seek shareholder approval under section 208(1)(a) of the Corporations Act for the Underwriter Financial Benefits and the Executive Director Financial Benefits.

The notice of meeting setting out the resolution to approve the provision of the Underwriter Financial Benefits and the Executive Director Financial Benefit must contain certain information required by section 219 of the Corporations Act. This information is contained in Section 7.8 in the discussion of Resolution 5.

A draft of this Explanatory Memorandum has been provided to ASIC for its review under section 218 of the Corporations Act. ASIC has not, as it is entitled to do under section 220 of the Corporations Act, provided any comments on that draft, in so far as the draft constituted the proposed explanatory statement required under section 218 of the Corporations Act.

## **7.5 Resolutions 1 and 2 - Approval of underwriting arrangements and issue of Shares on exercise of the Underwriter Options**

### **(a) Purpose**

The purpose of Resolution 1 is to seek the approval of Bravura Shareholders under section 611 (Item 7) for the increase in the Underwriter's relevant interest in Bravura Shares arising from the issue of any Shortfall Shares to the Underwriter.

Similarly, the purpose of Resolution 2 is for Bravura to seek Shareholder approval under section 611 (Item 7) for an increase in the Underwriter's relevant interest in Bravura Shares resulting from the issue of Bravura Shares to the Underwriter if the Underwriter exercises any of the Underwriter Options.

### **(b) Resolutions 1 and 2 - Voting restrictions**

Bravura will disregard any votes cast in favour of Resolutions 1 and 2 by the Underwriter and any of its associates. This is because section 611 (Item 7) of the Corporations Act provides that no votes be cast in favour of the resolution by the persons proposing to make the acquisition (here, the Underwriter) and their associates.

As Messrs Dunstan and Woodfull may be associates of the Underwriter as a matter of law, Bravura has determined that it is appropriate in all of the

circumstances that Messrs Dunstan and Woodfull (including their respective Executive Director Entities) not be entitled to vote in favour of Resolutions 1 and 2.

### **(c) Specific information required by section 611 (Item 7) of the Corporations Act, ASIC Regulatory Guide 74, ASIC Regulatory Guide 159 and Takeovers Panel Guidance Note 17**

As described in Section 7.5(a) of this Explanatory Memorandum, section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in section 606(1), including acquisitions approved by a resolution passed at a general meeting of the company in which the acquisition is made (section 611 (Item 7)).

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for the issue of New Shares under section 611 (Item 7) of the Corporations Act. ASIC Regulatory Guide 159 also provides that the information set out below may need to be disclosed to Shareholders so that they have all information that is material to the decision on how to vote on the resolution under section 611 (Item 7) of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Deloitte Corporate Finance included in this Explanatory Memorandum as **Appendix 2**.

#### **Identity of persons who will hold a relevant interest in the New Shares to be allotted in accordance with Resolutions 1 and 2**

The Underwriter and the Underwriter's Associates will hold a relevant interest in the New Shares to be allotted in accordance with Resolutions 1 and 2.

#### **Increase in the Underwriter's voting power in Bravura Shares**

Details of the maximum extent of the increase in the Underwriter's voting power that would result from the acquisition of Shares under the Underwriting Agreement, the exercise of the Underwriter Options by the Underwriter and the provision to the Underwriter of security rights, a right of first refusal and a drag along right under the Margin Loan Security Arrangements and Margin Loan Deeds are set out in Section 3.5 of this Explanatory Memorandum.

### **Identity of the Underwriter's associates**

The identity of the Underwriter's Associates as at the date of this Explanatory Memorandum is set out in Section 5.2(b). In addition, there is a possibility that Messrs Dunstan and Woodfull may be associates of the Underwriter as a matter of law.

### **Increase in the Underwriter's Associates' voting power in Bravura Shares**

The maximum increases in the Underwriter's Associates' voting power that would result from the Underwriter's acquisition of Shares under the Underwriting Agreement, the exercise of the Underwriter Options by the Underwriter and the provision to the Underwriter of security rights, a right of first refusal and drag along rights under the Margin Loan Security Arrangements and Margin Loan Deeds are identical to the increases in the Underwriter's voting power set out in Section 3.5 of this Explanatory Memorandum.

### **Intentions of the Underwriter in respect of Bravura**

The intentions of the Underwriter in respect of Bravura are set out in Section 5.3 of this Explanatory Memorandum.

### **Capital structure**

The proposed capital structure of Bravura following completion of the Recapitalisation Proposal is set out in Section 3.5(a) of this Explanatory Memorandum.

### **Board of Directors**

The proposed change to the composition of the Bravura Board is set out in Section 1.1(d) and Section 5.3 of this Explanatory Memorandum.

### **Terms of the New Shares**

The New Shares would rank equally with all existing Bravura Shares.

### **Rationale for the Recapitalisation Proposal**

An explanation for the rationale for the Recapitalisation Proposal is set out in Section 2 of this Explanatory Memorandum.

### **Timing**

The details as to the timing of the Recapitalisation Proposal, if approved, are set out in Section 1.6 of this Explanatory Memorandum.

### **Interest and recommendations of the Directors**

The Directors' interests and recommendations are set out in Sections 7.9, 7.10 and 3.8 of this Explanatory Memorandum.

### **Proposed contracts conditional on, or directly or indirectly dependant on, Shareholders' agreement to the allotment of New Shares**

Details of the Margin Loan Security Arrangements are set out in Section 6.4 of this Explanatory Memorandum.

### **Pricing of the Rights Issue and the Underwriter Options**

The subscription price under the Rights Issue and the option exercise price under the Underwriter Options will be \$0.15 per New Share. Please refer to Section 3.3(a) for information on how this compares to recent trading prices of Bravura Shares, noting the qualifications set out in that Section.

### **Ratio of the Rights Issue**

Shareholders will have the right to subscribe for 1.57 New Shares for each 1 Bravura Share they hold on the record date for the Rights Issue. The number of Rights will be rounded up to the nearest whole number.

### **Financial situation of the Company**

The financial situation of Bravura is described in Section 2.1 of this Explanatory Memorandum and the impact of the Recapitalisation Proposal on Bravura's financial position is set out in Section 3.2 of this Explanatory Memorandum. The implications of not proceeding with the Recapitalisation Proposal are set out in Section 3.6 of this Explanatory Memorandum.

### **Purpose of the Rights Issue and the Underwriter Options**

The purpose of the Rights Issue and the Underwriter Options are as described in Section 2 and Section 3 of this Explanatory Memorandum.

### **Whether the Underwriter has entered into the underwriting in the ordinary course of its business of underwriting**

The Underwriter is not involved in the business of underwriting as part of their normal operations. It has entered into the Underwriting Agreement and the Option Subscription Deed at the request of Bravura as part of the Recapitalisation Proposal.

### **Whether the Company has conducted discussions with potential underwriters that are not the controller, a substantial holder or their associate**

As stated above, the Underwriter is not a professional underwriter. The Underwriter is not a controller, a substantial holder or an associate of a substantial holder of Bravura. The Ironbridge Fund II currently holds an economic interest in approximately 0.76% of Bravura.

In light of prevailing circumstances in financial markets and the historically illiquid nature of Bravura Shares, Bravura believes that it would be extremely difficult to engage a professional underwriter on commercially acceptable terms. The basis for this belief includes Bravura's preliminary discussions with various professional, public market underwriters who indicated that they would not be interested in underwriting an equity capital raising by Bravura. In light of the nature, size and market for Bravura Shares, Bravura currently considers that the only realistic source of underwriting is from a related party, an existing Shareholder or a private equity firm.

If the Rights Issue is not underwritten, the success of the Rights Issue cannot be assured, if for no other reason than the confidence to the market an underwriting by an experienced and sophisticated investor would signify.

### **Whether the Company has explored other options for raising capital**

Bravura and its advisers have considered alternatives to the current Recapitalisation Proposal. This included reviewing a number of other unsolicited indicative proposals and expressions of interest. However, none of these were considered to offer the same value and certainty as the Underwriter's proposal, including execution, funding and timing certainty. Bravura also explored pursuing a capital raising underwritten by a professional, public markets underwriter. However, as noted above, based on preliminary discussions with various professional, public market underwriters, Bravura concluded that this avenue was unavailable. Bravura's Independent Directors have formed a commercial judgment that the Recapitalisation Proposal is the only proposal that is appropriate to submit to Shareholders for their consideration, including because it is the only firm proposal received by Bravura. Other than the Recapitalisation Proposal announced on 18 May 2009 and as at the date of this Explanatory Memorandum, no other firm proposal has emerged.

### **The terms of the Underwriting Agreement and the Underwriter Options**

The terms of the Underwriting Agreement are summarised in Section 6.1 of this Explanatory Memorandum. The terms of the Option Subscription Deed are summarised in Section 6.2 of this Explanatory Memorandum.

### **The shareholding structure of the Company**

The impact on the shareholding structure of Bravura is summarised in Section 3.5 of this Explanatory Memorandum.

### **Recent variations to capital**

Bravura has not undertaken any variations to its capital structure in the past 12 months.

### **Disclosure of identities of sub-underwriters**

There are no sub-underwriters involved in the underwriting by the Underwriter.

### **Dealing by the Underwriter in securities of the Company before and during the Rights Issue**

The Ironbridge Fund II acquired an economic interest in approximately 0.76% of Bravura in February 2008. As at the date of this Explanatory Memorandum, the Underwriter has not acquired or disposed of an interest in Bravura Shares since that date.

### **Dealings by the Underwriter in renounceable rights**

The Rights Issue will be non-renounceable, meaning that there will be no rights to renounce. There have been no dealings by the Underwriter in renounceable rights of Bravura in the past 12 months.

### **Any associations between the Underwriter and a controller or one or more substantial holders or a group of substantial holders**

There are currently no associations between the Underwriter and a controller or one or more substantial holders or a group of substantial holders of Bravura.

### **Whether the Underwriter is associated with the Company's Directors**

The Underwriter is not associated with any of Bravura's Independent Directors. It is possible that the Recapitalisation Proposal considered as a whole creates a legal association between the Underwriter and the Company's Executive Directors, Messrs Dunstan and

Woodfull. On that basis, Bravura has determined that it is appropriate in all of the circumstances that Messrs Dunstan and Woodfull (and their respective Executive Director Entities) be excluded from voting in favour of Resolutions 1 to 5 inclusive.

### **Any role of the Underwriter in the Recapitalisation Proposal and its influence on the affairs of the Company**

The Underwriter was responsible for formulating the Recapitalisation Proposal and submitting it to Bravura for consideration by its Independent Directors. The Underwriter currently has no influence on the affairs of Bravura or on the Board's assessment of the Recapitalisation Proposal. The Board's assessment of that proposal has been delegated to its Independent Directors who are taking legal and financial advice to assist them in discharging their legal duties.

## **7.6 Resolution 3 - Approval of the Margin Loan Security Arrangements**

### **(a) Background**

The following chronology of events is consistent with the information previously disclosed by Bravura to ASX on 11 April 2008, 15 April 2008, 1 May 2008, 19 June 2008, 27 June 2008, 3 February 2009 and 18 May 2009.

- The Executive Director Entities have entered into margin lending arrangements with the Lift Capital Entities in respect of all of the Dunstan and Woodfull Shares. The key particulars of these margin lending arrangements were disclosed in the Company's IPO prospectus dated 30 May 2006 (at section 9.6.1) and in the Company's rights issue prospectus dated 7 March 2007 (at section 8.5.4).
- Lift Capital was placed into voluntary administration on 10 April 2008. Bravura understands that, prior to being placed into voluntary administration, Lift Capital had entered into lending and security arrangements with one or more of Merrill Lynch International ARBN 125 336 567, Merrill Lynch International (Australia) Limited ACN 002 892 846 and their respective related bodies corporate (**Merrill Lynch**).
- Following the appointment of voluntary administrators to Lift Capital, Merrill Lynch asserted rights as a secured creditor of Lift Capital over

(or rights of ownership in respect) of various ASX listed securities in Lift Capital's margin lending portfolio, including the Dunstan and Woodfull Shares.

- On 15 April 2008, a Merrill Lynch entity filed with ASX and served on Bravura a notice of initial substantial holding asserting a relevant interest in all of the Dunstan and Woodfull Shares, as well as an unrelated parcel of approximately 1,375,728 Bravura Shares held by another client (or other clients) of Lift Capital.
- Bravura understands that:
  - Merrill Lynch sold various securities in Lift Capital's margin lending portfolio to recover the debt due to Merrill Lynch by Lift Capital;
  - the securities sold by Merrill Lynch as part of its disposal program did not include the Dunstan and Woodfull Shares; and
  - although Merrill Lynch has received full repayment of the debt owed to it by Lift Capital without having to sell the Dunstan and Woodfull Shares, Merrill Lynch retained those Shares pending resolution of the legal status of their ownership.
- On 18 June 2008, the voluntary administrators of Lift Capital filed an application with the New South Wales Supreme Court seeking various declarations with respect to the Bravura Shares held by Merrill Lynch and other matters relevant to the administration.
- On 3 February 2009, Bravura announced that the New South Wales Supreme Court had found that the interests of the Executive Director Entities in the Dunstan and Woodfull Shares had not been defeated or eliminated. Therefore, the Executive Director Entities retained beneficial title to the Dunstan and Woodfull Shares.
- On 10 March 2009, Merrill Lynch returned the Dunstan and Woodfull Shares to Lift Capital.
- On 12 May 2009, the Executive Director Entities and the Lift Capital Entities entered into the Settlement Deed under which the Lift Capital Entities agreed to release the Executive Director Entities from their obligation to repay the amount outstanding to Lift Capital of approximately \$21.7 million under the Gardun Lift Facility and the Shiamist Lift Facility. In addition, the Lift Capital Entities agreed to release their security interest in the Dunstan and Woodfull Shares in consideration for the payment of approximately \$6.5 million and for the Executive Director Entities transferring and assigning to Lift Capital all of their rights they may have to claim against Merrill Lynch in respect of these shares.

- On 15 May 2009, the Executive Director Entities and the Underwriter entered into a margin loan deed under which the Underwriter will provide a loan of approximately \$6.5 million to the Executive Director Entities to fund the sum payable to Lift Capital to release its security interest in the Dunstan and Woodfull Shares and the Executive Director Entities stamp duty payment obligations in connection with the margin loan transaction documents.
- A security trustee on behalf of the Underwriter will take various securities over the Dunstan and Woodfull Shares to secure repayment of the loan it will be making to the Executive Director Entities.
- The acquisition by the Underwriter of the Woodfull Shares upon the Underwriter enforcing its encumbrance over the Woodfull Shares.
- The acquisition by the Underwriter of a relevant interest in the Woodfull Shares as a result of the rights accorded to the Underwriter under the Woodfull Margin Loan to:
  - cause the disposal of the Woodfull Shares in certain instances; and
  - have a pre-emptive right over the disposal of the Woodfull Shares in certain cases.

### (b) Purpose

The purpose of Resolution 3 is for Bravura to seek Shareholder approval under section 611 (Item 7) of the Corporations Act for the following matters arising from the Margin Lending Security Arrangements:

- The acquisition by the Underwriter of a relevant interest in all Shares held by Iain Dunstan, either directly or indirectly through one or more wholly owned nominees (**Dunstan Shares**), as a consequence of the Underwriter (or any of its nominees or security trustee) being granted an encumbrance over the Dunstan Shares to secure the money lent by the Underwriter to Mr Dunstan's controlled entity under the Dunstan Margin Loan.
- The acquisition by the Underwriter of the Dunstan Shares upon the Underwriter enforcing its encumbrance over the Dunstan Shares.
- The acquisition by the Underwriter of a relevant interest in the Dunstan Shares as a result of the rights accorded to the Underwriter under the Dunstan Margin Loan to:
  - cause the disposal of the Dunstan Shares in certain instances; and
  - have a pre-emptive right over the disposal of the Dunstan Shares in certain cases.
- The acquisition by the Underwriter of a relevant interest in all Shares held by Simon Woodfull, either directly or indirectly through one or more wholly owned nominees (**Woodfull Shares**), as a consequence of the Underwriter (or any of its nominees or security trustee) being granted an encumbrance over the Woodfull Shares to secure the money lent by the Underwriter to Mr Woodfull's controlled entity under the Woodfull Margin Loan.

### (c) Resolution 3 – Voting restriction

Bravura will disregard any votes cast in favour of Resolution 3 by the Underwriter and any of its associates. This is because section 611 (Item 7) of the Corporations Act requires that no votes be cast in favour of the resolution by the persons proposing to make the acquisition (here, the Underwriter) and their associates.

In addition and with the same effect, Bravura will disregard any votes cast in favour of Resolution 3 by Messrs Dunstan and Woodfull or any of their associates. This is because section 611 (Item 7) of the Corporations Act also requires that no votes be cast in favour of the resolution by the persons *from whom* the acquisition is to be made (here, Messrs Dunstan and Woodfull) and their associates.

## 7.7 Resolution 4 – Approval of the Rights Issue

### (a) Background

Bravura proposes to conduct an underwritten non-renounceable rights issue at a ratio of 1.57 new ordinary shares for every 1 ordinary fully paid Share held on the record date, at an issue price of \$0.15 per Share to raise approximately \$33.4 million (before costs).

### (b) Listing Rule 7.11.3 – Pro rata issues

Listing Rule 7.11.3 provides that in respect of all pro rata issues, the ratio of securities offered must not be greater than one security for each security held. The rule further states that this rule does not apply if the offer is renounceable and if the issue price is not more than the average market price for securities in that class.

Although the issue price for the Rights Issue would not be more than the average market price of Bravura Shares, the Rights Issue is not a renounceable rights issue. Accordingly, the exception to Listing Rule 7.11.3 would not apply, meaning that the proposed ratio of 1.57:1 would not comply with Listing Rule 7.11.3.

At Bravura's request, ASX has granted Bravura a waiver in respect of Listing Rule 7.11.3. This waiver is conditional on Bravura obtaining the approval of its non-associated Shareholders for the Rights Issue to proceed on the proposed ratio of 1.57:1.

The waiver is also conditional on the Underwriter and its associates as well as any substantial Shareholders of Bravura being excluded from voting in respect of this resolution. A substantial shareholder is determined by reference to section 671B of the Corporations Act which provides that a person is a substantial holder if that person and the person's associates have a relevant interest in not less than 5% of the total votes attached to the voting shares in the company.

#### **(c) Resolution 4 – Voting exclusion**

In accordance with the condition to the grant by ASX of the waiver of Listing Rule 7.11.3, Bravura will disregard any votes cast on Resolution 4 by the Underwriter and any of its associates. As there is a possibility that Messrs Dunstan and Woodfull may be associates of the Underwriter as a matter of law, Bravura has determined that it is appropriate in all of the circumstances that Messrs Dunstan and Woodfull (including their respective Executive Director Entities) not be entitled to vote in favour of Resolution 4.

In addition, Bravura will also disregard any votes cast on Resolution 4 by any substantial holder of Bravura Shares, including Bravura's Chairman, Mr Chris Ryan.

## **7.8 Resolution 5 – Approval of Underwriter Financial Benefits and Executive Director Financial Benefit**

#### **(a) Purpose**

The purpose of Resolution 5 is for Bravura to seek Shareholder approval under section 208(a) in Chapter 2E of the Corporations Act for the Underwriter Financial Benefits and the Executive Director Financial Benefits that Bravura will provide if the Recapitalisation Proposal

proceeds. The following information comprises the explanatory statement required by section 219 of Chapter 2E of the Corporations Act.

- The related parties to whom Resolution 5 would permit Bravura to give financial benefits is the Underwriter and the Executive Director Entities. The reasons why they are each related parties are outlined in Section 7.4(b).
- The financial benefits to be provided by Bravura to the Underwriter if the Recapitalisation Proposal proceeds include:
  - the payment of an underwriting commission of \$1 million and the reimbursement of the Underwriter's external advisory costs of \$4.7 million;
  - the issue of the Shortfall Shares at \$0.15 per Share, noting that the Independent Expert has assessed the fair market value of a Bravura Share on a fully diluted control basis to be in the range of \$0.20 to \$0.31 and noting also that the highest and lowest prices at which Bravura Shares have closed in the 12 months since the date of this Explanatory Memorandum is \$1.39 and \$0.14 respectively; and
  - the grant of the Underwriter Options for zero monetary consideration, exercisable at \$0.15 per Option, noting that the Independent Expert has assessed the fair market value of the Underwriter Options to be in the range of \$6 million to \$12 million.
- The financial benefit to be provided by Bravura to the Executive Director Entities if the Recapitalisation Proposal proceeds is facilitating the provision by the Underwriter of the new margin loans to the Executive Director Entities, totalling approximately \$6.44 million. These proposed new margin loans will enable the Executive Director Entities to discharge their current margin loans with Lift Capital totalling approximately \$21.8 million. However, it is important to note that, as part of the settlement deed between the Executive Director Entities and Lift Capital, the Executive Director Entities are required to provide a full release of significant potential legal claims they have or may bring against Lift Capital.
- The potential costs and detriments for Bravura that are known to it as at the date of this Explanatory Memorandum in providing the Underwriter Financial Benefits and the Executive Director Financial Benefit are as follows.

- The payment of an underwriting commission of \$1 million and the reimbursement of the Underwriter's external advisory costs of \$4.7 million together total \$5.7 million. This represents approximately 17.2% of the funds to be raised from the Rights Issue. Accordingly, a material percentage of the funds to be raised under the Rights Issue will not be available to Bravura for it to utilise for its purposes, including reducing the Company's debt levels further.
- The Underwriter Options are exercisable at \$0.15 per Share at any time within two years from their date of issue. The exercise price of \$0.15 may be a significant discount to the market price of Bravura Shares at the time the Underwriter Options are exercised.
- Although there are no direct costs and detriments for Bravura in providing the Executive Director Financial Benefit, Bravura must provide the Underwriter Financial Benefits so that the Underwriter will provide the new margin loans to the Executive Director Entities.
- Your Independent Directors recommend that Bravura Shareholders approve Resolution 5, on the basis that the Independent Directors believe that the provision of the financial benefits contemplated by this resolution will be in the best interest of Bravura Shareholders. Those financial benefits will facilitate the Recapitalisation Proposal which, in the absence of a superior proposal, your Independent Directors recommend for the reasons set out in Section 3.8 of this Explanatory Memorandum.
- Messrs Dunstan and Woodfull are abstaining from making a recommendation on Resolution 5 (and on all other resolutions relating to the Recapitalisation Proposal) because they have a material personal interest in the Recapitalisation Proposal.
- None of your Independent Directors have a personal interest in the outcome of Resolution 5, other than as the holder of Bravura Shares as disclosed in Section 7.9 of this Explanatory Memorandum.
- Other than as set out in this Explanatory Memorandum, there is no information known to Bravura or to any of its Directors which is reasonably required by Bravura Shareholders to decide whether or not it is in the interests of Bravura to pass Resolution 5.

## **(b) Resolution 5 – Voting restrictions**

Bravura will disregard any votes cast in favour of Resolution 5 by the relevant related party and any of that related party's associates. This is because section 224 of the Corporations Act provides that no votes be cast in favour of the resolution by the related party and their associates. The related parties are:

- the Underwriter, in respect of the Underwriter Financial Benefits; and
- the Executive Director Entities, in respect of the Executive Director Financial Benefits.

As Messrs Dunstan and Woodfull and their respective Executive Director Entities are related parties of Bravura and as there is also a possibility that Messrs Dunstan and Woodfull may be associates of the Underwriter as a matter of law, Bravura has determined that it is appropriate in all of the circumstances that Messrs Dunstan and Woodfull (including their respective Executive Director Entities) not be entitled to vote in favour of Resolution 5.

## **7.9 Bravura Shares held by or on behalf of Directors**

As at the date of this Explanatory Memorandum, the number of Bravura Shares held by or on behalf of each of the Directors is as follows:

Director	Number of Bravura Shares held by or on behalf of the Director
Chris Ryan	9,538,306
Iain Dunstan	28,475,636
Simon Woodfull	14,521,483
Trevor Perry	3,079,481

## **7.10 Relevant interests in Underwriter's securities**

With the exception of the proposed Margin Loan Financing Arrangements between the Underwriter and Messrs Dunstan and Woodfull, no Director nor any of his associates has any relevant interest in, or in any security issued by the Underwriter, or any of its respective related bodies corporate.

## 7.11 Conflict management

In recognition of the material personal interests of Messrs Dunstan and Woodfull in the Recapitalisation Proposal, the Bravura Board established appropriate protocols to ensure that Bravura's consideration, negotiation and recommendation of the Recapitalisation Proposal had regard to the best interests of Bravura and its Shareholders as a whole. These protocols have regard to the Takeovers Panel Guidance Note 19 (Insider Participation in Control Transactions) and included ensuring that Messrs Dunstan and Woodfull did not participate in decisions made by the Board in relation to the Recapitalisation Proposal.

## 7.12 Material changes in the financial position of Bravura

So far as is known to any Director, except as disclosed in this Explanatory Memorandum or as otherwise disclosed to ASX by Bravura, the financial position of Bravura has not materially changed since the date of its half-year report for the six months ended 31 December 2008, as lodged with ASX on 24 February 2009.

Other than the Recapitalisation Proposal, there are no significant changes to the nature of Bravura's activities as at the date of this Explanatory Memorandum.

## 7.13 ASX waivers

No waiver from Listing Rules has been granted by ASX to Bravura in relation to the Recapitalisation Proposal, other than the waiver in respect of Listing Rule 7.11.3, more particularly described in section 7.6 of this Explanatory Memorandum.

## 7.14 Independent advice

Bravura Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Recapitalisation Proposal;
- the taxation implications for them if the Recapitalisation Proposal is implemented;

- your Independent Directors' recommendations and intentions in relation to the Recapitalisation Proposal, as set out in Section 1.5 of this Explanatory Memorandum; or
- any other aspects of this Explanatory Memorandum.

## 7.15 Other material information

Except as set out in this Explanatory Memorandum, in the opinion of the Independent Directors, there is no other information material to the making of a decision in relation to the Recapitalisation Proposal, being information that is within the knowledge of any Independent Director or of any related body corporate of Bravura which has not been previously disclosed to Bravura Shareholders.

Bravura will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of lodgement of this Explanatory Memorandum for registration by ASIC and the Effective Date:

- a material statement in this Explanatory Memorandum is false or misleading in a material respect;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of lodgement of this Explanatory Memorandum for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Bravura may circulate and publish any supplementary document by:

- making an announcement to ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Bravura Shareholders at their registered address as shown in the Bravura Share Register; and/or
- posting a statement on the Bravura corporate website,

as Bravura in its absolute discretion considers appropriate.



# 8 Glossary

The following terms used in this Explanatory Memorandum (including the Notice of Meeting in **Appendix 1** to this Explanatory Memorandum) have the meanings given to them below, unless the context otherwise requires.

ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market conducted by it
ATO	Australian Taxation Office
BOSI	BOS International (Australia) Ltd ACN 066 601 250
Bravura or Company	Bravura Solutions Limited ACN 111 148 826
Bravura Board or Board	the Board of Directors of Bravura as at the date of this Explanatory Memorandum
Bravura Share or Share	a fully paid ordinary share in Bravura
Bravura Share Register	the register of members of Bravura maintained by or on behalf of Bravura in accordance with section 168(1) of the Corporations Act
Bravura Share Registry	Computershare
Bravura Shareholder or Shareholder	a person registered on the Bravura Share Register as a member of Bravura
Business Day	a weekday on which Australian banks are open for business in Sydney, Australia
Computershare	Computershare Investor Services Pty Limited ACN 078 279 277
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	a director of Bravura (the Directors as at the date of this Explanatory Memorandum are the persons specified in Section 4.2)
Dollar or \$	the lawful currency for the time being of the Commonwealth of Australia
Dunstan Margin Loan	the margin loan to be provided by the Underwriter to Gardun under the Margin Loan Deed dated 14 May 2009 between Gardun and the Underwriter to finance the Gardun Payment
Dunstan Shares	28,475,636 Bravura Shares mortgaged by Gardun to Lift Capital, subsequently transferred to Merrill Lynch and then returned by Merrill Lynch to Lift Capital on 10 March 2009
Dunstan and Woodfull Shares	42,997,119 Bravura Shares (representing 30.3% of Bravura's total issued share capital) in respect of which the Executive Director Entities have beneficial ownership and which are subject to the agreements summarised in Section 6
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
Equity Commitment Letters	the equity commitment letters executed by the Underwriter and the Ironbridge Fund II in which the Ironbridge Fund II undertakes to provide the Underwriting Equity Commitment and the Margin Loan Equity Commitment to the Underwriter
Executive Directors	Messrs Iain Dunstan and Simon Woodfull
Executive Director Entities	the privately controlled entities of the Executive Directors respectively, being Gardun in the case of Mr Dunstan and Shiamist in the case of Mr Woodfull

Executive Director Financial Benefit	the financial benefit that Bravura will (indirectly through the Underwriter) provide to the Executive Director Entities by facilitating the provision of new margin loans to those entities under the Margin Loan Deeds
Explanatory Memorandum	this Explanatory Memorandum dated 18 June 2009 in relation to the Recapitalisation Proposal
FIRB	Foreign Investment Review Board
Foreign Shareholder	for the purposes of determining eligibility to participate in the Rights Issue, a Bravura Shareholder whose registered address is outside Australia or New Zealand
Gardun	Gardun Pty Ltd ACN 111 019 393 (an entity controlled by Iain Dunstan)
Gardun Lift Facility	the existing margin loan facility between Gardun and the Lift Capital Entities under which an amount of \$14.4 million is outstanding
Gardun Payment	the sum of \$4,271,345 payable by Gardun to Lift Capital under the Settlement Deed
GBP	British Pound
General Meeting	the meeting of Bravura to be convened in respect of the Recapitalisation Proposal on Friday, 24 July 2009. The notice convening the General Meeting is contained in <b>Appendix 1</b> to this Explanatory Memorandum
Independent Directors	the independent directors of Bravura, namely, Chris Ryan and Trevor Perry
Independent Expert or Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited ACN 003 833 127 of 225 George Street, Sydney, New South Wales 2000
Independent Expert's Report	the report of the Independent Expert expressing an opinion on the Recapitalisation Proposal, considered as a whole. The Independent Expert's Report is set out in <b>Appendix 2</b> to this Explanatory Memorandum
Ironbridge Capital	Ironbridge Capital Pty Limited ACN 105 880 110, being the manager of or adviser to the Ironbridge Fund I and the Ironbridge Fund II
Ironbridge Fund I	Ironbridge Capital 2003/4 private equity fund
Ironbridge Fund II	Ironbridge Fund II private equity fund including the following investing entities: (a) Ironbridge Capital II A Pty Limited as trustee for Ironbridge Fund II A; (b) Ironbridge Capital II B Pty Limited as trustee for Ironbridge Fund II B; and (c) Ironbridge Capital II LP as represented by Ironbridge Capital II G.P. Limited
Lift Capital	Lift Capital Partners Pty Limited (in liquidation) ACN 111 015 500
Lift Capital Entities	Lift Capital and LCN
LCN	Lift Capital Nominees No. 1 Pty Ltd (in liquidation)
Lift Capital Liquidators	Anthony McGrath and Joseph Hayes of McGrath Nicol in their capacity as liquidators of Lift Capital
Listing Rules	the listing rules of ASX
Margin Loan Deeds	the margin loan deeds dated 14 May 2009 between each of Gardun and Shiamist and the Underwriter respectively under which a margin loan will be made by the Underwriter to the Executive Director Entities for the Gardun Payment and the Shiamist Payment
Margin Loan Equity Commitment	an amount equal to the sum of the cash advances payable by the Underwriter to Gardun and Shiamist under the terms of the Margin Loan Deeds
Margin Loan Security Arrangements	the arrangements under which a security trustee on behalf of the Underwriter will take various securities over the Dunstan and Woodfull Shares to secure repayment of the margin loan to be made by the Underwriter under the Margin Loan Deeds

Merrill Lynch	Merrill Lynch International ARBN 125 336 567, Merrill Lynch International (Australia) Limited ACN 002 892 846 and their respective related bodies corporate
New Share	a Bravura Share offered for subscription on the basis of, and under the terms of, the Rights Issue, or a Bravura Share to be issued to the Underwriter on the basis of, and under the terms of, the Underwriter Options, as the context requires
Notice of Meeting	the notice for the General Meeting dated 18 June 2009, as set out in <b>Appendix 1</b> of the Explanatory Memorandum
Option Subscription Deed	the option subscription deed dated 15 May 2009 between the Underwriter and Bravura (as amended by a deed dated 5 June 2009) setting out the terms and conditions of the issue and exercise of the Underwriter Options
Professional Services	services provided to the Wealth Management Industry including consulting services, applications development and implementation, maintenance, support, training and business process outsource partnering
Recapitalisation Proposal	the proposal comprising the Rights Issue, including the terms of the Underwriting Agreement, the issue of the Underwriter Options and the Margin Loan Security Arrangements
Regulatory Authority	a government or a governmental, semi governmental or judicial entity or authority or any Minister, department, office or delegate of any government. It includes a self regulatory organisation established under statute or a financial market, ASIC, ASX and the Treasurer of the Commonwealth of Australia
Resolution 1	the resolution of Bravura Shareholders to approve the acquisition by the Underwriter of New Shares under the terms of the Underwriting Agreement, as set out in the Notice of Meeting
Resolution 2	the resolution of Bravura Shareholders to approve the acquisition by the Underwriter of New Shares on exercise of the Underwriter Options, as set out in the Notice of Meeting
Resolution 3	the resolution of Bravura Shareholders in respect of the Margin Loan Security Arrangements, as set out in the Notice of Meeting
Resolution 4	the resolution of Bravura Shareholders to approve the terms of the Rights Issue, as set out in the Notice of Meeting
Resolution 5	the resolution of Bravura Shareholders to approve the provision by Bravura of the Underwriter Financial Benefits and the Executive Director Financial Benefit
Rights Issue	the proposed pro-rata non-renounceable rights issue at a ratio of 1.57 new ordinary Shares for every 1 Share held on the record date, at an issue price of \$0.15 per share to raise approximately \$33.4 million (before costs)
Section	a section of this Explanatory Memorandum
Settlement Deed	the settlement deed dated 12 May 2009 between Lift Capital, the Executive Director Entities and the Lift Capital Liquidators
Shiamist	Shiamist Pty Ltd ACN 111 022 934 (an entity controlled by Simon Woodfull)
Shiamist Lift Facility	the existing margin loan facility between Shiamist and the Lift Capital Entities under which an amount of \$7.4 million is outstanding
Shiamist Payment	the sum of \$2,178,222 payable by Shiamist to Lift Capital under the Settlement Deed
Shortfall Shares	the New Shares proposed to be issued by Bravura under the Rights Issue for which Bravura has not received valid applications from eligible Shareholders by the closing of the Rights Issue, such New Shares to be issued to the Underwriter assuming the Underwriting Agreement has not been validly terminated
Software Developers Consultative Group	a group consisting of ATO members and representatives of software developers established to be a forum for communication between these parties

Superannuation Funds Working Group	a group consisting of ATO members and representatives of superannuation funds to improve the superannuation fund managers' understanding of all aspects of superannuation administration
Time reference	any reference to time is to the legal time in Sydney, New South Wales, Australia
Underwriter	the following entities, being wholly owned or affiliated subsidiaries of Ironbridge Fund II: <ul style="list-style-type: none"> <li>• Carp Advisory A Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 1;</li> <li>• Carp Advisory B Pty Ltd in its capacity as trustee for the Carp Investment Trust No. 2; and</li> <li>• Carp Holdings NV</li> </ul>
Underwriter's Associates	the entities listed in Section 5.2(b)
Underwriter Financial Benefits	the financial benefits that Bravura will provide to the Underwriter if the Recapitalisation Proposal proceeds, including the payment of a \$1 million underwriting commission (exclusive of GST), the reimbursement of the Underwriter's external advisory costs of \$4.7 million (with both of these payments to be funded from the proceeds of the Rights Issue), the issue of the Shortfall Shares on the terms of the Underwriting Agreement and the grant of the Underwriter Options on the terms of the Option Subscription Deed
Underwriting Agreement	the underwriting agreement dated 15 May 2009 between the Underwriter and Bravura (as amended by a deed dated 18 June 2009) setting out the terms and conditions on which the Underwriter will underwrite the Rights Issue
Underwriting Equity Commitment	an aggregate amount equal to the application money required by the Underwriter to pay Bravura for the issue of the Shortfall Shares to the Underwriter
Underwriter Information	the information prepared by the Underwriter for inclusion in Section 5 of this Explanatory Memorandum and for which the Underwriter is solely responsible
Underwriter Options	the 86,666,667 options to be granted to the Underwriter for zero monetary consideration, at an exercise price of \$0.15 per option and otherwise on the terms set out in the Option Subscription Deed
Voting Entitlement Time	the time for determining eligibility of Bravura Shareholders to vote on the Recapitalisation Proposal at the General Meeting, being 7.00 pm Sydney time on Wednesday, 22 July 2009
Wealth Management Applications	applications which provide administrative functions to the superannuation and pension, investment management or the life insurance industry
Wealth Management Industry	covers the superannuation, pension, investment management and life insurance industries
Woodfull Margin Loan	the margin loan to be provided by the Underwriter to Shiamist under the Margin Loan Deed dated 14 May 2009 between Shiamist and the Underwriters to finance the Shiamist Payment
Woodfull Shares	14,521,483 Bravura Shares mortgaged by Shiamist to Lift Capital, subsequently transferred to Merrill Lynch and then returned by Merrill Lynch to Lift Capital on 10 March 2009



# Appendix 1

# Notice of General Meeting

Bravura Solutions Limited  
ACN 111 148 826

## NOTICE OF MEETING

FOR THE **GENERAL MEETING OF SHAREHOLDERS**

TO BE HELD ON FRIDAY, 24 JULY 2009, AT THE OFFICES OF MINTER ELLISON LAWYERS,  
LEVEL 19, 88 PHILLIP STREET, SYDNEY NEW SOUTH WALES IN THE PERKINS ROOM, COMMENCING AT 11.00 AM

### IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it, or any part of it, you should contact the Bravura Shareholder Line on 1800 218 694, or for international callers, +61 2 8280 7601 or consult with your professional advisers without delay.

This Notice of Meeting is an appendix to an Explanatory Memorandum. An Independent Expert's Report is also an appendix to the Explanatory Memorandum. The Explanatory Memorandum and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its appendices should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay:

**by post to:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**or by hand delivery to:**

Computershare Investor Services Pty Limited  
Level 2, 60 Carrington Street  
Sydney NSW 2000

**or by facsimile to:**

the Bravura Share Registry  
on 1800 783 447 from within Australia  
or +61 3 9473 2555 from outside Australia

The business of the meeting is to consider the following proposed resolutions.

## 1. Approval of the Underwriting

To consider and, if thought fit, to pass the following resolution:

*'That, for the purposes of section 611 (Item 7) of the Corporations Act 2001 (Cth) and all other purposes, and subject to the approval of Resolutions 2, 3, 4 and 5, approval is given for the acquisition by the Underwriter of any Shortfall Shares arising under the terms of the Underwriting Agreement, as further described in the Explanatory Memorandum.'*

**Voting restriction:** the Company will disregard any votes cast on in favour of the resolution by the Underwriter or any of its associates.

## 2. Approval of issue of New Shares to the Underwriter on exercise of the Underwriter Options

To consider and, if thought fit, to pass the following resolution:

*'That, for the purpose of section 611 (Item 7) of the Corporations Act 2001 (Cth) and all other purposes, and subject to the approval of Resolutions 1, 3, 4 and 5, approval is given for the acquisition by the Underwriter of New Shares arising from the exercise by it of the Underwriter Options under the Option Subscription Deed, as further described in the Explanatory Memorandum.'*

**Voting restriction:** the Company will disregard any votes cast in favour of the resolution by the Underwriter or any of its associates.

## 3. Approval of the Margin Loan Security Arrangements

To consider and, if thought fit, to pass the following resolution:

*'That, for the purpose of section 611 (Item 7) of the Corporations Act 2001 (Cth) and all other purposes, and subject to the approval of Resolutions 1, 2, 4 and 5, approval is given for:*

- (a) the acquisition by the Underwriter of a relevant interest in all Bravura Shares held by Iain Dunstan, either directly or indirectly through one or more wholly owned nominees (**Dunstan Shares**), as a consequence of the Underwriter (or any of its nominees or security trustee) being granted an encumbrance over the Dunstan Shares to secure the money lent by the Underwriter to Mr Dunstan's controlled entity under the Dunstan Margin Loan;*
- (b) the acquisition by the Underwriter of the Dunstan Shares upon the Underwriter enforcing its encumbrance over the Dunstan Shares;*
- (c) the acquisition by the Underwriter of a relevant interest in the Dunstan Shares as a result of the rights accorded to the Underwriter under the Dunstan Margin Loan to:
  - (i) cause the disposal of the Dunstan Shares in certain instances; and*
  - (ii) have a pre-emptive right over the disposal of the Dunstan Shares in certain cases;**
- (d) the acquisition by the Underwriter of a relevant interest in all Bravura Shares held by Simon Woodfull, either directly or indirectly through one or more wholly owned nominees (**Woodfull Shares**), as a consequence of the Underwriter (or any of its nominees or security trustee) being granted an encumbrance over the Woodfull Shares to secure the money lent by the Underwriter to Mr Woodfull's controlled entity under the Woodfull Margin Loan;*
- (e) the acquisition by the Underwriter of the Woodfull Shares upon the Underwriter enforcing its encumbrance over the Woodfull Shares; and*

(f) *the acquisition by the Underwriter of a relevant interest in the Woodfull Shares as a result of the rights accorded to the Underwriter under the Woodfull Margin Loan to:*

- (i) *cause the disposal of the Woodfull Shares in certain instances; and*
- (ii) *have a pre-emptive right over the disposal of the Woodfull Shares in certain cases,*

*as further described in the Explanatory Memorandum.'*

**Voting restriction:** the Company will disregard any votes cast in favour of the resolution by the Underwriter or any of its associates and any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if the resolution is passed.

In addition and with the same effect, Bravura will disregard any votes cast in favour of this resolution by Messrs Dunstan and Woodfull or any of their associates. This is because section 611 (Item 7) of the Corporations Act provides for the requirement that no votes be cast in favour of the resolution by the persons *from whom* the acquisition is to be made and their associates.

## 4. Approval of the Rights Issue

To consider and, if thought fit, to pass the following resolution:

*'That, in accordance with the conditions attached to the waiver granted by ASX Limited in respect of the Listing Rule 7.11.3 of the Listing Rules of ASX Limited, and subject to the approval of Resolutions 1, 2, 3 and 5, approval is given for the Company to proceed with a non-renounceable rights issue at a ratio of 1.57 new ordinary shares for every 1 ordinary fully paid share held on the record date, at an issue price of \$0.15 per share, as further described in the Explanatory Memorandum.'*

**Voting exclusion statement:** In accordance with the conditions attached to the waiver granted by ASX Limited in respect of the Listing Rule 7.11.3 of the Listing Rules of ASX Limited, the Company will disregard any votes cast on the resolution by the Underwriter or any of its associates, Messrs Dunstan and Woodfull or any of their associates, and any substantial shareholder of Bravura or any of their associates and any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5. Approval of the provision of the Underwriter Financial Benefits and the Executive Director Financial Benefit

To consider and, if thought fit, to pass the following resolution:

*'That, for the purposes of section 208(1)(a) of the Corporations Act 2001 (Cth) and all other purposes, and subject to the approval of Resolutions 1, 2, 3 and 4, approval is given for the provision directly or indirectly by Bravura of the Underwriter Financial Benefits and the Executive Director Financial Benefit, as further described in the Explanatory Memorandum.'*

**Voting restriction:** the Company will disregard any votes cast in favour of the resolution by the Underwriter, the Executive Director Entities or any of their respective associates.

## Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

## Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, shares will be taken to be held by the persons who are the registered holders at 7.00 pm (Sydney time) on Wednesday, 22 July 2009. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of Resolutions 1 to 5 are set out below for each resolution.

## How to vote

Bravura Shareholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate shareholders or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

## Voting in person (or by attorney)

- Bravura Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).
- To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Bravura Share Registry before 10.00 am (Sydney time) on Wednesday, 22 July 2009 in any of the following ways:

**By post** to the Bravura Share Registry:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**By hand delivery** to the Bravura Share Registry at:

Computershare Investor Services Pty Limited  
Level 2, 60 Carrington Street  
Sydney NSW 2000

**By fax** to the Bravura Share Registry on:

1800 783 447 from within Australia  
or +61 3 9473 2555 from outside Australia

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at the offices of Minter Ellison Lawyers, Level 19, 88 Phillip Street, Sydney New South Wales on Friday, 24 July 2009 commencing at 11.00 am (Sydney time).

- A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:
  - died;
  - became mentally incapacitated;
  - revoked the proxy or power; or
  - transferred the Bravura Shares in respect of which the vote was cast,unless Bravura received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

## Voting by proxy

- Bravura Shareholders wishing to vote by proxy at this meeting must:
  - complete and sign or validly authenticate the proxy form, which is enclosed with this Explanatory Memorandum; and
  - deliver the signed and completed proxy form to Bravura by 11.00 am (Sydney time) on Wednesday, 22 July 2009 in accordance with the instructions below.
- A person appointed as a proxy may be an individual or a body corporate.

## Submitting proxy votes

- Bravura Shareholders wishing to submit proxy votes for the General Meeting must return the enclosed proxy form to Bravura in any of the following ways:

**By post** to the Bravura Share Registry:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**By hand delivery** to the Bravura Share Registry at:  
Computershare Investor Services Pty Limited  
Level 2, 60 Carrington Street  
Sydney NSW 2000

**By fax** to the Bravura Share Registry on:  
1800 783 447 from within Australia  
or +61 3 9473 2555 from outside Australia

**Note:** proxies may not be returned by email nor is internet voting available.

### Notes for proxies

1. A Bravura Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Bravura Shareholder's behalf.
2. A proxy need not be a Bravura Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Bravura Shareholder's proxy.
4. If a Bravura Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Bravura Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
  - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
  - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
6. If a proxy appointment is signed or validly authenticated by the Bravura Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or the Company Secretary.

If:

  - a Bravura Shareholder nominates the Chairman of the meeting as the Bravura Shareholder's proxy; or

- the Chairman is to act as proxy if a proxy appointment is signed by a Bravura Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

8. Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction will be voted in support of the Recapitalisation Proposal resolutions (in the absence of a superior proposal prior to the date of the meeting).

### Corporate representatives

1. To vote in person at the General Meeting, a Bravura Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the meeting, a corporate Bravura Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Bravura Share Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board



**Christine Nicholls**  
Company Secretary

18 June 2009



# Appendix 2 Independent Expert's Report

---



## **Bravura Solutions Limited**

**Independent expert's report**

**18 June 2009**

# Financial services guide

Deloitte Corporate Finance Pty Limited  
A.B.N. 19 003 833 127  
AFSL 241457  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

18 June 2009

## What is a Financial Services Guide?

This Financial Services Guide (FSG) is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127). The use of "we", "us" or "our" is a reference to Deloitte Corporate Finance Pty Limited as the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them

## Information about us

We have been engaged by Bravura Solutions Limited (Bravura) to give general financial product advice in the form of a report to be provided to you in connection with:

- a proposal by Ironbridge Fund II or wholly-owned or affiliated subsidiaries of Ironbridge to fully underwrite a 1.57 for 1.0 non-renounceable rights issue at \$0.15 per Bravura share to raise approximately \$33 million before underwriting fees and other transaction costs
- Ironbridge being issued at no consideration approximately 87 million options to acquire shares in Bravura at an exercise price of \$0.15 per share at any time within 24 months from the date of completion of the Proposed Rights Issue
- the provision by Ironbridge of debt facilities to entities associated with certain executive directors of Bravura to fund payments totalling approximately \$6.5 million to Lift Capital Partners Pty Limited (in liquidation) to extinguish the liability relating to margin loans provided by Lift Capital to the entities associated with each of the Executive Directors. Ironbridge will take security over the relevant Bravura shares.

We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance Pty Limited is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity.

Please see [www.deloitte.com.au/about](http://www.deloitte.com.au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

The financial product advice in our report is provided by Deloitte Corporate Finance Pty Limited and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

## Associations and relationships

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

## What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- to provide financial product advice in respect of:
  - debentures, stocks or bonds to be issued or proposed to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.
- to deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
  - debentures, stocks or bonds issued or to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.

## Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant disclosure document provided by the issuer of the financial product. The purpose of the disclosure document is to help you make an informed decision about the acquisition of a financial product.

## How are we and our employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Our fee is \$120,000. Deloitte Corporate Finance, its directors and officers, any related bodies corporate or associates and their directors and officers, do not receive any commissions or other benefits, except for the fees rendered to the party or parties who actually engage us.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

## What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing addressed to:

The Complaints Officer  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1300 780 808  
Fax: +61 3 9613 6399  
Internet: <http://www.fos.org.au>



Deloitte Corporate Finance Pty Limited  
A.B.N. 19 003 833 127  
AFSL 241457

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

DX 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
www.deloitte.com.au

The Independent Directors  
Bravura Solutions Limited  
Level 2  
345 George Street  
SYDNEY NSW 2000

18 June 2009

Dear Directors

## Independent expert's report

### Introduction

On 18 May 2009 Bravura Solutions Limited (Bravura or the Company) announced a proposed recapitalisation of the Company in order to reduce debt and fund short term operating cash flow requirements. Bravura has entered into an agreement with Ironbridge Fund II (Ironbridge) which includes the following three components (collectively the Proposed Transaction):

- wholly-owned or affiliated subsidiaries of Ironbridge would fully underwrite a 1.57 for 1.0 non-renounceable rights issue at \$0.15 per Bravura share to raise approximately \$33 million before underwriting fees and other transaction costs (the Proposed Rights Issue)
- Ironbridge would be issued at no consideration approximately 87 million options to acquire shares in Bravura at an exercise price of \$0.15 per share at any time within 24 months from the date of completion of the Proposed Rights Issue (the Proposed Option Issue)
- the provision by Ironbridge of debt facilities to entities associated with certain executive directors of Bravura (Mr Iain Dunstan and Mr Simon Woodfull, together, the Executive Directors) to fund payments totalling approximately \$6.5 million to Lift Capital Partners Pty Limited (in liquidation) (Lift Capital) to extinguish the liability relating to margin loans provided by Lift Capital to the entities associated with each of the Executive Directors (Lift Margin Loans). The facilities to be provided by Ironbridge are hereafter referred to as the Proposed Margin Loans and will include Ironbridge taking security over the relevant Bravura shares.

The Proposed Transaction is subject to a number of conditions including approval by Bravura shareholders in respect of each component of the Proposed Transaction. The resolutions in relation to each of the components are inter-conditional, meaning that all resolutions will need to be approved in order for the Proposed Transaction to proceed.

The Directors of Bravura who are not Executive Directors (the Independent Directors) have requested Deloitte Corporate Finance Pty Limited (Deloitte) to prepare an independent expert's report (IER) advising whether in our opinion the Proposed Transaction as a whole is fair and reasonable to Bravura shareholders not associated with the respective components of the Proposed Transaction (non-associated Shareholders).

Member of  
Deloitte Touche Tohmatsu

## **Purpose of the report**

The Proposed Option Issue and the Proposed Margin Loans either in their own right, or when considered together with any increase in Ironbridge's relevant interest in Bravura as a consequence of underwriting the Proposed Rights Issue, may result in Ironbridge's relevant interest in Bravura increasing to above 20%. As a consequence, prior approval is required by non-associated Shareholders in accordance with item 7 of Section 611 of the Corporations Act 2001 (Section 611).

Whilst the approval of non-associated Shareholders is not necessarily required for each component of the Proposed Transaction, the Independent Directors have engaged Deloitte as an independent expert to prepare a report expressing our opinion as to whether the Proposed Transaction as a whole is fair and reasonable to non-associated Shareholders.

This report is to be included in the document to be sent to all shareholders (Explanatory Memorandum) and has been prepared for the exclusive purpose of assisting non-associated Shareholders in their consideration of the Proposed Transaction.

## **Basis of evaluation**

In order to consider whether the Proposed Transaction is fair and reasonable to non-associated Shareholders, we have had regard to common market practice and Regulatory Guide 111 (RG 111) issued by the Australian Securities and Investments Commission (ASIC), which provides guidance in respect of the content of expert reports.

Under RG 111, an assessment of whether a control transaction is fair and reasonable requires separate analysis of each criterion and should not be regarded as a compound phrase. Under this convention an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares that are the subject of the offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, non-associated Shareholders should accept the offer in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Transaction is fair and reasonable to non-associated Shareholders, we have adopted the test of whether the Proposed Transaction is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in RG 111.

## **Summary and conclusion**

In our opinion the Proposed Transaction as a whole is not fair but reasonable. In arriving at this opinion, we have had regard to the following factors:

### **The Proposed Transaction is not fair**

In order to assess whether the Proposed Transaction is fair we have undertaken the following analysis:

- estimated the fair market value of a Bravura share on a fully diluted control basis and compared that to the price of \$0.15 per share, set pursuant to the Proposed Rights Issue and the underwriting agreement
- estimated the fair market value of the options to be issued by Bravura pursuant to the Proposed Option Issue (Options) and compared that to the consideration to be received from Ironbridge
- considered other financial impacts of the Proposed Transaction including the effect of the Proposed Margin Loans and the costs to be incurred.

### ***Valuation of a Bravura share***

We have estimated the fair market value of a Bravura share on completion of the Proposed Transaction using the capitalisation of maintainable earnings method, which estimates the value of Bravura by capitalising its maintainable earnings with an appropriate earnings multiple.

We have selected earnings before interest, tax, depreciation and amortisation (EBITDA) as an appropriate measure of earnings for Bravura because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates relative to multiples that are based on earnings before interest and tax or net profit after tax. We have estimated Bravura's maintainable EBITDA to be between \$18 million and \$21 million.

An earnings multiple in the range of 6.0 times to 7.0 times was selected based on an analysis of listed companies and previous mergers and acquisitions in the software application industry. A control premium of 25% has been applied based on Australian studies, premiums paid in merger and acquisition transactions and the particular circumstances of the Proposed Transaction.

In our opinion, the fair market value of a Bravura share on a fully diluted control basis is in the range of \$0.20 to \$0.31. The consideration payable by Ironbridge for each share it acquires pursuant to the underwriting agreement in relation to the Proposed Rights Issue is \$0.15 per share.

### ***Valuation of the Options***

We have estimated the fair market value of the Options using the Black-Scholes option pricing model, based on our assessment of the fair market value of a Bravura share, on a control basis.

In our opinion, the fair market value of the Options to be issued to Ironbridge is in the range of \$6.0 million to \$12.6 million. Ironbridge is not paying any consideration for the Options to be issued to it if the Proposed Transaction proceeds.

### ***Proposed Margin Loans***

Pursuant to the terms of the Proposed Margin Loans, Ironbridge is being granted a right of first refusal over the shares subject to the security provisions. Should the Executive Directors wish to sell any such shares they are required to do so off-market and must first offer them to Ironbridge, at a minimum price of \$0.30 per share. In certain circumstances, Ironbridge could acquire an interest equivalent to up to 9.5% of the Company through these arrangements thereby increasing its level of control or influence without paying any premium over the negotiated price.

As any sale of shares by the Executive Directors must be undertaken off-market and given that Ironbridge could increase its stake through these arrangements, the combined effect of these factors may result in lower liquidity in Bravura shares than would otherwise be the case.

Furthermore, under the terms of the Proposed Margin Loans, Ironbridge is being granted a right that entitles it to compel the Executive Directors to sell their shares to any third party who submits a proposal for the acquisition of all of Ironbridge's interest and all of the Executive Directors' interests in Bravura. Given the size of the shareholding that the Executive Directors have in Bravura, this may allow Ironbridge to determine the outcome of such a takeover proposal.

We note that the right of first refusal and drag along right described above apply only while the Proposed Margin Loans remain in place. The Proposed Margin Loans allow the Executive Directors to repay in full their respective margin loans at any time, without penalty. Therefore, if the new margin loans are repaid in full (for example, through a refinancing arrangement), the right of first refusal and drag along right would cease to apply.

We are not aware of any other financial impacts on Bravura of the Proposed Margin Loans.

It is our understanding that the Executive Directors have borne all costs associated with the Proposed Margin Loans on their own account.

### ***Costs of the Proposed Transaction***

Ironbridge will be paid an underwriting fee equivalent to 3% of the funds to be raised and be reimbursed for all costs incurred by them as a consequence of the Proposed Transaction (including adviser, accounting and legal costs) from the proceeds of the Proposed Rights Issue. These costs are estimated to be \$4.7 million and when combined with the underwriting fee, represent 17.2% of the funds to be raised under the Proposed Rights Issue.

### ***Conclusion on fairness***

Taking into account the analysis set out above, in our opinion, the Proposed Transaction as a whole is not fair.

### **The Proposed Transaction as a whole is reasonable**

In accordance with RG 111 an offer is reasonable if it is fair. An offer may also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

We have formed our opinion on the reasonableness of the Proposed Transaction as a whole, based on an analysis of the likely advantages and disadvantages to non-associated Shareholders of the Proposed Transaction.

### **Advantages of the Proposed Transaction**

#### ***Enables Bravura to meet short term debt repayment obligations***

If the Proposed Transaction is implemented, the Proposed Rights Issue will generate net proceeds, after the payment of the underwriting commission and the reimbursement of Ironbridge's costs, of approximately \$27.7 million. This will enable Bravura to meet its short term debt repayment obligations, extinguish a foreign exchange hedge facility and secure a new working capital facility.

If Ironbridge exercises all of the Options issued to it, an additional \$13 million will be raised. This will reduce the reliance on debt to fund working capital.

#### ***Reduced interest expense and greater refinancing flexibility***

The funds received from the Proposed Transaction will immediately reduce gearing and interest expense and strengthen the balance sheet. This will provide the Company with greater flexibility when seeking to refinance its remaining debt facilities.

#### ***The value of a share in the absence of the Proposed Transaction***

If the Proposed Transaction does not proceed and an alternative offer does not emerge, Bravura is still required to raise sufficient funds in order to meet its debt repayment obligations to its financier, BOS International (Australia) Limited (BOSI), which fall due on 15 August 2009. Furthermore, in the absence of the Proposed Transaction or alternative sources of additional funds, the Company would then be reliant upon continued support from BOSI. If such support is not provided, significant financial consequences for the Company could result, which may include losing the intellectual property rights to its software.

In this context, we are of the opinion that it is reasonable to assume that the value of a share in Bravura in the absence of the Proposed Transaction would be in the range of nil to \$0.175 (being the last trading price prior to the announcement of the Proposed Transaction). However, given the consequences if Bravura defaults on its debt obligations, we would anticipate that the Company would trade at the lower end of this range.

#### ***Possible re-rating of Bravura's share price***

If the Proposed Transaction proceeds, Bravura's share price may be re-rated to reflect the reduced gearing and the removal of any uncertainty over the sources from which the Company will meet its short term financing obligations.

### ***Removal of uncertainty associated with the shares owned by the Executive Directors***

If the Proposed Transaction proceeds, this will resolve the uncertainty surrounding the ownership and control over a significant number of shares in which the Executive Directors have a beneficial interest as a result of the insolvency of Lift Capital.

### ***No more attractive alternative is currently available to Shareholders***

The Bravura board of directors (the Board) has been exploring a range of strategic alternatives to ensure the Company is in a position to meet its current debt obligations whilst maximising value for Shareholders. These options included the recapitalisation of the business, the refinancing of the debt facilities or a combination of the two. After conducting this process and given the recent volatility in equity markets, the Board has concluded that, in the absence of a superior proposal, the proposal from Ironbridge is the best option available to Shareholders.

### **Disadvantages of the Proposed Transaction**

#### ***Completion of the Proposed Transaction will result in dilution of non-associated Shareholders' current interests in the Company***

Completion of the Proposed Transaction is likely to significantly dilute the interests of existing shareholders in Bravura. Depending upon the take up of shares under the Proposed Rights Issue by non-associated Shareholders and assuming all Options are exercised by Ironbridge, the interest of Bravura's shareholders, other than Ironbridge and the Executive Directors, could decline from 68.8% to 21.7% as set out in the following table.

#### **Estimated interests of shareholders - assuming no participation in the Proposed Rights Issue by existing non-associated Shareholders**

	non-associated Shareholders (millions)	Executive Directors <sup>1</sup> (millions)	Ironbridge (millions)	Total (millions)
<b>Shares on issue as at 27 May 2009</b>	97.9	43.0	1.1	142.0
<i>% voting interest</i>	68.8%	30.3%	0.8%	100.0%
Rights taken up	0.0	0.0 <sup>2</sup>	223.0 <sup>2</sup>	223.0
Options exercised	0.0	0.0	86.7	86.7
<b>Shares on issue after the Proposed Transaction</b>	<b>97.9</b>	<b>43.0</b>	<b>310.7</b>	<b>451.6</b>
<i>% voting interest</i>	21.7%	9.5%	68.8%	100.0%

Source: Deloitte Corporate Finance analysis

Notes:

1. Represents shares of the Executive Directors currently held by the liquidators of Lift Capital
2. We have been advised by the Executive Directors of Bravura that they will be taking up only a small percentage of their entitlement under the Proposed Rights Issue. Accordingly, for the purposes of our analysis, we have assumed that all rights attributable to the Executive Directors will be taken up by Ironbridge in its capacity as underwriter
3. Numbers may not add due to rounding

If Ironbridge enforces any of its rights under the Proposed Margin Loans, such as in the event of a default by the Executive Directors or Ironbridge exercising its right of first refusal, Ironbridge may acquire up to an additional 9.5% of the shares of Bravura. This would result in Ironbridge owning as much as 78.3% of the ordinary share capital of Bravura. Under these circumstances, Ironbridge would not only have a controlling interest in the Company, it would also have the ability to pass special resolutions at shareholder meetings, without requiring support from any other shareholders.

Accordingly, unless non-associated Shareholders participate to the full extent of their entitlement under the Proposed Rights Issue, they will experience significant dilution in their shareholding and Ironbridge may acquire a controlling interest in the Company.

5

**Deloitte:** Bravura Solutions Limited: Independent expert's report

#### ***Reduced likelihood of future takeover offer***

It is possible that a takeover offer from an alternate bidder may emerge after completion of the Proposed Transaction. However, as a consequence of the Proposed Transaction, Ironbridge will own between 34.3% and 68.8% of the ordinary share capital of Bravura and have at least two seats on the Board. This may increase to as much as 78.3% if Ironbridge enforces any of its rights under the Proposed Margin Loans. These factors would act as a significant deterrent against other prospective acquirers making an offer for Bravura without prior agreement with Ironbridge. Under these circumstances it would not be likely that a takeover premium could be realised except through a transaction supported by Ironbridge.

Furthermore, under the terms of the Proposed Margin Loans, Ironbridge is being granted a right that entitles it to compel the Executive Directors to sell their shares to any third party who submits a proposal for the acquisition of all of Ironbridge's interest and all of the Executive Directors' interests in Bravura. Accordingly, in the event that Bravura does receive a takeover offer, and given the size of the shareholding that the Executive Directors have in the Bravura, this may allow Ironbridge to determine the outcome of such a takeover proposal.

We note that the right of first refusal and drag along rights would cease to operate if the Executive Directors exercise their right to repay the margin loans in full.

#### ***Eligibility to participate in the Proposed Rights Issue***

Certain foreign shareholders are ineligible to participate in the Proposed Rights Issue. This would result in a dilution of their shareholding, unless they acquire the equivalent number of shares on-market.

#### **Conclusion on reasonableness**

Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable.

#### **Opinion**

In our opinion, in the absence of a superior proposal, the Proposed Transaction as a whole is not fair but reasonable to non-associated Shareholders. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the non-associated Shareholders should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



**Rachel Foley-Lewis**

Director



**Stephen Ferris**

Director

*Note: All amounts stated in this report are Australian dollars (\$) unless otherwise stated and may be subject to rounding.*

## Contents

<b>1</b>	<b>Terms of the Proposed Transaction</b>	<b>9</b>
1.1	Summary of the Proposed Transaction	9
1.2	Recapitalisation process	9
1.3	Terms and conditions of the Proposed Transaction	10
1.4	Financial benefits	12
1.5	Intentions of Ironbridge	12
<b>2</b>	<b>Scope of the report</b>	<b>13</b>
2.1	Purpose of the report	13
2.2	Basis of evaluation	13
2.3	Limitations and reliance on information	16
<b>3</b>	<b>Information Technology and Software Industry</b>	<b>17</b>
3.1	Overview	17
3.2	Global IT spending by the financial services industry	17
3.3	Wealth management software market	19
<b>4</b>	<b>Profile of Bravura</b>	<b>24</b>
4.1	Overview	24
4.2	Legal structure	24
4.3	Company history	25
4.4	Products and services	26
4.5	Customers	29
4.6	Management overview	29
4.7	Competitive position of Bravura	30
4.8	Capital structure	32
4.9	Share trading	33
4.10	Financial overview	37
4.11	Financial position	40
4.12	Debt profile	41
<b>5</b>	<b>Impact of the Proposed Transaction</b>	<b>43</b>
5.1	Impact if the Proposed Transaction proceeds	43
5.2	Impact if the Proposed Transaction does not proceed	46
<b>6</b>	<b>Profile of Ironbridge</b>	<b>47</b>
6.1	Overview	47
7		
	<b>Deloitte:</b> Bravura Solutions Limited: Independent expert's report	

<b>7</b>	<b>Valuation methodology</b>	<b>48</b>
7.1	Overview	48
7.2	Valuation of a share in Bravura	48
7.3	Valuation of the Options	50
<b>8</b>	<b>Valuation of a share in Bravura and the Options</b>	<b>52</b>
8.1	Overview	52
8.2	Valuation of a share in Bravura	52
8.3	Valuation of the Options	61
<b>9</b>	<b>Evaluation and conclusion</b>	<b>64</b>
9.1	Fairness	64
9.2	Reasonableness	64
9.3	Opinion	67
<b>Appendices</b>		
	Appendix 1: Glossary	68
	Appendix 2: Comparable companies	70
	Appendix 3: Comparable transactions	73
	Appendix 4: Control Premium Studies	77
	Appendix 5: Sources of information	80
	Appendix 6: Qualifications, declarations & consents	81

# 1 Terms of the Proposed Transaction

## 1.1 Summary of the Proposed Transaction

On 18 May 2009, Bravura announced the Proposed Transaction which incorporates the following three inter-conditional components:

- wholly-owned or affiliated subsidiaries of Ironbridge would fully underwrite a 1.57 for 1.0 non-renounceable rights issue at \$0.15 per Bravura share to raise approximately \$33 million. Ironbridge would be paid a fee equivalent to 3% of the total funds to be raised and be reimbursed for all costs incurred by Ironbridge as a consequence of the Proposed Transaction (including adviser, accounting and legal costs) from the proceeds of the Proposed Rights Issue. These costs are estimated to be \$4.7 million
- Ironbridge would be issued at no consideration approximately 87 million options to acquire shares in Bravura at an exercise price of \$0.15 per share at any time within 24 months from the date of completion of the Proposed Rights Issue
- the Executive Directors of Bravura currently have shares in Bravura, security over which is held by the liquidators of Lift Capital in relation to the provision of a margin loan to each of the Executive Directors. As part of the Proposed Transaction, Ironbridge would provide facilities to entities associated with each of the Executive Directors to fund payments totalling approximately \$6.5 million to extinguish the liability relating to the margin loans. In return for the payment, Lift Capital would release the security it holds over the shares in Bravura owned by the entities associated with the Executive Directors. The terms of the Proposed Margin Loans will include Ironbridge taking security over the relevant Bravura shares. The Executive Directors would retain legal title to the Bravura shares beneficially owned by them.

Further details of the Proposed Transaction are contained in the Explanatory Memorandum.

## 1.2 Recapitalisation process

Bravura and Ironbridge had previously announced (on 5 May 2008) a formal proposal under which Ironbridge would acquire all of the issued share capital of Bravura via two inter-conditional schemes of arrangement (the Schemes). Upon completion of the Schemes, Bravura would have become a wholly-owned subsidiary of Ironbridge. The implementation of the Schemes was subject to a number of conditions being met. As a consequence of prevailing economic circumstances, one of these conditions was not satisfied and Ironbridge withdrew its offer.

Subsequent to the Schemes not proceeding, Bravura has increasingly required a recapitalisation due to the following factors:

- the impact of the global financial crisis on the financial services industry, resulting in existing and potential clients deferring discretionary spending in the short to medium term, placing downward pressure on earnings and the share price of the Company
- the need to meet short term obligations including:
  - the repayment of a working capital facility of approximately \$22 million by 15 August 2009
  - settlement of a foreign exchange hedge liability of approximately \$7 million which is due by 15 August 2009
  - two deferred consideration payments each of United States Dollars (USD) 7 million payable by 31 December 2009 and 31 December 2010 in respect of the acquisition of Forum Financial Group Polska SP.Z OO (Forum Financial Group) in December 2008.

9

**Deloitte:** Bravura Solutions Limited: Independent expert's report

In response to a declining share price, increasing gearing and significant debt repayments falling due by 15 August 2009, the Board has been exploring a range of strategic alternatives to enable the Company to meet its debt obligations whilst maximising value for Shareholders. These options included the recapitalisation of the business, the refinancing of the debt facilities or a combination of the two.

We have been advised that the Board has considered various alternatives to raise equity and debt capital, including engaging a professional, public market underwriter. While the Board received unsolicited indicative proposals and expressions of interest from a number of parties, no alternative offers have been received that satisfied Bravura's requirements (including execution and timing certainty) and no superior proposal has emerged at the date of this report.

Any provider of debt funding is also likely to require an injection of equity capital in order to reduce the financial leverage of the Company to a more acceptable level before agreeing to provide debt facilities.

Consequently, the Board considered raising equity capital to be the most appropriate option available to the Company. The Board also concluded that the only realistic source of underwriting would be from a related party, an existing shareholder or a private equity firm. After conducting this process, and given the current volatility in equity markets, the Independent Directors have concluded that, in the absence of a superior proposal, the proposal from Ironbridge is the best option available to shareholders.

## **1.3 Terms and conditions of the Proposed Transaction**

### **1.3.1 Proposed Rights Issue**

#### **Overview**

Bravura and Ironbridge have entered into an agreement whereby Ironbridge will underwrite the Proposed Rights Issue (the Underwriting Agreement). The principal terms of the Proposed Rights Issue comprise the following:

- the raising of approximately \$33 million by way of a 1.57 for 1.0 rights issue of 223 million shares at a price of \$0.15 per share
- Ironbridge will be paid a fee equivalent to 3% of the total funds to be raised and will be reimbursed for all costs that they have incurred as a consequence of the Proposed Transaction (including adviser, accounting and legal costs) from the proceeds of the Proposed Rights Issue. These costs are estimated to be \$4.7 million and when combined with the underwriting fee represent 17.2% of the funds to be raised
- Ironbridge will receive one board seat and a further board seat if, at any time during the two year period after the Proposed Transaction is approved, it acquires shares in Bravura having an aggregate subscription or acquisition price of at least \$10.9 million
- if the Proposed Transaction does not proceed, Bravura may have to pay a break fee of \$0.5 million to Ironbridge under certain circumstances, as disclosed in Section 3.7 of the Explanatory Memorandum.

### 1.3.2 Proposed Option Issue

The principal elements of the Proposed Option Issue comprise the following:

- Ironbridge would be issued approximately 87 million options for no consideration, to acquire ordinary shares in Bravura at an exercise price of \$0.15 per share
- the Options may be exercised at any time within 24 months from the date of completion of the Proposed Rights Issue
- the Options will be unquoted, however, will be transferable in certain circumstances.

### 1.3.3 Proposed Margin Loans

The principal elements of the Proposed Margin Loans comprise the following:

- the provision by Ironbridge of facilities to entities associated with the Executive Directors to fund payments totalling approximately \$6.5 million to the liquidators of Lift Capital in exchange for which the liabilities owing under the Lift Margin Loans will be extinguished and the security held by Lift Capital over the shares owned by the entities associated with the Executive Directors will be released
- Ironbridge taking security over the relevant Bravura shares
- the loan having a term of five years from the drawdown date
- the Executive Directors paying all associated costs on their own account, including interest payable on the loan of between 8% and 20% per annum
- Ironbridge being granted a right of first refusal in respect of any shares subject to the Proposed Margin Loans which the Executive Directors wish to sell for a minimum of \$0.30 per share
- Ironbridge being granted a right that entitles it to compel the Executive Directors to sell their shares to any third party who submits a proposal for the acquisition of all of Ironbridge's interest and all of the Executive Directors' interests in Bravura.

The commercial effect of the Proposed Margin Loans is that the Executive Directors will exchange their current margin lending arrangements with Lift Capital for new margin lending arrangements with Ironbridge and give Ironbridge a right of first refusal over the shares and drag along rights in certain circumstances.

We note that the right of first refusal and drag along rights would cease to operate if the Executive Directors exercise their right to repay the margin loans in full.

### 1.3.4 Conditions precedent

A number of conditions need to be satisfied or waived before the Proposed Transaction can be implemented, including:

- certain regulatory approvals, consents, modifications or waivers necessary to implement the Proposed Transaction, including Australian Stock Exchange (ASX) waivers and ASIC modifications
- Bravura obtaining shareholder approval by ordinary resolution in a general meeting of the inter-conditional resolutions necessary to effect the Proposed Transaction
- the Underwriting Agreement remaining in full force and effect
- the Executive Directors directly or indirectly acquiring legal title to approximately 43 million Bravura shares held by the liquidator of Lift Capital
- the Executive Directors being fully released from any further obligations in relation to the Lift Margin Loans
- receiving BOSI consent to the potential change in control of Bravura that may result from the Proposed Transaction.

11

**Deloitte:** Bravura Solutions Limited: Independent expert's report

In order to receive shareholder approval, a majority in number (more than 50%) of the non-associated Shareholders present and voting at the general meeting must approve the Proposed Transaction. Ironbridge, the Executive Directors and their controlled or associated entities are not eligible to vote on any of the resolutions pertaining to the Proposed Transaction.

Further details of the terms and conditions of the Proposed Transaction are contained in the Explanatory Memorandum.

## **1.4 Financial benefits**

Chapter 2E of the Corporations Act prohibits a company directly or indirectly providing a financial benefit to a related party, unless the provision of that benefit is approved in advance by shareholders or falls within certain exceptions. The Proposed Transaction is likely to result in Bravura providing a financial benefit to Ironbridge and the Executive Directors, as disclosed in Section 7.4 and 7.8 of the Explanatory Memorandum.

Accordingly, the Independent Directors are seeking Shareholder approval for the financial benefits to be provided to related parties as a consequence of the Proposed Transaction.

## **1.5 Intentions of Ironbridge**

If the Proposed Transaction proceeds and results in Ironbridge attaining a controlling interest in Bravura, it is our understanding that Ironbridge's current intentions are to:

- continue the business of Bravura consistent with its existing strategies and initiatives
- retain the current senior management
- appoint up to two non-executive directors to the Board
- not sell or transfer any of Bravura's property or fixed assets.

Further details of Ironbridge's intentions are set out in Section 5.3 of the Explanatory Memorandum.

## 2 Scope of the report

### 2.1 Purpose of the report

Section 606 of the Corporations Act 2001 (the Act) prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in a person's voting power in the company increasing to more than 20%, without making an offer to all shareholders of the company. There are, however, a number of exceptions to this prohibition set out in Section 611.

Item 10 of Section 611 operates as an exception to this prohibition in respect of a rights issue where:

- the offer is made to all shareholders in the same percentage as the shares held prior to the issue; and
- the terms of all the offers are the same for all shareholders.

Furthermore, under Item 10 of Section 611 acquisitions made as an underwriter of a rights issue are also exempt from the prohibition in Section 606 of the Act. Nevertheless, Bravura has determined that it is appropriate in all of the circumstances to seek shareholder approval under Item 7 of Section 611 for any increase in Ironbridge's relevant interest in Bravura arising from Ironbridge's underwriting of the Proposed Rights Issue.

Item 7 of Section 611 allows the acquisition of the relevant interests in a company's voting shares if, at a general meeting, a majority of non-associated Shareholders pass an ordinary resolution approving the transaction.

The Proposed Option Issue and the Proposed Margin Loans either in their own right, or when considered together with any increase in Ironbridge's interest in Bravura as a consequence of underwriting the Proposed Rights Issue, may result in Ironbridge's relevant interest in Bravura increasing to above 20%. As a consequence, approval is required by non-associated Shareholders in accordance with item 7 of Section 611.

The Independent Directors have engaged Deloitte as an independent expert to prepare a report expressing our opinion as to whether the Proposed Transaction as a whole is fair and reasonable to non-associated Shareholders.

This report is to be included in the Explanatory Memorandum to be sent to all shareholders and has been prepared for the exclusive purpose of assisting non-associated Shareholders in their consideration of the Proposed Transaction. This report cannot be used for any other purpose.

### 2.2 Basis of evaluation

#### 2.2.1 Guidance

In forming our opinion as to whether the Proposed Transaction is fair and reasonable to non-associated Shareholders, we have had regard to common market practice, ASIC Regulatory Guides, including ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders" (RG 74) and RG 111.

#### **RG 74**

RG 74 requires that shareholders approving a resolution pursuant to Section 611 be provided with a comprehensive analysis of the proposed transaction, including whether or not the proposed transaction is “fair and reasonable” to non-associated Shareholders. The directors may satisfy their obligations to provide such an analysis by either:

- commissioning an independent expert’s report; or
- undertaking a detailed examination of the proposal and preparing a report for the non-associated Shareholders.

Consequently, the Independent Directors of Bravura have requested Deloitte to prepare an independent expert’s report to satisfy their obligations.

#### **RG 111**

RG 111 provides guidance in relation to the content of IERs prepared for transactions under Chapters 5, 6 and 6A of the Corporations Act, including:

- takeover bids
- schemes of arrangement
- compulsory acquisitions or buy outs
- acquisitions approved by shareholders under item 7 of Section 611
- selective capital reductions
- related party transactions
- transactions with persons in a position of influence
- demergers and demutualisations of financial institutions
- buy-backs.

RG 111 refers to a ‘control transaction’ as being the acquisition or increase of a controlling stake in a company which could be achieved, for example, by way of a takeover offer, a scheme of arrangement, approval of an issue of shares using item 7 of Section 611 and a selective capital reduction or selective buy back. Therefore, RG 111 requires transactions which require approval pursuant to item 7 of Section 611 to be treated as control transactions, even if the current person has not obtained or increased their control over that company.

Under RG 111, an assessment of whether a control transaction is fair and reasonable requires separate analysis of each criteria and should not be regarded as a compound phrase. Under this convention an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares that are subject of the offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, shareholders should accept the offer in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Transaction is fair and reasonable to non-associated Shareholders, we have adopted the test of whether the Proposed Transaction is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in RG 111.

### 2.2.2 Fairness

RG 111 defines an offer in respect of a control transaction as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

The shares in Bravura have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of the securities has not been premised on the existence of a special purchaser.

In order to assess whether the Proposed Transaction is fair we have undertaken the following analysis:

- estimated the fair market value of a Bravura share on a fully diluted control basis and compared that to the price of \$0.15 per share, set pursuant to the Proposed Rights Issue and the underwriting agreement
- estimated the fair market value of the Options to be issued by Bravura and compared that to the consideration to be received from Ironbridge
- considered other financial impacts of the Proposed Transaction including the effect of the Proposed Margin Loans and the costs to be incurred under the terms of the underwriting agreement.

### 2.2.3 Reasonableness

RG 111 considers an offer in respect of a control transaction to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Transaction we have considered the following factors:

- the removal of uncertainty resulting from the Proposed Transaction
- reduced interest expense and greater refinancing flexibility
- the likely market price of Bravura shares in the absence of the Proposed Transaction
- the possible re-rating of Bravura's share price
- the dilutive effect of the Proposed Transaction and the likely impact it will have on the control of Bravura
- the likelihood of an alternative offer being made
- the eligibility of shareholders to participate in the Proposed Rights Issue
- other implications for non-associated Shareholders of voting for or against the Proposed Transaction.

15

**Deloitte:** Bravura Solutions Limited: Independent expert's report

#### **2.2.4 Individual circumstances**

We have evaluated the Proposed Transaction for non-associated Shareholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual shareholders. Due to their particular circumstances, individual shareholders may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, shareholders may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable to non-associated Shareholders. If in doubt shareholders should consult an independent adviser.

### **2.3 Limitations and reliance on information**

Our report has been prepared to assist the non-associated Shareholders in connection with the above matter only. It does not provide a recommendation as to whether shareholders should take up their entitlement to shares under the Proposed Transaction. Non-associated Shareholders must therefore form their own view as to whether or not they wish to take up their entitlement to new shares in Bravura.

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

We would specifically draw to the attention of non-associated Shareholders that recent volatility in capital markets and the current economic outlook have created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that our opinions may be more susceptible to change than would normally be the case.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

## 3 Information Technology and Software Industry

### 3.1 Overview

Bravura operates within the global information technology (IT) and software industry, focusing on developing, licensing and maintaining specialised administration and management applications and providing associated professional consulting services for the wealth management industry.

The wealth management industry is a sub-segment of the wider financial services industry and includes superannuation, pension and life insurance funds, banks, investment managers, financial advisers and administrators. The financial services industry also includes general insurance providers and real estate investment trusts.

Operators in the IT sector make investments in both internal and external technology for the purposes of providing consultancy and professional services. Companies within this sector also offer systems analysis, design and programming, building of custom-designed systems, data processing and preparation services. The software industry incorporates both internal and external IT as detailed below:

- internal software includes expenditure on internal management, analysis, maintenance, support and operation of IT
- external software relates to expenditure on the purchase or lease of hardware, software and services for the analysis, development, maintenance, support and operation of IT.

The IT and software industry is characterised by a highly skilled and knowledgeable workforce. Operations in the financial services sector have historically been labour intensive, driving the demand for software providers to streamline these processes.

Products and services within the IT and software industry have a relatively short life cycle, requiring updates or upgrades approximately every five years. Many products require a large up-front investment in research and development and thus significant financial backing is required by IT and software providers.

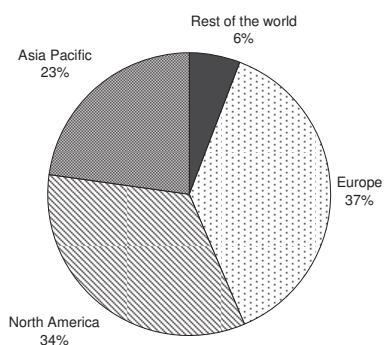
In the following sections we discuss the global IT spending of the wider financial services industry and the provision of software services to the wealth management industry.

### 3.2 Global IT spending by the financial services industry

According to Celent and published in their industry report entitled *IT Spending in Financial Services: A Global Perspective* (December 2008), global IT spending by participants in the financial services industry is estimated to increase in 2008 by 4.5% over 2007, a decline from the growth achieved in 2007 over the previous year. The current financial crisis and economic uncertainty is predicted to impair growth rates for the wealth management industry globally as a result of difficult conditions for the financial services sector. As a result, Celent predicts a compound annual growth rate (CAGR) for the sector of 0.9% from 2008 to 2010.

The majority of IT spending in 2008 occurred in Europe and North America, which accounted for approximately 37% and 34% respectively, of the total global IT spend within the financial services industry, as presented in the following figure.

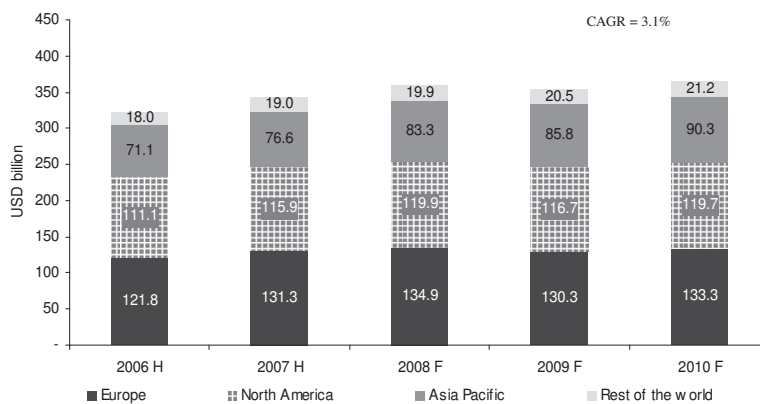
**Figure 1: Global IT spending by the financial services industry by region, 2008**



Source: Celent, IT Spending in Financial Services: A Global Perspective, December 2008

The global historical and projected growth within the industry, by region, is illustrated in Figure 2 below.

**Figure 2: Global IT spending by the financial services industry by region from 2006 to 2010**

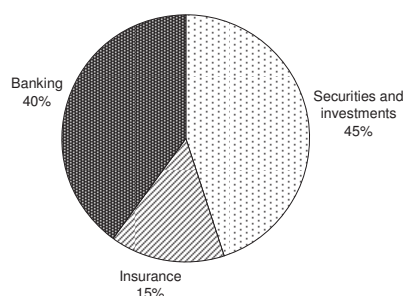


Source: Celent, IT Spending in Financial Services: A Global Perspective, December 2008

Note: Global IT spending is in US dollars

As illustrated in Figure 3, in 2008 approximately 45% of the global IT spending by the financial services industry was undertaken by securities and investment participants and 40% by banking participants.

Figure 3: Global IT spending by the financial services industry by segment, 2008



Source: Celent, IT Spending in Financial Services: A Global Perspective, December 2008

### 3.3 Wealth management software market

The financial services industry utilises its IT software to administer large numbers of client accounts and investment related data. Wealth management software can be developed and maintained internally or licensed and maintained by an external industry participant (such as Bravura). The key functions of these software applications can include:

- keeping records of personal and financial details of customers
- recording financial transactions
- performing settlements and reconciliations
- calculating the value of the investments
- calculating fees and commissions
- performing accounting and compliance functions
- generating financial reports and investment statements.

Depending on the nature of services offered by participants within the wealth management industry and hence their processing requirements, software applications will vary in size, capability and sophistication. For example, large fully integrated industry participants require highly scalable and robust data management and reporting systems with significant flexibility for integration with other software applications. Smaller industry participants require less scalable but more specialised systems.

The demand for wealth management software is driven by the following factors:

- the growing ageing population and the associated requirements of saving for retirement
- change in government policies affecting the financial services industry
- increasing complexity in new financial products
- demand from investors for online access to their investment information
- various government initiatives to introduce compulsory superannuation or encourage personal investments and savings. This trend has fuelled the significant need for wealth management services in recent years and hence the demand for these software applications.

19

**Deloitte:** Bravura Solutions Limited: Independent expert's report

The following sections present an overview of the specific drivers of demand for wealth management software within the regions in which Bravura operates i.e. Asia Pacific, Europe (including the United Kingdom (UK)), Middle East and Africa.

### Asia Pacific market demand

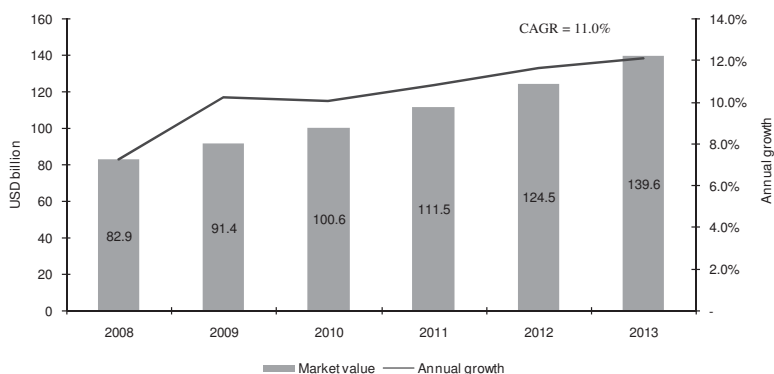
The growth in the demand for wealth management IT within the Asia Pacific region is expected to be driven by the following factors:

- the financial crisis is leading to restructuring in the region’s banking industry, driving the need for expertise, models and technology to support new initiatives
- new demand for risk management in the banking sector as a result of economic uncertainty
- rapid growth in wealth management as a result of the increase in the mass affluent and high net worth segments throughout Asia
- a large proportion of spending by Asia Pacific banks is expected to be on hardware in order to adopt new technology and replace legacy systems, particularly core banking systems.

The wealth management industry in Asia is largely fragmented, at various stages of sophistication and has various regulatory requirements within each country. Over recent years, governments in Asia have increased their focus on the growing ageing population and developing policies around encouraging citizens to invest to provide for their retirement. This is anticipated to lead to an increase in the IT spend of financial services sector participants within the Asian market.

According to Datamonitor, the value of the Asia Pacific software market (consisting of Australia, China, Japan, India, Singapore, South Korea and Japan) is anticipated to grow at a CAGR of 11.0% from 2008 to 2013, as illustrated in Figure 4 below.

Figure 4: Asia Pacific software market value forecast, 2008 to 2013

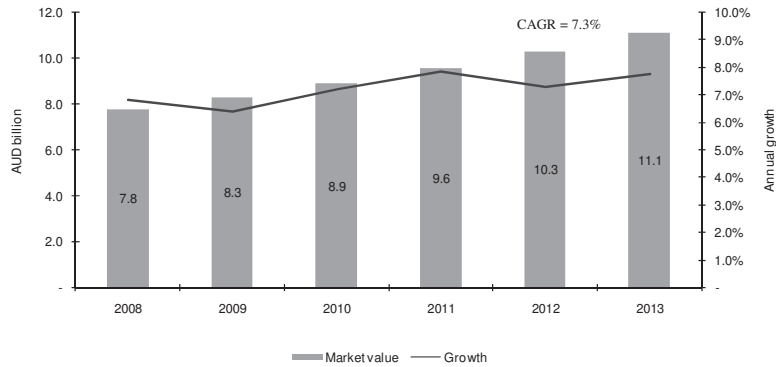


Source: Datamonitor

Note: Asia Pacific software market value is in US dollars

The value of the Australian software market is anticipated to grow at a CAGR of 7.3% between 2008 and 2013, as illustrated in Figure 5. A large proportion of spending in the software market is linked to licence agreements in the banking and financial services sector. Given the demand factors above, we would expect the Australian wealth management software industry to exhibit a growth rate at least equal to the growth in the software market expected over the period to 2013.

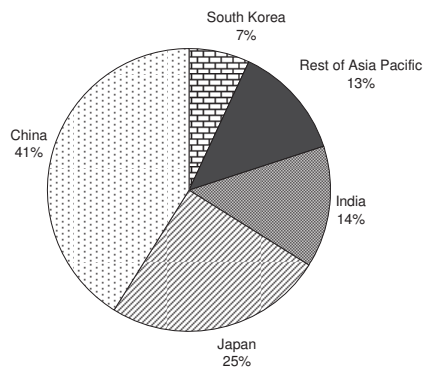
**Figure 5: Australian software market value forecast, 2008 to 2013**



Source: Datamonitor

In 2008, China contributed approximately 42% of the value of the Asia Pacific software market, as detailed in Figure 6 below.

**Figure 6: Asia Pacific software market value by region, 2008**



Source: Datamonitor

**European market demand**

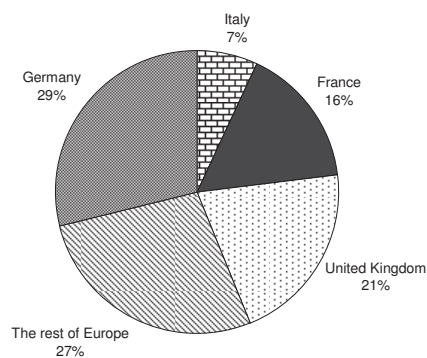
The demand for wealth management IT within the European market is expected to contract in 2009, with a 5.8% reduction over 2008 in banking IT spending. This is primarily due to banking corporations reducing their software and IT expenditure as a result of a greater scrutiny from investors in regards to investments made by companies. However, these conditions are not sustainable in the future, with growth rates expected to recover by 2010.

Wealth management IT in the European market is currently driven by the following factors:

- the Single European Payment Area regulation which requires European banks to change their payment infrastructure to process payments throughout the Euro zone the same way they do domestic payments
- the implementation of the Markets in Financial Instruments Directive, a central part of the European Commission's Financial Services Action Plan, which aims to increase competition and consumer protection under investment practices
- the proposed implementation and enhancement of anti-money laundering systems, which will provide opportunities for software applications to assist in the management of risks and reporting obligations
- the need to reduce complexity and costs in IT maintenance expenditure.

In 2008, Germany, the United Kingdom and France contributed approximately 29%, 21% and 16% respectively, of the value of the European software market, as detailed in Figure 7 below.

Figure 7: European software market value by region, 2008



Source: Datamonitor

### 3.3.2 Critical success factors

The success of participants within the wealth management software industry is dependant upon a number of factors, including:

- keeping up to date with legislative requirements on compliance and reporting
- increasing the functionality of software applications to comply with increased legislative requirements and taxation treatments and to cater for more complex financial products and wider customer bases
- real time risk management that provides accurate and timely information
- enhanced integration capability to permit information sharing between departments within an organisation and minimise the need to perform duplicated tasks.

### 3.3.3 Barriers to entry

Barriers to entry for the wealth management software industry are considered high, reflecting the following factors:

- switching costs for buyers such as large financial institutions can be high, given the large amount of data and information stored in the existing software applications
- the high cost of new software development which requires significant lead time for design, development, testing and implementation
- entry to the market requires sound knowledge of the wealth management industry and its regulatory requirements in order to meet increasing demands of customers
- established players in the industry benefit from economies of scale, past experience, in-depth technical knowledge and an understanding of client requirements
- complexity of data migration applications
- competition within the industry is high, with the industry being dominated by a small number of international players. Industry participants usually compete on cost, product functionality, operational efficiency and any associated product support.

## 4 Profile of Bravura

### 4.1 Overview

Bravura was established in December 2004 as part of a leveraged management buy out of the corporate and superannuation business unit of CSC Australia Pty Limited (CSC). It was subsequently listed on the ASX in June 2006.

Bravura is a global supplier of software applications and services to the wealth management industry in Australia, New Zealand and Asia (collectively referred to as APAC), and Europe, the Middle East and Africa (collectively referred to as EMEA). The Company employs more than 570 people in 14 offices across these regions.

Bravura services the following markets:

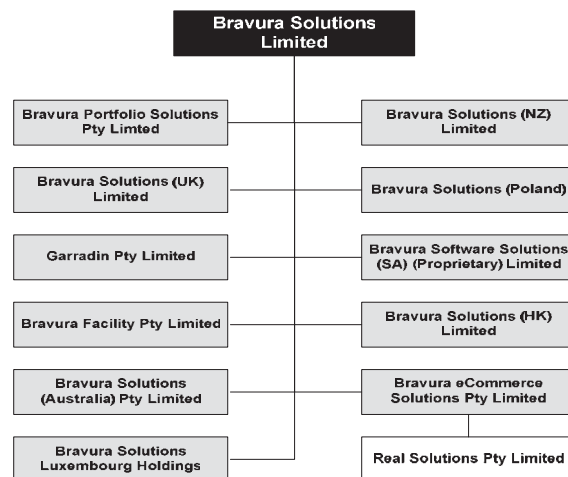
- investment and asset management
- superannuation and pensions
- life insurance
- third party administration and transfer agency.

The Company has more than 180 clients and administers in excess of 18 million superannuation, life insurance and investment accounts.

### 4.2 Legal structure

Set out below is an overview of the corporate structure of Bravura.

Figure 8: Bravura corporate structure



Source: Bravura

## 4.3 Company history

An overview of the company history is provided below:

Figure 9: Company history

2004	<ul style="list-style-type: none"> <li>Bravura was established as part of the buy out of the wealth management business unit of CSC Australia Pty Limited</li> </ul>
2005	<ul style="list-style-type: none"> <li>acquired Syscorp Pty Limited (Syscorp) in January 2005. Syscorp's principal wealth management application was Complete Investment Manager, a package which supports a wide range of retail financial products including individually managed accounts and self managed superannuation funds</li> <li>acquired EB Zone front end application from IQ Business Group in March 2005, subsequently renamed Ensemble. This acquisition provided common web-linked interfaces across Bravura's various wealth management applications</li> <li>acquired Tacit Group Limited in July 2005, establishing Bravura as a large wealth management software provider to the financial services industry in Australia and New Zealand</li> <li>Bravura launched its Indian operations through a joint venture with Mediassist, a large health insurance administrator in India</li> </ul>
2006	<ul style="list-style-type: none"> <li>acquired Essential Computer Systems Pty Limited in March 2006. This acquisition was in line with Bravura's electronic commerce focus</li> <li>Bravura undertook an initial public offering of shares in June 2006 at \$1.12 per share and subsequently listed on the ASX with a market capitalisation of approximately \$140 million</li> <li>acquired Rufus Global Transfer software business and Rufus Global Transfer Agency software (Rufus Global Transfer) from the Bank of New York in December 2006. This acquisition established Bravura as a major participant in the United Kingdom wealth management industry</li> <li>acquired AB Prodata in December 2006. Its flagship product, Babel, provides clients with protection from changes in message standards and business processes imposed by third parties</li> </ul>
2007	<ul style="list-style-type: none"> <li>Bravura was included in the S&amp;P/ASX 300 Index in February 2007</li> <li>in March 2007, Bravura undertook a one for six non-renounceable rights issue at an issue price of \$2.10 per share (a discount to Bravura's share price of 6.7% as at 21 March 2007), raising approximately \$41 million</li> <li>acquired Garradin Pty Limited (Garradin) from Powerlan Limited in June 2007. Its software applications are tailored for retail portfolio management participants</li> </ul>
2008	<ul style="list-style-type: none"> <li>due to a decline in Bravura's share price, the Company exited the S&amp;P/ASX 300 Index in March 2008</li> <li>in May 2008, Bravura and Ironbridge announced a formal proposal under which Ironbridge would acquire 100% of Bravura's shares for a cash offer of \$1.73 per Bravura share. The offer was subsequently withdrawn as one of the conditions of the transaction was not met</li> <li>acquired 100% of Forum Financial Group in December 2008 from Citi Securities and Funds Services – Europe (Citi), for total consideration of USD 21 million. Forum Financial Group offers a transfer agency application</li> </ul>
2009	<ul style="list-style-type: none"> <li>on 18 February 2009, Bravura announced the listing of American Depositary Receipts to allow greater access to capital market in the US</li> <li>On 18 May 2009, Bravura announced the Proposed Transaction to raise approximately \$33 million via a rights issue to be underwritten by Ironbridge, the issue of Options to Ironbridge to invest a further \$13 million in Bravura and Ironbridge taking responsibility for the margin loans over the Executive Directors' shares held by the liquidators of Lift Capital.</li> </ul>

Source: Bravura

25

Deloitte: Bravura Solutions Limited: Independent expert's report

## 4.4 Products and services

Bravura derives its revenue from the following activities:

- *licensing of software applications*: licensing fees charged on an up-front and annual recurring basis by Bravura are dependent on the type of software application being supplied and the purpose for which it is supplied. For example, software applications licensed to life insurance and superannuation companies are generally based on the number of accounts
- *ongoing professional services*: professional service fees are charged to customers on a per hour basis and are dependent on the experience level of the employee assigned to the task
- *ongoing maintenance services*: Bravura charges maintenance fees to the majority of its customers based on the number of underlying accounts the customer holds. A small number of customers are charged maintenance fees based on the amount of funds under management or the number of transactions undertaken.

We discuss each of these activities separately below.

### 4.4.1 Licensing of software applications

Bravura's current software applications include:

#### *Sonata Suite*

Sonata Suite is an enterprise-wide technology platform that enables the administration of tax structures and products including administration of retirement saving, investment, wraps, model portfolios and insurance products. Sonata is comprised of an underlying administration system that includes:

- *TalisLife*: a solution for the administration of life insurance products, which incorporates all aspects of policy management, including new business capture, underwriting, policy servicing and claims processing. TalisLife supports a wide range of life insurance products, including terminal illness, disability, redundancy, premium waiver, whole of life and a range of unit-linked policies
- *TalisTrust*: an application for administering wrap platforms, master trusts, retail/wholesale unit trusts and retirement products such as superannuation plans, pensions, annuities and provident funds, supporting the administration life-cycle from contributions and transacting through to customer servicing and reporting
- *TalisPension*: an application used to administer retirement savings and pension accounts including personal superannuation and pensions, allocated pensions, term allocated pensions and complying pensions
- *TalisGroup Super/Pension (under the project name Sonata SuperB)*: an application currently undergoing development as a group superannuation and pension administration system. It is designed to service various needs including those of defined benefit, defined contribution, third party record keepers, government agencies and provident fund managers. The module will also allow users to define structures that meet their administrative, financial and reporting requirements
- *Garradin*: a multi-currency investment management system with integrated asset management, registry and tax management functions, which is deployable across multiple sectors including retail wealth management platforms (such as wraps, master trusts and managed accounts), wholesale investment management, registry and mutual funds and custody. This system can be sold separately or as a component of the Sonata Suite.

Sonata Suite has two eBusiness components which are as follows:

- *ePASS*: an enterprise eBusiness software that allows financial service providers to deliver online services to employers, members and advisers. This system can be sold separately or as a component of the Sonata Suite
- *SonataWeb (formerly Ensemble 5)*: an eBusiness system that enables straight through processing services for advisers and clients to be delivered over the internet.

In addition, Bravura derives its revenue from the following activities:

- *Sonata Business Services*: a comprehensive collection of business orientated web services available in Bravura's superannuation/pension, life insurance and fund investment engines
- *Sonata Business Intelligence*: a business reporting application that integrates the data stored in Bravura's administration platforms for trend analysis, market segmentation, management reporting and other business intelligence activities.

#### ***Transfer agency applications***

Bravura has two core transfer agency applications catering to the administration of collective investment instruments throughout the United Kingdom and Europe which include:

- *Rufus Global Transfer*: a suite of components that provides transfer agency administration. The system is multi-currency and multi-lingual with integrated foreign exchange processing, supporting the administration of unit trusts, investment companies with variable capital, money market funds, cash, equities, investment trusts, simple unitised life assets, among others. In addition, the system supports open architecture products such as fund supermarkets
- *GTAS system*: an emerging product primarily supporting offshore clients. This product is currently undergoing further development to service a wide range of alternative investment funds.

#### ***Babel***

Babel is an intelligent messaging platform for straight through processing which automates external linkage to a variety of markets and counterparties, using the majority of message mediums or formats, and adapting to necessary business logics directly or via the world's major platforms.

#### ***Bravura heritage products***

Bravura supports three key heritage products used by over 50 Australian and international clients. These products were acquired from CSC on establishment of Bravura and the clients will be gradually upgraded to the Sonata Suite over the next five to ten years. These products are as follows:

- *SuperB*: used by the majority of superannuation providers in Australia who have defined benefit administration requirements. SuperB is a comprehensive corporate and retail superannuation system and is used by large third party administrators and stand alone corporate superannuation funds. In addition, there are a number of clients in the Asian market using SuperB to support their defined benefit requirements
- *WinSAS*: a specialised corporate and retail superannuation system supporting over ten clients in Australia. Its focus is primarily in the area of defined contributions however, it can additionally be also used to support group life business
- *Calibre*: manages retail investment and superannuation products including allocated annuities and pensions. Clients will typically own both SuperB and Calibre to offer the complete range of superannuation and pension products.

The figure below illustrates Bravura's software products by region and segment of the wealth management industry.

27

**Deloitte:** Bravura Solutions Limited: Independent expert's report

Figure 10: Summary of software products offered to the wealth management industry, by region

	Asset Manager	Fund Processing	Product Manufacturer	Distributor (platform)	IFA / Adviser
EMEA	Rufus GTAS	Sonata Suite Rufus GTAS	Sonata Suite Rufus GTAS	SonataWeb	SonataWeb
Asia	Rufus GTAS	Sonata Suite Rufus GTAS	Sonata Suite Rufus GTAS	SonataWeb ePASS	SonataWeb ePASS
Australia / New Zealand	Garradin	Sonata Suite Garradin	Sonata Suite Garradin	SonataWeb ePASS	SonataWeb ePASS

Source: Bravura

#### 4.4.2 Professional services

Bravura offers a range of technical services to its clients. These services include:

- *strategic consulting*: specialist consultants work with clients to provide expert consulting across applications
- *application development*: application development and systems integration providing tailored applications to meet individual client needs
- *implementation*: implementation of Bravura’s applications
- *data migration*: a specialised field mapping tool used for loading validated and cross-checked standard tables before data is imported to the target system
- *support*: helpdesk support to clients
- *training*: on-site training for users across all aspects of the applications (may be customised group or individual training)
- *business process outsourcing partnering*: Bravura partners with business process outsource providers, transfer agencies and technology partners to support outsourced applications.

#### 4.4.3 Maintenance services

Bravura provides its client with ongoing maintenance services. These services include:

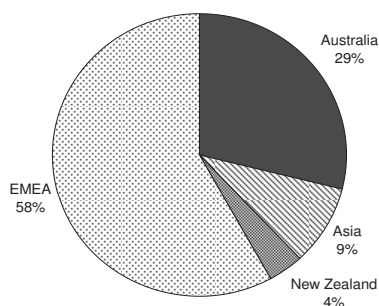
- *help desk support*: Bravura provides help desks as part of the ongoing support provided to clients
- *service delivery manager*: managing the assignment of development tasks and support requests from clients
- *new/changes in legislation*: full-time legislative analysts are responsible for monitoring all regulatory issues that affect applications and clients
- *upgrades*: fees include some level of upgrades to products.

## 4.5 Customers

Bravura provides software application and support to more than 180 financial institutions globally, with a range of corporate clients in APAC and EMEA. Given the diversified customer base in a number of geographic regions, Bravura is not dependant upon any single customer.

The following figure presents a breakdown of Bravura's revenue by region during the first half of the financial year ending 30 June 2009.

Figure 11: Revenue by region



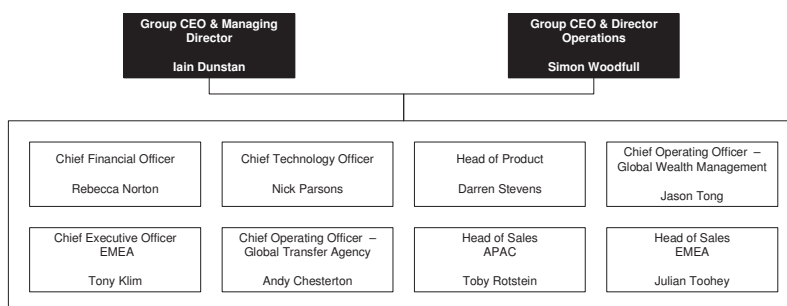
Source: Bravura

The majority of Bravura's revenues are derived in EMEA and Australia, with these regions having contributed 58% and 29%, respectively, of Bravura's revenue in the first six months of the 2009 financial year. Further details on Bravura's revenue are presented in Section 4.10.

## 4.6 Management overview

A simplified management structure for Bravura is set out in the figure below.

Figure 12: Bravura management overview



Source: Bravura

## 4.7 Competitive position of Bravura

A summary of Bravura's competitors classified by product type and region is set out in Table 1 below.

**Table 1: Bravura's competitors**

Region	Superannuation and Pension	Life insurance	Platform	Investment and portfolio administration	Transfer agency
<b>EMEA</b>	In-house systems	In-house systems	In-house systems	-	In-house systems
	Aviary	FIS	First NZ Capital	-	IFDS
	Acquila Heywood	Mastek	DST	-	Franklin Templeton Investments
	-	Fineos	GBST	-	MFT
	-	Percana	-	-	Linedata Services
	-	CSC	-	-	-
<b>APAC</b>	In-house systems	In-house systems	In-house systems	In-house Systems	In-house systems
	GBST	CSC	DST	DST	IFDS
	Pentafin	FIS	GBST	SS&C	I-Flex
	Supercorp Australia	eBaoTech	-	Praemium	-
	Financial Synergy	Fineos	-	SimCorp	-
	Syncsoft	Mastek	-	-	-

Source: Bravura

Notes:

1. DST = DST Global Solutions
2. I-Flex = Oracle Financial Services Software Limited
3. Mastek = Mastek Limited

The table below sets out the strengths, weaknesses, opportunities and threats for Bravura.

**Table 2: Strengths, weaknesses, opportunities and threats for Bravura**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• leading position in the United Kingdom wrap market</li> <li>• diversified customer base by industry segment and geography</li> <li>• significant recurring licence, professional services and maintenance services fees</li> <li>• flexible, robust and scalable software applications which can easily be used as an end-to-end application</li> <li>• leading provider of transfer agency solutions in EMEA</li> <li>• leading provider of superannuation and pensions solutions in Australia and New Zealand</li> <li>• few direct competitors offering similar range of products and services</li> </ul>	<ul style="list-style-type: none"> <li>• ongoing investment required in research and development to launch new products and secure new customers</li> <li>• ability to attract and retain experienced personnel</li> <li>• large licence fees are generally received upfront and may generate 'lumpy' cash flows for the business</li> <li>• large working capital requirements for long term fixed price contracts</li> <li>• exposure to foreign currency fluctuations which can have adverse effects on earnings</li> <li>• high level of gearing adds to cash flow risks and critical need for cash management</li> <li>• current cash requirements to meet financing obligations due 15 August 2009</li> <li>• uncertainty over shares held by the liquidators of Lift Capital as security for margin loan obligations of Executive Directors</li> </ul>
Threats	Opportunities
<ul style="list-style-type: none"> <li>• competition from in-house software solutions</li> <li>• high level of exposure to the financial services industry, which has been adversely affected by the global financial crisis</li> <li>• due to the global financial crisis, the decision making and approval process within financial services organisations for capital expenditure is taking longer</li> <li>• potential delayed sales of new software applications as clients defer discretionary spending</li> <li>• risk of revenue deferrals and non-renewal of major contracts beyond their expiry date</li> <li>• opportunities and synergies from business acquisitions failing to materialise as expected</li> <li>• emergence of new competition from Australian and international software companies which may put pressure on existing margins</li> <li>• adverse changes to global economic conditions</li> <li>• changes in legislative and regulatory requirements having an adverse impact on earnings</li> </ul>	<ul style="list-style-type: none"> <li>• industry consolidation of smaller players struggling due to the economic downturn</li> <li>• growth opportunity both organically and through acquisitions of specialised companies</li> <li>• upgrade customers to newer versions of software</li> <li>• cross-sell new modules and services to existing customers</li> <li>• leverage economies of scale and synergy benefits on acquisitions</li> <li>• reduction in overhead costs by outsourcing back office processes to lower cost countries</li> <li>• further change in legislative and compliance requirements, providing revenue opportunities</li> </ul>

Source: Bravura and Deloitte Corporate Finance analysis

## 4.8 Capital structure

As at 27 May 2009, Bravura had approximately 142 million ordinary shares on issue. The following table summarises the top ten shareholders and their respective shareholding in Bravura.

**Table 3: Top ten shareholders of Bravura**

Investor	Number of shares held ('000s)	Percentage of total issued shares
Lift Capital Nominees No.1 Pty Limited	43,959	30.9%
Australian Executor Trustees NSW Limited	18,889	13.3%
Proserv (QLD) Pty Limited	8,350	5.9%
PJJ Holdings No. 1 Pty Limited	3,937	2.8%
RNR Australia Pty Limited	3,638	2.6%
GJP Investments Pty Limited	3,304	2.3%
Mr. Paul Jeffrey Burns & Mrs. Anne Elizabeth Enright Burns	3,207	2.3%
Mengan Pty Limited	2,416	1.7%
Bonjour Limited	2,349	1.7%
JP Morgan Nominees Australia Limited	2,320	1.6%
<b>Total of top ten shareholders</b>	<b>92,371</b>	<b>65.0%</b>
Other shareholders	49,638	35.0%
<b>Total shares on issue</b>	<b>142,009</b>	<b>100%</b>

Source: Bravura, Computershare Share Registry

Note:

- Numbers may not add up due to rounding

The shares held by Lift Capital include the 43.0 million Bravura shares of the Executive Directors, security over which is held by the liquidators of Lift Capital in relation to the provision of margin loan facilities. As part of the Proposed Transaction, Ironbridge would finance a payment to Lift Capital on behalf of the Executive Directors in return for which the liability in relation to the Lift Margin Loans would be extinguished and Lift Capital would release the security it holds over the shares in Bravura owned by the Executive Directors. The Proposed Margin Loans will include Ironbridge taking security over the relevant Bravura shares. The Executive Directors would retain legal title to the Bravura shares beneficially owned by them.

As at 27 May 2009, Bravura had 6.2 million options on issue as set out in the table below. These have been granted as part of long term incentive schemes for key management and executives of the company.

We understand that under the terms of the management and executive option plans, as a consequence of the Proposed Transaction, optionholders will be able to exercise their rights within a defined period. To the extent that optionholders exercise their options, they will be able to participate in the Proposed Rights Issue. However, given that the exercise prices pertaining to these options are considerably higher than the recent market price of Bravura shares and our estimated range in value for a Bravura share, it is unlikely that current optionholders would elect to exercise their options.

**Table 4: Management and Executive option summary**

Issue date	Exercise price	Expiry	Number
26 Jul 2007	1.90	15 Jan 2012	3,355,808
14 Nov 2007	1.90	15 Jan 2012	130,000
29 Nov 2007	1.80	30 Nov 2012	1,167,844
13 Feb 2008	1.47	15 Jan 2013	1,547,960
<b>Total options</b>			<b>6,201,612</b>

Source: Bravura

## 4.9 Share trading

A summary of Bravura's quarterly share price movements and trading volumes from the time of listing in June 2006 to 27 May 2009, is provided in the table below.

**Table 5: Bravura quarterly share price information**

Quarter end date	Low (\$)	High (\$)	Last Trade (\$)	Volume ('000)	% of current free float <sup>1</sup>	VWAP
30-Jun-06	1.11	1.32	1.27	6,052	6.1%	1.25
29-Sep-06	1.21	1.94	1.88	20,873	21.1%	1.54
29-Dec-06	1.84	2.98	2.95	20,067	20.3%	2.42
30-Mar-07	2.15	3.08	2.25	17,396	17.6%	2.44
29-Jun-07	1.60	2.50	1.66	21,958	22.2%	1.98
28-Sep-07	1.18	1.80	1.75	20,348	20.6%	1.58
31-Dec-07	1.47	2.11	1.93	14,790	14.9%	1.79
31-Mar-08	1.20	1.92	1.57	13,136	13.3%	1.55
27-Jun-08	0.95	1.65	1.39	8,148	8.2%	1.41
30-Sep-08	0.40	1.12	0.40	6,805	6.9%	0.79
31-Dec-08	0.15	0.64	0.18	10,544	10.7%	0.31
31-Mar-09	0.16	0.27	0.20	6,044	6.1%	0.20
1-Apr-09 to 27-May-09	0.14	0.26	0.15	7,614	7.7%	0.18

Source: Bloomberg

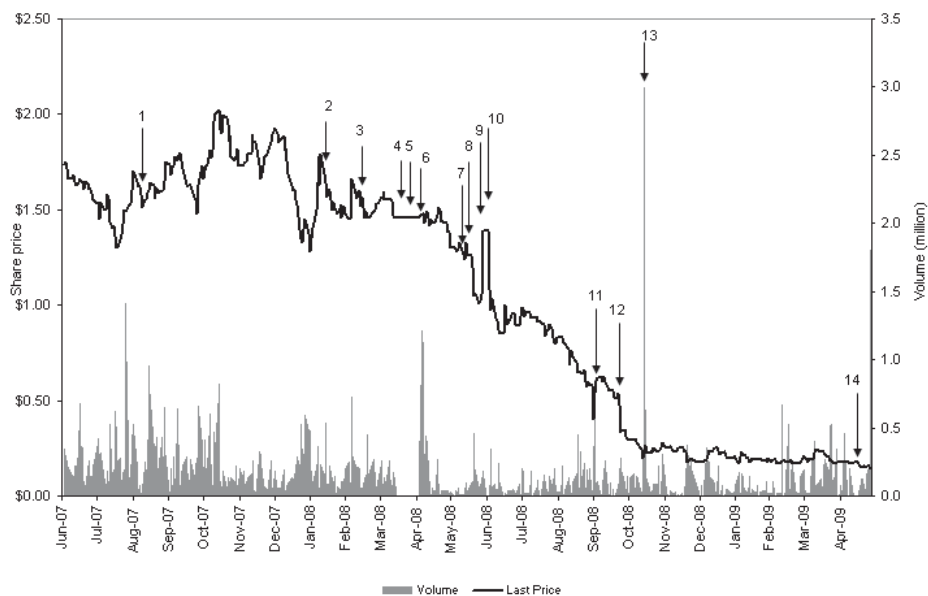
Notes:

1. Free float calculated as 142 million issued shares, less 43 million shares relating to the Executive Directors

In the six month period to 31 March 2009, approximately 0.6 million Bravura shares were traded on a weekly basis. This equates to an average weekly trading volume of approximately 0.4% of Bravura's total issued capital, indicating that Bravura's shares are highly illiquid. Furthermore, Bravura has limited coverage by broking analysts, with only one broker following this stock.

The share price movements and trading volumes from 1 July 2007 to 27 May 2009 are presented graphically in the figure below.

**Figure 13: Bravura's stock activity on the ASX**



Source: Bloomberg

The main movements in Bravura's share price identified on the figure above are summarised in the following table.

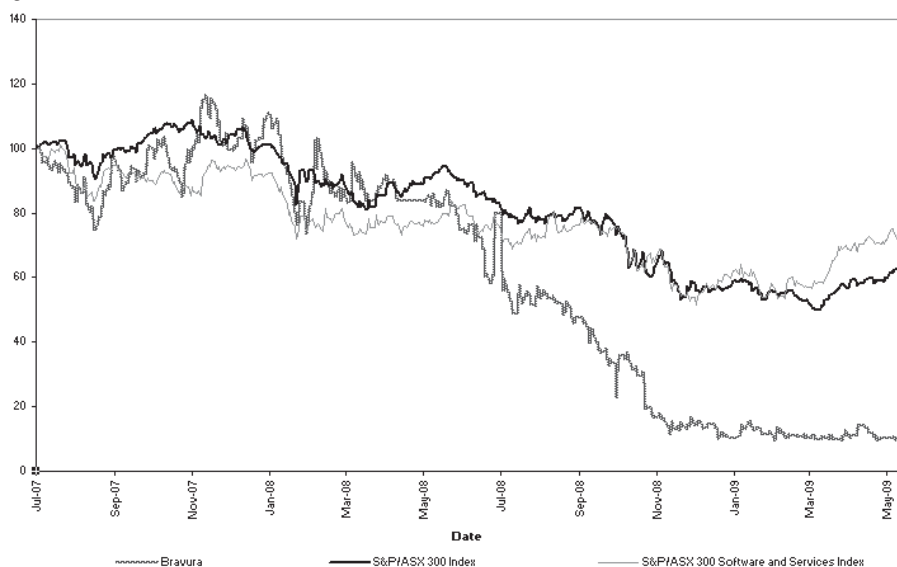
**Table 6: Bravura share trading history**

Reference	Note
1	On 29 August 2007, Bravura announced the 2007 financial year results, recording 234% and 170% increases in revenue and net profit after tax, respectively. The increases were driven by a combination of organic growth and acquisitions
2	On 4 February 2008, Bravura announced a contract with the Bank of New York Mellon relating to a two year extension of the Rufus Global Transfer platform
3	On 5 March 2008, Bravura announced a three year extension of Hunter Hall Investment's contract of the Garradin software
4	Voluntary administrators were appointed to Lift Capital on 10 April 2008
5	On 15 April 2008, the securities of Bravura were suspended at the request of Bravura, following receipt of confidential acquisition approaches from Ironbridge
6	On 5 May 2008, Ironbridge announced its proposal to acquire 100% of the issued shares in Bravura at \$1.73 per share
7	On 16 June 2008, Bravura revised its full year EBITDA estimates from approximately \$26-\$29 million to the range of \$22.5-\$26.5 million
8	On 19 June 2008, Merrill Lynch retained the Bravura shares that were previously held by Lift Capital, pending resolution of the legal status of share ownership
9	On 27 June 2008, Ironbridge and Bravura announced simplified terms to a proposed transaction whereby the Directors of Bravura were no longer required to hold unencumbered title to their 43.0 million Bravura shares (currently held by Merrill Lynch) representing 30.5% of issued share capital
10	Bravura's share price rose by 11.0% on 30 June 2008, triggering an ASX query. Bravura confirmed that the rise in price was due to the simplification of the terms of the transaction proposed by Ironbridge
11	On 1 October 2008, Bravura reported a 15.6% increase in revenue for the first quarter ending 30 September 2008
12	On 22 October 2008, Ironbridge terminated its takeover proposal in relation to Bravura due to the prevailing economic circumstances
13	On 12 November 2008, Bravura announced the acquisition of Forum Financial Group for USD 21 million. Forum Financial Group offers a transfer agency application
14	On 18 May 2009, Bravura announced the Proposed Transaction to raise approximately \$33 million (before costs) via a rights issue to be underwritten by Ironbridge, the issue of Options to Ironbridge to invest a further \$13 million in Bravura and Ironbridge taking responsibility for the margin loans over the Executive Directors' shares provided by Lift Capital.

Source: Bravura, ASX announcements

Bravura's share price performance compared to the performance of the S&P/ASX 300 Index and the S&P/ASX 300 Software and Services Index over the period 1 July 2007 to 27 May 2009 is shown below:

**Figure 14: Bravura vs. S&P/ASX 300 Index and S&P/ASX 300 Software and Services Index**



Source: Bloomberg

Note:

1. Due to a decline in Bravura's share price, it exited from the S&P/ASX 300 Index in March 2008

From June 2008 onwards, Bravura's share price has followed a downward trend, noticeably underperforming both the S&P/ASX 300 Software and Services Index and S&P/ASX 300 Index. Prior to June 2008, Bravura's share price performed substantially in line with these indices, albeit with greater volatility.

## 4.10 Financial overview

### 4.10.1 Financial performance

The audited financial performance of Bravura for the financial years ended 30 June 2007 and 30 June 2008 and the reviewed financial performance for the six months ended 31 December 2008 are summarised in the table below.

Table 7: Financial performance

	Jun-07 audited (\$'000)	Jun-08 audited (\$'000)	Dec-08 reviewed (\$'000)
<b>Operating revenues</b>	<b>100,124</b>	<b>135,840</b>	<b>72,951</b>
<i>Revenue growth (%)</i>	<i>n/a</i>	<i>35.7%</i>	<i>n/a</i>
Operating expenses	77,022	105,108	56,923
<b>EBITDARD<sup>2</sup></b>	<b>23,102</b>	<b>30,732</b>	<b>16,028</b>
<i>EBITDARD margin</i>	<i>23.1%</i>	<i>22.6%</i>	<i>22.0%</i>
Research and development	9,754	12,119	5,002
<b>EBITDA</b>	<b>13,348</b>	<b>18,613</b>	<b>11,026</b>
<i>Margin (%)</i>	<i>13.3%</i>	<i>13.7%</i>	<i>15.1%</i>
Depreciation and amortisation	3,961	7,333	4,310
<b>EBIT</b>	<b>9,387</b>	<b>11,280</b>	<b>6,716</b>
<i>Margin (%)</i>	<i>9.4%</i>	<i>8.3%</i>	<i>9.2%</i>
Net interest expense	2,877	4,931	1,622
<b>Net operating profit before tax</b>	<b>6,510</b>	<b>6,349</b>	<b>5,094</b>
<i>Margin (%)</i>	<i>6.5%</i>	<i>4.7%</i>	<i>7.0%</i>
Restructuring costs	-	1,466	914
Unrealised losses on derivative instruments	-	1,767	5,111
Foreign exchange (gain)/loss	168	316	(3,997)
<b>Net profit before tax</b>	<b>6,342</b>	<b>2,800</b>	<b>3,065</b>
<i>Margin (%)</i>	<i>6.3%</i>	<i>2.1%</i>	<i>4.2%</i>
Tax expense	1,898	1,232	417
<b>Net profit after tax</b>	<b>4,444</b>	<b>1,568</b>	<b>2,648</b>
<i>Margin (%)</i>	<i>4.4%</i>	<i>1.1%</i>	<i>3.6%</i>

Source: Bravura management, Bravura annual reports

Notes:

1. n/a – not applicable
2. EBITDARD – earnings before interest, tax, depreciation, amortisation and research and development
3. Numbers may not add up due to rounding

37

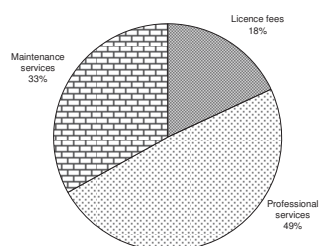
**Deloitte:** Bravura Solutions Limited: Independent expert's report

We note the following in relation to Bravura's financial performance:

- Bravura's revenue increased by 35% in the 2008 financial year, resulting from a combination of organic growth and the full year impact of the following acquisitions:
  - Rufus Global Transfer Agency and AB Prodata in December 2006
  - Garradin in June 2007
- revenue for the six month period to December 2008 continued to show improvement, partly due to the impact of the acquisition of Forum Financial Group in December 2008
- earnings margins have fluctuated largely as a result of one-off integration costs attributable to these acquisitions
- the management of Bravura (Management) has downgraded EBITDA forecasts for the 2009 financial year from a range of \$26 million to \$29 million, to a range of \$16 million to \$19 million. The downgrade in earnings is attributable to the following factors:
  - the global financial crisis, and in particular, the impact this has had on the financial services sector
  - Bravura's existing and potential clients deferring discretionary spending in the short to medium term
  - customers requiring more favourable pricing terms, including longer payment terms and delaying the payment of up-front licence fees
  - increase in the time taken to sign new customers
- as a result, earnings margins are likely to decrease in the second half of 2009 as revenue contracts while cost reductions, largely comprising salary and wages, lag behind
- restructuring costs comprise expenses incurred in respect of an offer by Ironbridge to acquire 100% of the equity of Bravura in mid-2008. This offer was subsequently withdrawn
- unrealised losses on derivative instruments reflect fair value adjustments to hedge instruments on Great British Pound (GBP) denominated debt
- foreign exchange gains and losses reflect movements in the carrying value of foreign currency denominated related party loans and foreign currency denominated deferred settlement consideration on the acquisition of Forum Financial Group.

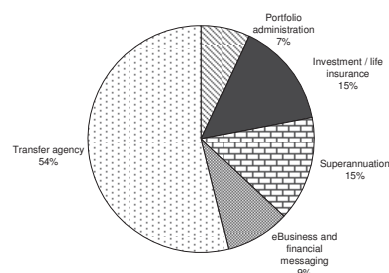
The figures below detail Bravura's revenue by service type and product line.

Figure 15: Revenue by service – June 2008



Source: Bravura management

Figure 16: Revenue by product – June 2008



Source: Bravura management

Professional services revenue grew by 47% in the 2008 financial year driven by service upgrades to existing customers, implementation of new contracts and the full impact of the acquisitions made in the 2007 financial year. The growth rates in maintenance and licence fee revenues were 41% and 9%, respectively, primarily driven by the expansion in licence base under the Rufus Global Transfer business.

The EBITDA and EBIT presented in Table 8 are affected by a number of unusual and non-recurring items. In Table 8 we have removed these items to present a normalised level of EBITDA and EBIT.

**Table 8: Normalised EBITDA**

	Jun-07 audited (\$'000)	Jun-08 audited (\$'000)	Dec-08 reviewed (\$'000)
<b>Reported EBITDA</b>	<b>13,348</b>	<b>18,613</b>	<b>11,026</b>
Rufus Global Transfer integration costs	2,193	272	-
Termination of Garradin CEO	-	209	-
Redundancy costs	-	416	1,664
Transitional data centre costs	-	-	2,176
<b>Adjusted EBITDA</b>	<b>15,541</b>	<b>19,510</b>	<b>14,866</b>
Depreciation and amortisation	3,961	7,333	4,310
<b>Adjusted EBIT</b>	<b>11,580</b>	<b>12,177</b>	<b>10,556</b>

Source: Bravura

Each of these normalisation adjustments is discussed in further detail below:

- Rufus Global Transfer integration costs: relates to one-off acquisition costs in respect of the Rufus Global Transfer acquisition in December 2006
- termination of Garradin CEO: costs associated with a termination payment to the Garradin CEO following acquisition of the business in June 2007
- redundancy costs: comprises redundancy costs in Australia and the United Kingdom following the acquisition of Rufus Global Transfer and the reduced requirement for permanent research and development service employees
- transitional data centre costs: relates to the duplication of data centre costs during a transitional period while switching between service providers.

## 4.11 Financial position

The audited balance sheets of Bravura as at 30 June 2007 and 30 June 2008 and the reviewed balance sheet of Bravura as at 31 December 2008 are summarised in the table below.

**Table 9: Financial position**

	Jun-07 audited (\$'000)	Jun-08 audited (\$'000)	Dec-08 reviewed (\$'000)
<b>Current assets</b>			
Cash	7,320	2,717	9,757
Receivables	37,422	40,027	40,767
Derivative financial instruments	-	571	-
Prepayments	3,965	2,556	1,687
<b>Total current assets</b>	<b>48,707</b>	<b>45,871</b>	<b>52,211</b>
<b>Non-current assets</b>			
Receivables	4,545	9,418	6,458
Intangible assets	116,059	111,206	134,910
Other financial assets	5	43	33
Property, plant and equipment	3,843	12,329	12,113
Deferred income tax assets	3,601	4,901	6,455
<b>Total non-current assets</b>	<b>128,053</b>	<b>137,897</b>	<b>159,969</b>
<b>Total assets</b>	<b>176,760</b>	<b>183,768</b>	<b>212,180</b>
<b>Current liabilities</b>			
Trade and other payables	14,900	14,774	13,696
Interest bearing loans and borrowings	366	1,762	22,877
Provisions	19,611	16,733	3,357
Current tax liability	2,122	3,841	4,845
Derivative financial instruments	-	2,400	6,735
Other	14,023	11,200	16,573
<b>Total current liabilities</b>	<b>51,022</b>	<b>50,710</b>	<b>68,083</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	19,417	40,906	30,446
Provisions	13,682	1,656	1,597
Deferred income tax liability	3,266	2,572	2,330
Other	-	476	19,099
<b>Total non-current liabilities</b>	<b>36,365</b>	<b>45,610</b>	<b>53,472</b>
<b>Total liabilities</b>	<b>87,387</b>	<b>96,320</b>	<b>121,555</b>
<b>Net assets</b>	<b>89,373</b>	<b>87,448</b>	<b>90,625</b>

Source: Bravura

We note the following with respect to Bravura's financial position:

- intangible assets comprise goodwill, business contracts and relationships, intellectual property and software. The increase between June 2008 and December 2008 can largely be attributable to goodwill on the acquisition of Forum Financial Group in December 2008
- current interest bearing liabilities relate to working capital facilities in respect of financing arrangements with BOSI which are due for repayment by 15 August 2009. This is discussed in further detail in Section 4.12
- the decrease in current provisions as at 31 December 2008 largely relates to the payment of deferred consideration on the acquisition of Rufus Global Transfer, AB Prodata, Essential Computer System Pty Limited and Garradin
- derivative financial instruments represent the fair value of hedge instruments on GBP denominated debt as at 31 December 2008
- other current liabilities relate to accrued expenses and wages and unearned maintenance and professional services revenues received
- other non-current liabilities as at 31 December 2008 largely relate to the deferred consideration in respect of the acquisition of Forum Financial Group of USD 7 million payable by 31 December 2009 and USD 7 million payable by 31 December 2010.

## 4.12 Debt profile

The debt profile of Bravura as at 27 May 2009 is presented in the following table.

Table 10: Debt profile as at 27 May 2009

	Facility limit (\$'000)	Drawn down value (\$'000)	Due date
Working capital facility <sup>1</sup>	24,400	21,655	15 Aug 2009
Amortising term facility <sup>2</sup>	35,000	32,251	30 Jun 2012
<b>Total debt facilities</b>	<b>59,400</b>	<b>53,906</b>	
Hedge contracts		7,138	15 Aug 2009
<b>Total funding liabilities</b>		<b>61,044</b>	

Source: Bravura

Notes:

1. Includes debt of GBP 5.5 million at 27 May 2009, which equates to \$11.2 million at an exchange rate of \$1 = GBP 0.49 on that date
2. Includes debt of GBP 11.7 million at 27 May 2009, which equates to \$23.8 million at an exchange rate of \$1 = GBP 0.49 on that date

41

**Deloitte:** Bravura Solutions Limited: Independent expert's report

In relation to the above table we note the following:

- working capital facilities are used to fund daily operations. These facilities must be paid down to nil for a period of five days each year. The due date for this to occur is 15 August 2009
- all of Bravura's lending facilities are provided by BOSI. BOSI has indicated that its overall debt facilities with Bravura must be restructured and reduced and from 16 August 2009, facility limits will be reduced to the following:

**Table 11: Bravura's proposed lending facilities**

Facility	\$ ('000)	GBP ('000)	Total \$ ('000) <sup>1</sup>
Amortising term facility	10,242	11,703	34,125
Working capital facility	8,878	3,000	15,000
<b>Total</b>	<b>19,119</b>	<b>14,703</b>	<b>49,125</b>

Source: Bravura

Note:

1. Figures are calculated on the exchange rate of \$1 = GBP 0.49

- Bravura has entered into a hedging contract with BOSI to reduce exposure to exchange rate movements on its GBP denominated debt. The current balance represents the fair value of the hedge instruments at 27 May 2009. This balance must be fully repaid by 15 August 2009.

Based on the balances outstanding at 27 May 2009, facilities totalling \$28.8 million must be repaid by 15 August 2009, comprising the working capital facility of \$21.7 million and hedge contracts of \$7.1 million.

## 5 Impact of the Proposed Transaction

### 5.1 Impact if the Proposed Transaction proceeds

We set out below a summary of the impact that the Proposed Transaction will have on Bravura's financial position and capital structure.

#### 5.1.1 Financial position

The Proposed Rights Issue will result in net cash proceeds, after the payment of the underwriting commission and the reimbursement of Ironbridge's costs, of approximately \$27.7 million. This will enable Bravura to meet its short term debt repayment obligations and extinguish a foreign exchange hedge facility, as summarised in the following table.

Table 12: Sources and uses of funds

	(\$'000)
Proceeds from Proposed Rights Issue	33,443
Less: underwriting fees at 3%	(1,003)
Less: underwriting costs	(4,740)
<b>Net proceeds from the Proposed Rights Issue</b>	<b>27,700</b>
Cash balance as at 27 May 2009	4,462
Repayment of working capital facility	(21,655)
Payout of foreign exchange hedge liability	(7,138)
<b>Net cash after retirement of financing facilities</b>	<b>3,369</b>

Source: Deloitte Corporate Finance analysis

If Ironbridge exercises all of the Options issued to it, an additional \$13 million will be raised. This will reduce the reliance on debt to fund working capital.

Section 3.2 of the Explanatory Memorandum sets out a pro-forma balance sheet of Bravura as at 30 June 2009, outlining the impact of the Proposed Rights Issue. The Proposed Rights Issue will result in a significant reduction in gearing, all existing working capital facilities will be repaid and hedge instruments on GBP denominated debt will be settled. The reduced gearing will better enable Bravura to refinance its ongoing debt facilities as they fall due.

#### 5.1.2 Capital Structure

As at 27 May 2009, Bravura had 142 million ordinary shares on issue. If the Proposed Transaction proceeds, Bravura will issue an additional 223 million shares under the Proposed Rights Issue, increasing the ordinary shares on issue to 365 million. If the Options to be granted to Ironbridge under the Proposed Option Issue are exercised in full, an additional 87 million shares will be issued, increasing the total number of ordinary shares on issue to 452 million.

Depending upon the level of participation by non-associated Shareholders in the Proposed Rights Issue, and assuming all Options are exercised, the interest of existing non-associated Shareholders in Bravura could be diluted from 68.8% to as low as 21.7% as summarised in the following tables.

**Table 13: Estimated interests of shareholders - assuming no participation in the Proposed Rights Issue by existing non-associated Shareholders**

	non-associated Shareholders (millions)	Executive Directors <sup>1</sup> (millions)	Ironbridge (millions)	Total (millions)
<b>Shares on issue as at 27 May 2009</b>	97.9	43.0	1.1	142.0
<i>% voting interest</i>	68.8%	30.3%	0.8%	100.0%
Rights taken up	0.0	0.0 <sup>2</sup>	223.0 <sup>2</sup>	223.0
Options exercised	0.0	0.0	86.7	86.7
<b>Shares on issue after the Proposed Transaction</b>	<b>97.9</b>	<b>43.0</b>	<b>310.7</b>	<b>451.6</b>
<i>% voting interest</i>	21.7%	9.5%	68.8%	100.0%

Source: Deloitte Corporate Finance analysis

Notes:

1. Represents shares of the Executive Directors currently held by the liquidators of Lift Capital
2. We have been advised by the Executive Directors of Bravura that they will be taking up only a small percentage of their entitlement under the Proposed Rights Issue. Accordingly, for the purposes of our analysis, we have assumed that all rights attributable to the Executive Directors will be taken up by Ironbridge in its capacity as underwriter
3. Numbers may not add due to rounding

**Table 14: Estimated interest of shareholders – assuming full participation in Proposed Rights Issue by existing non-associated Shareholders**

	non-associated Shareholders (millions)	Executive Directors <sup>1</sup> (millions)	Ironbridge (millions)	Total (millions)
<b>Shares on issue as at 27 May 2009</b>	97.9	43.0	1.1	142.0
<i>% voting interest</i>	68.8%	30.3%	0.8%	100.0%
Rights taken up	155.5	0.0 <sup>2</sup>	67.5 <sup>2</sup>	223.0
Options exercised	0.0	0.0	86.7	86.7
<b>Shares on issue after the Proposed Transaction</b>	<b>253.4</b>	<b>43.0</b>	<b>155.3</b>	<b>451.6</b>
<i>% voting interest</i>	56.2%	9.5%	34.3%	100.0%

Source: Deloitte Corporate Finance analysis

Notes:

1. Represents shares of the Executive Directors currently held by the liquidators of Lift Capital
2. We have been advised by the Executive Directors of Bravura that they will be taking up only a small percentage of their entitlement under the Proposed Rights Issue. Accordingly, for the purposes of our analysis, we have assumed that all rights attributable to the Executive Directors will be taken up by Ironbridge in its capacity as underwriter
3. Numbers may not add due to rounding

If the non-associated Shareholders take up their full entitlement under the Proposed Rights Issue and assuming that Ironbridge exercises its Options, Ironbridge will hold 34.3% of the ordinary share capital of Bravura. Whilst this would not give Ironbridge control over Bravura in its own right, it would confer significant influence and the ability to block special resolutions at shareholder meetings. This stake could also be used to block any takeover bid by a third party and the opportunity for non-associated Shareholders to realise a takeover premium in the future.

44

**Deloitte:** Bravura Solutions Limited: Independent expert's report

If non-associated Shareholders do not participate at all in the Proposed Rights Issue, Ironbridge could secure a controlling interest in Bravura, of as much as 68.8% of the ordinary share capital.

Furthermore, if the Executive Directors also default on the Proposed Margin Loans, or Ironbridge exercises its right of first refusal, Ironbridge's holding in Bravura could increase to as high as 78.3%, as summarised in the following table.

**Table 15: Estimated interest of shareholders – assuming no participation in Proposed Rights Issue by existing non-associated Shareholders and default on the Proposed Margin Loans or Ironbridge exercising its right of first refusal**

	non-associated Shareholders (millions)	Executive Directors' (millions)	Ironbridge (millions)	Total (millions)
<b>Shares on issue as at 27 May 2009</b>	97.9	43.0	1.1	142.0
<i>% voting interest</i>	68.8%	30.3%	0.8%	100.0%
Rights taken up	0.0	0.0 <sup>2</sup>	223.0 <sup>2</sup>	223.0
Options exercised	0.0	0.0	86.7	86.7
Default on Proposed Margin Loans	0.0	(43.0)	43.0	0.0
<b>Shares on issue after the Proposed Transaction</b>	<b>97.9</b>	<b>0.0</b>	<b>353.7</b>	<b>451.6</b>
<i>% voting interest</i>	21.7%	0.0%	78.3%	100.0%

Source: Deloitte Corporate Finance analysis

Note:

1. Represents shares of the Executive Directors currently held by the liquidators of Lift Capital
2. We have been advised by the Executive Directors of Bravura that they will be taking up only a small percentage of their entitlement under the Proposed Rights Issue. Accordingly, for the purposes of our analysis, we have assumed that all rights attributable to the Executive Directors will be taken up by Ironbridge in its capacity as underwriter
3. Numbers may not add due to rounding

Under these circumstances, Ironbridge would not only have a controlling interest in Bravura, it would also have the ability to pass special resolutions at shareholder meetings without requiring support from other Bravura shareholders.

Accordingly, unless non-associated Shareholders participate to the full extent of their entitlement under the Proposed Rights Issue, they will experience significant dilution in their shareholding and Ironbridge may acquire a controlling interest in the Company.

### 5.1.3 Board of Directors

Currently, Bravura's Board consists of two executive directors and two non executive directors. Under the terms of the Proposed Transaction, Ironbridge will receive one Board seat and a further Board seat if, at any time during the two year period after the Proposed Transaction is approved, it acquires shares in Bravura having an aggregate subscription or acquisition price of at least \$10.9 million. Consequently, Ironbridge is likely to end up with two of the six Board seats if the Proposed Transaction proceeds.

## 5.2 Impact if the Proposed Transaction does not proceed

In Section 8.2.1, we have assessed the value of a Bravura share on a control basis. This results in a valuation range that is at a significant premium to Bravura's current share price.

If the Proposed Transaction is not implemented and an alternative offer does not emerge, Bravura is unlikely to be able to secure an alternative source of funding in sufficient time to meet the debt obligations due on 15 August 2009. In this event, the Company will become reliant upon continued support from BOSI. Should that support not be forthcoming, certain clauses in customer contracts may be triggered. These clauses allow a customer to use the source code of Bravura's software upon the occurrence certain events.

Accordingly, should Bravura not meet its debt repayment obligations on 15 August 2009, it will be heavily reliant on continued support from the bank. If support is not forthcoming the Company could lose the intellectual property rights to its software, resulting in significant financial consequences for the Company.

Accordingly, in the absence of the Proposed Transaction, the value of shares in Bravura would likely be significantly lower than the value attributed on the basis that the Proposed Transaction proceeds. In this context, we are of the opinion that it is reasonable to assume that the value of a share in Bravura in the absence of the Proposed Transaction would be in the range of nil to \$0.175 (being the last trading price prior to the announcement of the Proposed Transaction). However, given the consequences if Bravura defaults on its debt obligations, we would anticipate that the Company would trade at the lower end of this range.

## 6 Profile of Ironbridge

### 6.1 Overview

Ironbridge is a private equity fund formed in 2003 that is managed and advised by Ironbridge Capital Pty Ltd. Ironbridge Capital Pty Ltd is an Australian incorporated and based private equity manager and adviser.

The key investment considerations for Ironbridge are:

- industry profile
- attractive businesses to potential purchasers
- growth potential
- enhancement at exit
- active partnerships with management.

Ironbridge targets management buyout and expansion capital opportunities in Australia and New Zealand, typically in the \$250 million to \$750 million range.

An overview of Ironbridge is included in Section 5 of the Explanatory Memorandum.

## 7 Valuation methodology

### 7.1 Overview

In order to determine whether the Proposed Transaction as a whole is fair to non-associated Shareholders, we have considered common market practice and the valuation methodologies recommended by RG 111. We have considered each component of the Proposed Transaction separately, comprising:

- the fair market value of a share in Bravura
- the fair market value of the Options.

The methodologies employed for each component is discussed in further detail below.

### 7.2 Valuation of a share in Bravura

For the purpose of evaluating the fairness of the Proposed Transaction we have compared the value of a Bravura share on a control basis with the price to be paid by Ironbridge by virtue of the underwriting agreement associated with the Proposed Rights Issue of \$0.15 per share. We have assessed the value of a Bravura share by estimating the current value of the equity in Bravura on a control basis assuming the Proposed Transaction proceeds and dividing this value by the number of shares on issue. We have also taken into account the potential impact of the management and executive options in our assessment of the value of a Bravura share.

To estimate the fair market value of the shares in Bravura we have considered common market practice and the valuation methodologies recommended by RG 111, which deals with the content of independent experts. These are discussed below.

#### 7.2.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

### **7.2.2 Discounted cash flow methods**

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

### **7.2.3 Asset based methods**

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

### **7.2.4 Selection of valuation methodologies**

We are of the opinion that the most appropriate methodology to value the shares in Bravura is the capitalisation of maintainable earnings method due to the following factors:

- there is an adequate number of publicly listed companies with operations sufficiently similar to those of Bravura to provide a meaningful analysis of market earnings multiples
- there are no reliable long term cash flow forecasts prepared by management thus the discounted cash flow method is not appropriate
- given the nature of the operations of the Company, and that there is currently no intention to liquidate the assets of the Company, asset based methods are not appropriate.

In addition, we have also had regard to recent share trading to provide additional evidence of the fair market value of shares in Bravura.

## 7.3 Valuation of the Options

In assessing the fairness of the Proposed Transaction we have compared the value of the Options to the consideration being paid by Ironbridge for them. We have assessed the value of the Options having regard to our assessment of the fair market value of a share in Bravura on a fully diluted control basis, assuming the Proposed Transaction proceeds.

A number of pricing models are available for the valuation of options. Broadly, they may be characterised as either closed form solutions or numerical approaches. Closed form solutions are usually less flexible than numerical approaches and do not allow for all of the features associated with some instruments. We discuss below some of the key option pricing models (numerical approaches), namely the Black-Scholes model, the Binomial option pricing model and the Monte Carlo Simulation.

### 7.3.1 Black-Scholes model

The Black-Scholes model is typically used to value “plain vanilla” European options over stock. It is also used to value American options in the circumstances where the value of holding the call option at a given time is greater than the net present value of cash flows that would be generated by immediate exercise.

The advantage of this approach is that it allows for the full distribution of share price outcomes whilst being computationally efficient however, it can only be used in a narrow range of circumstances.

### 7.3.2 Binomial option pricing model

Share based payment awards often involve complicated option structures. These option structures may involve the possibility of exercise prior to the expiry of the option or alternatively, a performance hurdle. Analytic approaches may not be available for these complicated option structures, hence it is necessary to use a computational technique such as the binomial option pricing model.

The binomial option pricing model can be used to value American call and put options and European option contracts. It is based on approximating stock price movements over time using a discrete binomial model. The binomial option pricing model is implemented by defining the upper and lower values of the stock over discrete periods of time. This may be undertaken by reference to a variety of assumptions about the stock value movements. Under the assumption of no dividends, the binomial option pricing model approximates to the Black-Scholes model.

### 7.3.3 Monte Carlo simulation

Monte Carlo simulation involves the use of a computer model to represent the operation of a complex financial system. A characteristic of the Monte Carlo simulation is the generation of a large number of random samples from a specified probability distribution or distributions to represent the role of risk in the system.

Monte Carlo simulates the path of the stock price according to a probability distribution assumption. After a large number of simulations, the arithmetic average of the outcomes, discounted to the pricing date, is calculated to represent the option value. Monte Carlo simulation is an approach that can accommodate complex exercise conditions. In particular, it can be used when the portion of options exercised depends on some function of the whole path followed by the stock price, rather than just its value at expiry. Monte Carlo simulation is also used to analyse options where the exercise condition is dependent on outcomes associated with other factors or other market prices as well as the stock price.

#### **7.3.4 Selected valuation methodology**

According to paragraph 57 of RG 111, the most commonly used methodologies for valuing unlisted or thinly traded options are the binomial option pricing model and the Black-Scholes Model. RG 111 also states that in selecting an approach, an expert should assess whether the assumptions used in the methodology are appropriate for the options being valued. In line with RG 111, we have estimated the fair market value of the Options using the Black-Scholes model.

Monte Carlo simulation may be used to analyse options where the exercise condition is dependent on outcomes primarily associated with market prices. As the Options are not dependent on market associated outcomes, and are not publicly traded themselves, we are of the opinion that the adoption of such a methodology is not appropriate.

## 8 Valuation of a share in Bravura and the Options

### 8.1 Overview

In order to assess whether the Proposed Transaction is fair to non-associated Shareholders, we have considered:

- the fair market value of a share in Bravura
- the fair market value of the Options.

Each of these is discussed in further detail below. Our valuations are based on the assumption that the Proposed Transaction proceeds as the shares to be issued to Ironbridge should be valued incorporating the consequences of the Proposed Transaction.

### 8.2 Valuation of a share in Bravura

For the purpose of assessing the fairness of the Proposed Transaction we have compared the fair market value of a Bravura share on a control basis with the price to be paid by Ironbridge by virtue of underwriting the Proposed Rights Issue of \$0.15 per share. We have assessed the fair market value of a Bravura share by estimating the value of equity in Bravura on a control basis assuming the Proposed Transaction proceeds and dividing this value by the number of shares on issue upon completion of the Proposed Transaction. We have also taken into account any potential impact of the management and executive options in our assessment of the value of a Bravura share.

For the purpose of our opinion, fair market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

In determining this amount, we have estimated Bravura's fair market value using the capitalisation of future maintainable earnings method. We have then compared our estimated value per share with an analysis of recent share trading. These are discussed in Sections 8.2.1 and 8.2.2, respectively.

#### 8.2.1 Capitalisation of maintainable earnings

The capitalisation of maintainable earnings method estimates fair market value by capitalising future earnings using an appropriate multiple, adding any surplus or non-operating assets, deducting net debt and applying a premium for control. To value Bravura using the capitalisation of future maintainable earnings requires the determination of the following:

- an estimate of future maintainable earnings
- an estimate of an appropriate earnings multiple
- the value of any surplus assets
- the level of net debt outstanding
- the impact of any management and executive options already on issue
- an appropriate premium for control.

Our considerations on each of these are discussed separately below.

### **Maintainable earnings**

Maintainable earnings represents the earnings that the existing operations could reasonably be expected to generate. We have selected EBITDA as an appropriate measure of earnings for Bravura as earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or net profit after tax.

We have estimated maintainable EBITDA to be between \$18 million to \$21 million. In estimating the maintainable earnings for Bravura we have had regard to the following:

- normalised EBITDA in the 2007 and 2008 financial year of \$15.5 million and \$19.5 million, respectively (as discussed in Section 4.10)
- normalised EBITDA for the six months ended 31 December 2008 of \$14.9 million. We note that these earnings only include one month's operating results of Forum Financial Group
- Bravura's initial budgeted EBITDA for the 2009 financial year of \$26 million to \$29 million and revised forecast EBITDA for the 2009 financial year of \$16 million to \$19 million
- Bravura's management budgets for the financial years ending 30 June 2010 to 30 June 2012 inclusive
- potential growth prospects and risks associated with Bravura's operations, including:
  - current market share and pipeline of new and repeat customers
  - existing and potential clients deferring discretionary spending in the short to medium term
  - customers requiring more favourable pricing terms, including longer payment terms and delaying the payment of upfront licence fees
  - increase in time taken to sign new customers
- the proportion of Bravura's earnings which are denominated in currencies other than Australian dollars and resulting exposure to movements in exchange rates
- discussions with Bravura's management regarding the current trading position, the likelihood of achieving forecasts and the growth prospects for Bravura and the software application industry.

### **Earnings multiple**

We have selected an EBITDA multiple in the range of 6.0 times to 7.0 times on a minority basis to apply to Bravura's earnings.

In selecting an earnings multiple we have considered:

- earnings multiples derived from share market prices of comparable listed companies
- prices achieved in mergers and acquisitions of comparable companies.

These are discussed separately below.

### **Share market trading multiples**

The share market valuation of comparable listed companies provides evidence of an appropriate earnings multiple for Bravura. The share price of a listed company represents the market value of a minority interest in that company.

In analysing companies comparable to Bravura we have considered software application companies servicing the financial services industry with operations focused on Australia, Europe and North America. These companies, together with their earnings multiples, are summarised in the following table.

53

**Deloitte:** Bravura Solutions Limited: Independent expert's report

**Table 16: Financial services earnings multiples – market trading**

Company	Country	Currency	Enterprise value (million)	Gearing <sup>2</sup>	EBITDA historical (times)	EBITDA current (times)	EBITDA forecast (times)
Bravura Solutions Ltd	Australia	AUD	78	73%	4.0x	4.0x	3.7x
<b>Financial services</b>							
IRESS Market Technology Ltd	Australia	AUD	843	(5%)	11.8x	12.1x	11.4x
Reckon Ltd	Australia	AUD	157	(10%)	8.3x	6.4x	6.0x
GBST Holdings Ltd	Australia	AUD	87	52%	5.0x	5.2x	4.2x
FJA AG	Germany	EUR	39	(22%)	5.2x	5.0x	4.7x
Fidessa Group plc	UK	GBP	376	(9%)	10.6x	8.7x	8.0x
Innovation Group plc	UK	GBP	52	(21%)	1.9x <sup>1</sup>	3.3x <sup>1</sup>	2.9x <sup>1</sup>
Touchstone Group plc	UK	GBP	2	(31%)	0.8x <sup>1</sup>	3.5x <sup>1</sup>	1.6x <sup>1</sup>
Fiserv Inc	US	USD	10,260	38%	9.0x	7.8x	7.4x
DST Systems Inc	US	USD	3,045	38%	6.2x	6.6x	6.5x
Jack Henry & Associates Inc	US	USD	1,565	2%	7.1x	7.1x	6.6x
Advent Software Inc	US	USD	755	(3%)	20.8x <sup>1</sup>	12.6x	10.8x
<b>Average (including outliers)</b>					<b>7.9x</b>	<b>7.1x</b>	<b>6.4x</b>
<b>Average (excluding outliers)<sup>1</sup></b>					<b>7.9x</b>	<b>7.9x</b>	<b>7.3x</b>

Source: Bloomberg

Notes:

1. Multiple considered to be an outlier
2. Gearing is calculated as net debt divided by enterprise value
3. All averages exclude Bravura from the calculation

A brief description of the above companies is provided in Appendix 2.

General comments regarding these comparable companies and the relating EBITDA multiples are listed below:

- Bravura's current share price and market capitalisation reflects its current gearing and some risk that Bravura is unable to meet its debt obligations due on 15 August 2009 unless it undertakes a substantial capital raising. Our analysis assumes that the Proposed Transaction proceeds which reduces the short term financing risk
- enterprise values were calculated by summing the total of the net borrowings at each company's most recent reporting date and the market capitalisation at 27 May 2009. Historical earnings have been taken from the last annual report and have been adjusted for abnormal and non-recurring items
- current and forecast EBITDA multiples are based on broker consensus estimates at 27 May 2009
- current year EBITDA multiples excluding outliers ranged between 5.0 times and 12.6 times, with an average of 7.9 times
- of the comparable companies, we consider GBST Holdings Limited to be the most comparable in terms of size, operations and geographic reach. GBST Holdings Limited is trading on a current year EBITDA multiple of 5.2 times
- Bravura's EBITDA margin is considerably lower than the margins of the majority of the comparable companies. Companies with lower margins generally trade on lower multiples than those with higher margins. Margin analysis can be found in Appendix 2

- some of the companies considered are considerably larger than Bravura. In general, larger companies have higher earnings multiples than smaller companies
- some of the comparable companies are relatively illiquid, in particular the Australian companies, resulting in greater volatility of share price and market capitalisation
- Bravura operates in more locations than many of the comparable companies and therefore may be exposed to a number to different opportunities and risks.

***Merger and acquisition multiples***

The price achieved in mergers or acquisitions of comparable companies provides evidence of an appropriate earnings multiple for Bravura. The acquisition price of a company represents the market value of a controlling interest in that company. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

We have compiled merger and acquisition multiples for recent transactions involving public companies operating in the software application industry. These companies, together with their earnings multiples and control premiums implicit in each transaction, are summarised in the following table.

**Table 17: Earnings multiples – mergers and acquisitions**

Effective date	Target	Acquirer	% Acquired	Transaction value (\$ million) <sup>2</sup>	EBITDA historical (times)	Control premium (%) <sup>3</sup>
Sep 08	Investsmart Financial Services Ltd	HSBC Securities and Capital Markets (India) Pvt Ltd	93%	320	16.6x	21.3%
Sep 08	SSP Holdings plc	Hellman & Friedman LLC	100%	409	11.4x	20.6%
Sep 08	ChoicePoint Incorporated	Reed Elsevier plc	100%	4,534	20.3x	54.6%
Jul 08	Systems Task Group International Ltd	MajescoMastek	100%	27	13.5x	n/a
Mar 08	Detica Group plc	BAE Systems (Holdings) Ltd	100%	1,021	16.6x	66.0%
Mar 08	iMerchants Ltd	Bonus Raider Investments Ltd	67%	43	62.1x4	n/a
Mar 08	Frontline Technologies Corporation Ltd	BT Singapore Pte Ltd	100%	154	8.2x	35.1%
Jan 08	Business Objects SA	SAP AG	87%	5,995	24.8x	32.4%
Nov 07	SmartStream Technologies Ltd	DIFC Investments	100%	470	59.2x	n/a
Nov 07	IWL Ltd	Commonwealth Bank of Australia	100%	379	14.7x	9.1%
Oct 07	Citigroup Global Services Ltd	Genpact India	80%	686	15.7x	n/a
Sep 07	XRT SA	The Sage Group plc	100%	106	13.9x	6.4%
Sep 07	Open International Ltd	Towergate Partnership Ltd	100%	644	14.4x	n/a
Aug 07	TAS Tecnologia Avanzata dei Sistemi Spa	Audley Capital Advisors LLP	100%	55	95.2x4	(0.6%)
Jul 07	Calyx Group plc	Stornoway Ltd	100%	252	13.8x	n/a
Jul 07	N4 Solutions Ltd	Experian plc	100%	110	13.1x	n/a
Jul 07	Sirius Financial Solutions plc	SSP Holdings plc	100%	105	13.5x	38.6%
Jun 07	Miles 33 Group Ltd	American Capital Ltd; European Capital SA	60%	195	14.6x	n/a
Apr 07	Computer Software Group plc	Guildford Acquisition Co Ltd	100%	243	23.7x	36.5%
<b>Average (including outliers)</b>					<b>24.5x</b>	<b>29%</b>
<b>Average (excluding outliers)</b>					<b>15.6x</b>	<b>29%</b>

Notes:

1. n/a: not available
2. Transaction values are in Australian Dollars
3. Control premium calculated with reference to the share trading price one month prior to the announcement of the transaction
4. Multiple considered to be an outlier

Specific details regarding the above companies are provided in Appendix 3. General comments regarding the multiples are listed below:

- there are no transactions involving companies directly comparable to Bravura in terms of operations, size, growth, risks and opportunities. We have therefore considered a broad range of transactions involving companies in the software and financial services sector
- many of the comparable transactions involve companies considerably larger than Bravura
- all of the comparable transactions resulted in a transfer of control to the acquirer. The implied multiples therefore include a premium for control
- there have been no transactions in the software industry during the eight month period to the date of this report. Given the adverse impact that the global financial crisis has had on the financial services sector, it is likely that transactions in the current environment would occur at significantly lower multiples.

We have also considered historical acquisitions undertaken by Bravura. Bravura management has advised that it completed its previous acquisitions on an average multiple of 6.0 times to 7.0 times current year EBITDA (including earn-outs).

In our opinion, the wide range in valuation multiples, the lack of public transactions involving companies that are directly comparable to Bravura and the impact of the global financial crisis on mergers and acquisitions makes the transaction multiple data of less relevance. However, we note that the comparable transactions occurred at an average multiple (excluding outliers) of 15.6 times historical EBITDA and an average premium for control of approximately 29%.

#### ***Selected multiple***

In selecting an appropriate multiple to apply to Bravura's future maintainable earnings we have considered the following:

- the current trading multiples observed for the comparable listed companies, excluding outliers, range from 5.0 times to 12.6 times, with an average of 7.9 times
- the historical multiples observed on comparable transactions, excluding outliers, ranges between 8.2 times and 24.8 times, with an average of 15.6 times. Generally multiples observed in transactions are higher than those observed in share market trading as transaction multiples include a premium for control. Furthermore, given recent changes in the global economy, transactions in the current environment would likely occur at significantly lower multiples
- Bravura is most comparable to GBST Holdings Limited, which has a current year EBITDA multiple of 5.2 times
- the impact that the Proposed Transaction will have on reducing the gearing of Bravura and removing the uncertainty of the Company being able to meet its short term financing obligations
- in general, larger companies have higher earnings multiples than smaller companies. Bravura is smaller than many of the comparable companies
- the relatively low EBITDA margins generated by Bravura compared to those of the selected comparable companies.

Taking into account the above factors, we have selected a multiple in the region of 6.0 times to 7.0 times EBITDA on a minority basis to apply to Bravura.

#### **Surplus assets**

Surplus assets are those assets owned by a company that are surplus to the main operating activities, such as unused property, loans or investments. Such assets should be valued separately from the main operating activities of the company. Management has advised that there are no material surplus assets owned by Bravura as at 27 May 2009.

57

**Deloitte:** Bravura Solutions Limited: Independent expert's report

## Net debt

Bravura's net debt position as at 27 May 2009 was as follows:

**Table 18: Net debt**

	(\$'000)
Working capital facility <sup>1</sup>	21,655
Amortising term facility <sup>2</sup>	32,251
Foreign exchange hedge	7,138
Deferred settlements on acquisitions	16,737
<b>Gross debt</b>	<b>77,781</b>
Cash balance as at 27 May 2009	4,462
Proceeds from Proposed Rights Issue	33,443
Present value of proceeds from Proposed Option Issue	11,413
Underwriting fees at 3%	(1,003)
Underwriting costs	(4,740)
<b>Cash</b>	<b>43,575</b>
<b>Net debt</b>	<b>34,206</b>

Source: Bravura

Notes:

1. Includes debt of GBP 5.5 million at 27 May 2009, which equates to \$11.2 million at an exchange rate of \$1 = GBP 0.49 on that date
2. Includes debt of GBP 11.7 million at 27 May 2009, which equates to \$23.8 million at an exchange rate of \$1 = GBP 0.49 on that date

Each of these items is discussed in further detail below:

- the foreign exchange hedge represents the marked-to-market value of hedge instruments on GBP denominated debt as at 27 May 2009
- two instalments of deferred consideration of USD 7 million each are payable by 31 December 2009 and 31 December 2010 in respect of the acquisition of Forum Financial Group. The deferred consideration has been discounted to a present value at Bravura's average cost of debt on the working capital facility and amortising term facility and converted at an exchange rate of USD1.29 on 27 May 2009
- proceeds from the Proposed Rights Issue are consistent with the terms of the Proposed Transaction and assume 223 million shares are issued at \$0.15 per share
- we have assumed that all Options are exercised by Ironbridge, resulting in additional proceeds of \$13 million. We consider that a rational investor would not exercise the Options until immediately prior to the expiry date. Accordingly, we have discounted the proceeds to their present value of \$11.8 million at Bravura's average cost of debt, as to the extent the Options are not exercised, the Company will be required to fund its working capital requirements through debt facilities
- the underwriting fee of 3% equates to \$1.0 million and the associated costs are estimated to be approximately \$4.7 million.

### Management and executive options

We understand that Bravura has 6.2 million management and executive options on issue as at 27 May 2009, as summarised in the table below.

**Table 19: Summary of management and executive options**

Issue date	Exercise price	Expiry	Number	Status of options
26 Jul 2007	1.90	15 Jan 2012	3,355,808	Out of the money
14 Nov 2007	1.90	15 Jan 2012	130,000	Out of the money
29 Nov 2007	1.80	30 Nov 2012	1,167,844	Out of the money
13 Feb 2008	1.47	15 Jan 2013	1,547,960	Out of the money
<b>Total options</b>			<b>6,201,612</b>	

Source: Deloitte Corporate Finance analysis

We understand that under the terms of the management and executive option plans as a consequence of the Proposed Transaction, optionholders will be able to exercise their rights within a defined period. However, as these options are all substantially out of the money at 27 May 2009, we have excluded them from our analysis.

### Premium for control

Earnings multiples derived from share market trading do not reflect the market value for control of a company as they are for portfolio holdings. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values, as summarised in Appendix 4.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors
- determine the strategy and policy of the company
- make acquisitions or divest operations
- control the composition of the board of directors.

We have considered the following factors in determining an appropriate premium for control for Bravura:

- control premiums paid in recent mergers and acquisitions of comparable companies averaged approximately 29%, as summarised in Table 17
- the adverse impact that the global financial crisis has had on the relative attractiveness of investments in the financial services sector

Based on these considerations, we believe that a premium for control at the lower end of the observed range is appropriate. On this basis, we have selected a premium for control of 25%.

### Number of shares

Assuming the Proposed Transaction proceeds and the Options are exercised, Bravura will have 451.6 million shares on issue, as summarised below.

59

**Deloitte:** Bravura Solutions Limited: Independent expert's report

**Table 20: Number of shares under the Proposed Transaction**

	Number of shares (’000s)
Current shares on issue	142,009
Shares from Proposed Rights Issue	222,953
Shares from Proposed Option Issue	86,667
<b>Total</b>	<b>451,629</b>

Source: Bravura

### Valuation: capitalisation of maintainable earnings

The fair market value of a share in Bravura on a fully diluted control basis derived from the capitalisation of maintainable earnings method is summarised below.

**Table 21: Summary – capitalisation of maintainable earnings method**

		Low Value	High Value
Maintainable earnings (EBITDA)	(\$’000)	18,000	21,000
Earnings multiple (minority basis)	(times)	6.0x	7.0x
<b>Enterprise value</b>	<b>(\$’000)</b>	<b>108,000</b>	<b>147,000</b>
Net debt	(\$’000)	34,206	34,206
<b>Equity value (on a minority basis)</b>	<b>(\$’000)</b>	<b>73,794</b>	<b>112,794</b>
Premium for control	%	25%	25%
<b>Equity value (on a control basis)</b>	<b>(\$’000)</b>	<b>92,242</b>	<b>140,992</b>
Number of shares – diluted <sup>1</sup>	(\$’000)	451,629	451,629
<b>Value per share (control basis)</b>	<b>(\$’000)</b>	<b>0.20</b>	<b>0.31</b>

Source: Deloitte Corporate Finance analysis

Note:

1. The number of shares represents the total Bravura ordinary shares outstanding post the Proposed Transaction on a fully diluted basis

### 8.2.2 Analysis of recent share trading

The share market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Under these circumstances, market prices are expected to incorporate the influence of all publicly known information relevant to the value of an entity’s securities.

We do not consider the share trading prior to the announcement of the Proposed Transaction an appropriate measure of the fair market value of a share in Bravura for the following reasons:

- our valuation of Bravura assumes the Proposed Transaction proceeds, with cash raised used to retire existing debt. The share price trading prior to the announcement of the Proposed Transaction does not reflect the market’s view of the impact of the Proposed Transaction
- Bravura’s shares are considered illiquid and exhibit thin trading, therefore, their trading history may not be reflective of the underlying fundamental value of the stock
- Bravura has limited coverage by broking analysts, with only one broker following this stock.

60

**Deloitte:** Bravura Solutions Limited: Independent expert’s report

After the announcement of the Proposed Transaction on 18 May 2009, Bravura's intra-day trading ranged between \$0.14 and \$0.175, closing at \$0.145 on 27 May 2009. As Bravura's shares are thinly traded, coupled with the short time period since the announcement of the Proposed Transaction, we are of the opinion that the recent share trading provides limited evidence of the minority value of a Bravura share.

### **8.2.3 Conclusion**

We conclude that the estimated fair market value of a Bravura share on a control basis is in the range of \$0.20 to \$0.31.

## **8.3 Valuation of the Options**

### **8.3.1 Overview**

Under the terms of the Proposed Transaction, Ironbridge would be issued for no consideration approximately 87 million options to acquire shares in Bravura at an exercise price of \$0.15 per share at any time within 24 months from the date of completion of the Proposed Rights Issue.

We have utilised the Black-Scholes option pricing model to estimate the fair market value of the Options and compared this to the consideration being paid by Ironbridge for the Options. Our valuation in respect of the Proposed Option Issue is based on our assessment of the fair market value of a share in Bravura, having regard to the following:

- the net debt position of Bravura assuming the Proposed Transaction proceeds and the Options are exercised
- the fact that these Options are unlisted
- control implications of the Options being exercised.

Furthermore, in estimating the fair value of the Options using the Black-Scholes model, we have taken into account the following:

- the exercise price of the Options
- the dividends expected on the shares
- the expected volatility of the share price
- the life of the Options
- the risk free interest rate for the life of the Options
- any required marketability discount.

## 8.3.2 Valuation inputs

We have applied the following inputs to value the Options using the Black-Scholes model:

**Table 22: Valuation inputs**

Input	Parameter used	Rationale
Spot price	\$0.20 – \$0.31	Fair market value per Bravura share – refer to Section 8.2.3
Effective exercise price	\$0.15	The exercise price under the terms of the Proposed Option Issue
Dividend yield	0.0%	Based on current and expected dividend payout by Bravura for the coming 24 months
Share price volatility	50.0%	Based on the two year annualised weekly volatility of comparable companies against the Australian All Ordinaries Index
Expected life of the Options	24 months	Per the terms of the Proposed Option Issue
Risk free interest rate	3.6%	Two year Australian government bond rate
Marketability discount	20.0%	Refer to commentary below

Source: Bloomberg, Deloitte Corporate Finance analysis

Our considerations regarding each of these inputs are set out below.

### Spot price

The decision to exercise the Options in exchange for ordinary equity capital will largely depend on the price of the underlying shares.

In our view, this price should be based on our assessment of the fair market value per Bravura share as arrived at in Section 8.2.3, in light of the following:

- we have assessed the fair market value per share for Bravura assuming the Proposed Transaction proceeds. As such, historical share price does not reflect the benefits to be realised from the Proposed Transaction
- Bravura has limited coverage by broking analysts
- Bravura's shares are thinly traded, hence trading activity may not reflect relevant fundamental pricing information.

### Exercise price

The exercise price of each option is \$0.15.

### Dividend yield

We have adopted a dividend yield assumption of 0% based on the following:

- Bravura has not paid a dividend during the last 12 months
- the uncertainty as to when dividend payments will be resumed.

### Share price volatility

We have adopted a volatility measure of 50%. In selecting this level we have considered the following:

- the two year annualised weekly volatilities for Bravura and the comparable companies as at 27 May 2009 of 49%
- the historical trend in the three month, one year and two year annualised weekly volatilities for Bravura and its comparable companies
- more recently, as a result of the global financial crisis, volatility of traded stocks, particularly of highly geared companies, has substantially increased, at least in the short term.

The volatility factor selected is assumed to be constant over the life of the Options.

### Expected life

The expected life of the Options is assumed to be equal to the time from the grant date of the Options to their expiry, being a period of 24 months.

### Risk-free interest rate

The nominal risk free rate of 3.62% incorporated in our calculation is based on the two year Australian government bond yield as at 27 May 2009, according to Bloomberg. The adopted term of the Australian government bond is commensurate with the expected life of the Options.

### Discount for lack of marketability

The Black-Scholes option valuation model assumes that there is a liquid market for the Options. We have applied a discount for lack of marketability to reflect that the Options will not be listed and will be transferable only in limited circumstances.

In practice, and from a review of restricted stock studies, discounts for lack of marketability range between 10% and 40%. A discount for lack of marketability of 20% was selected to value the Options.

## 8.3.3 Valuation summary

Based on the above assumptions and methodology, the value of the Options is between \$6.0 million and \$12.6 million, as outlined in the table below.

Table 23: Valuation summary

	Units	Low	High
Fair market value per Option (before marketability discount)	\$	0.086	0.182
Marketability discount		20%	20%
<b>Fair market value per Option (after marketability discount)</b>	<b>\$</b>	<b>0.069</b>	<b>0.145</b>
Number of Options	('000s)	86,667	86,667
<b>Total fair market value of Options</b>	<b>(\$'000)</b>	<b>5,977</b>	<b>12,594</b>

Source: Bravura, Deloitte Corporate Finance analysis

## 9 Evaluation and conclusion

In order to assess whether the Proposed Transaction as a whole is fair and reasonable to non-associated Shareholders, we have had regard to the fairness and reasonableness of the Proposed Transaction, namely:

- we have assessed whether the Proposed Transaction is fair by estimating the fair market value of a Bravura share and the Options and compared these values to the consideration to be received, in addition to considering other financial impacts of the Proposed Transaction
- we have assessed the reasonableness of the Proposed Transaction by considering other advantages and disadvantages of the Proposed Transaction.

### 9.1 Fairness

Set out below is a comparison of our assessment of the fair market value of a share in Bravura and the Options to be issued pursuant to the Proposed Transaction with the value of the consideration to be received, in addition to other financial impacts of the Proposed Transaction.

#### *Valuation of a Bravura share*

In our opinion, the fair market value of a Bravura share on a fully diluted control basis is in the range of \$0.20 to \$0.31. The consideration payable by Ironbridge for each share it acquires pursuant to underwriting any shortfall in the Proposed Rights Issue is \$0.15 per share.

#### *Valuation of the Options*

In our opinion, the fair market value of the Options to be issued to Ironbridge is in the range of \$6.0 million to \$12.6 million. Ironbridge is not paying any monetary consideration for the Options to be issued to it if the Proposed Transaction proceeds.

#### *Proposed Margin Loans*

It is our understanding that the Executive Directors have borne all costs associated with the Proposed Margin Loans on their own account. We are not aware of any other financial impacts of the Proposed Margin Loans.

#### *Costs of the Proposed Transaction*

Ironbridge will be paid an underwriting fee equivalent to 3.0% of the funds to be raised and be reimbursed for all costs that they have incurred as a consequence of the Proposed Transaction (including adviser, accounting and legal costs) from the proceeds of the Proposed Rights Issue. These costs are estimated to be \$4.7 million and when combined with the underwriting fee, represent 17.2% of the funds to be raised.

#### *Conclusion on fairness*

Taking into account the analysis set out above, in our opinion, the Proposed Transaction as a whole is not fair.

### 9.2 Reasonableness

In accordance with RG 111 an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

We have formed our opinion on the reasonableness of the Proposed Transaction as a whole based on an analysis of the likely advantages and disadvantages to non-associated Shareholders of the Proposed Transaction proceeding.

## 9.2.1 Advantages of the Proposed Transaction

The likely advantages to non-associated Shareholders if the Proposed Transaction is approved include:

### ***Enables Bravura to meet short term debt repayment obligations***

If the Proposed Transaction is implemented, the Proposed Rights Issue will generate net proceeds, after the payment of the underwriting commission and the reimbursement of Ironbridge's costs, of approximately \$27.7 million. This will enable Bravura to meet its short term debt repayment obligations, extinguish a foreign exchange hedge facility and secure a new working capital facility.

If Ironbridge exercises all of the Options issued to it, an additional \$13 million will be raised. This will reduce the reliance on debt to fund working capital.

### ***Reduced interest expense and greater refinancing flexibility***

The funds received from the Proposed Transaction will immediately reduce gearing and interest expense and strengthen the balance sheet. This will provide the Company with greater flexibility when seeking to refinance its remaining debt facilities.

### ***The value of a share in the absence of the Proposed Transaction***

If the Proposed Transaction does not proceed and an alternative offer does not emerge, Bravura is still required to raise sufficient funds in order to meet its debt repayment obligations to its financier, BOSI, which fall due on 15 August 2009. Furthermore, in the absence of the Proposed Transaction or alternative sources of additional funds, the Company would then be reliant upon continued support from BOSI. If such support is not provided, significant financial consequences for the Company could result, which may include losing the intellectual property rights to its software.

In this context, we are of the opinion that it is reasonable to assume that the value of a share in Bravura in the absence of the Proposed Transaction would be in the range of nil to \$0.175 (being the last trading price prior to the announcement of the Proposed Transaction). However, given the consequences if Bravura defaults on its debt obligations, we would anticipate that the Company would trade at the lower end of this range.

### ***Possible re-rating of Bravura's share price***

If the Proposed Transaction proceeds, Bravura's share price may be re-rated to reflect the reduced gearing and the removal of any uncertainty over the sources from which the Company will meet its short term financing obligations.

### ***Removal of uncertainty associated with the Lift Margin Loans***

If the Proposed Transaction proceeds, this will resolve the uncertainty surrounding the ownership and control over a significant number of shares in which the Executive Directors have a beneficial interest as a result of the insolvency of Lift Capital.

### ***No more attractive alternative is currently available to shareholders***

The Board has been exploring a range of strategic alternatives to ensure the Company is in a position to meet its current debt obligations whilst maximising value for Shareholders. These options included the recapitalisation of the business, the refinancing of the debt facilities or a combination of the two.

We have been advised that the Board has considered various alternatives to raise equity and debt capital, including engaging a professional, public market underwriter. While the Board received unsolicited indicative proposals and expressions of interest from a number of parties, no alternative offers have been received that satisfied Bravura's requirements (including execution and timing certainty) and no superior proposal has emerged at the date of this report.

Furthermore, any provider of debt funding going forward is likely to require an injection of equity capital in order to reduce the financial leverage of the Company to a more acceptable level before agreeing to provide debt facilities.

65

**Deloitte:** Bravura Solutions Limited: Independent expert's report

Consequently, the Board considered raising equity capital to be the most appropriate option available to the Company. The Board also concluded that the only realistic source of underwriting would be from a related party, an existing shareholder or a private equity firm. After conducting this process, and given the current volatility in equity markets, the Independent Directors have concluded that, in the absence of a superior proposal, the proposal from Ironbridge is the best option available to shareholders.

## 9.2.2 Disadvantages of the Proposed Transaction

The likely disadvantages to Shareholders if the Proposed Transaction is approved include:

### *Completion of the Proposed Transaction will result in dilution of non-associated Shareholders' current interests in the Company*

Completion of the Proposed Transaction is likely to significantly dilute the interests of existing shareholders in Bravura. Depending upon the take up of shares under the Proposed Rights Issue by non-associated Shareholders and assuming all Options are exercised, the interest of Bravura's shareholders, other than Ironbridge and the Executive Directors, could decline from 68.8% to 21.7% as set out in the following table.

**Table 24: Estimated interests of shareholders - assuming no participation in the Proposed Rights Issue by existing non-associated Shareholders**

	non-associated Shareholders (millions)	Executive Directors <sup>1</sup> (millions)	Ironbridge (millions)	Total (millions)
<b>Shares on issue as at 27 May 2009</b>	97.9	43.0	1.1	142.0
<i>% voting interest</i>	68.8%	30.3%	0.8%	100.0%
Rights taken up	0.0	0.0 <sup>2</sup>	223.0 <sup>2</sup>	223.0
Options exercised	0.0	0.0	86.7	86.7
<b>Shares on issue after the Proposed Transaction</b>	<b>97.9</b>	<b>43.0</b>	<b>310.7</b>	<b>451.6</b>
<i>% voting interest</i>	21.7%	9.5%	68.8%	100.0%

Source: Deloitte Corporate Finance analysis

Notes:

1. Represents shares of the Executive Directors currently held by the liquidators of Lift Capital
2. We have been advised by the Executive Directors of Bravura that they will be taking up only a small percentage of their entitlement under the Proposed Rights Issue. Accordingly, for the purposes of our analysis, we have assumed that all rights attributable to the Executive Directors will be taken up by Ironbridge in its capacity as underwriter
3. Numbers may not add due to rounding

If Ironbridge enforces any of its rights under the Proposed Margin Loans, such as in the event of a default by the Executive Directors or Ironbridge exercising its right of first refusal, Ironbridge may acquire up to an additional 9.5% of the shares of Bravura. This would result in Ironbridge owning as much as 78.3% of the ordinary share capital of Bravura. Under these circumstances, Ironbridge would not only have a controlling interest in the Company, it would also have the ability to pass special resolutions at shareholder meetings, without requiring support from any other shareholders.

Accordingly, unless non-associated Shareholders participate to the full extent of their entitlement under the Proposed Rights Issue, they will experience significant dilution in their shareholding and Ironbridge may acquire a controlling interest in the Company.

#### ***Reduced likelihood of future takeover offer***

It is possible that a takeover offer from an alternate bidder may emerge after completion of the Proposed Transaction. However, as a consequence of the Proposed Transaction, Ironbridge will own between 34.3% and 68.8% of the ordinary share capital of Bravura and have at least two seats on the Board. This may increase to as much as 78.3% if Ironbridge enforces any of its rights under the Proposed Margin Loans. These factors would act as a significant deterrent against other prospective acquirers making an offer for Bravura without prior agreement with Ironbridge. Under these circumstances it would not be likely that a takeover premium could be realised except through a transaction supported by Ironbridge.

Furthermore, under the terms of the Proposed Margin Loans, Ironbridge is being granted a right that entitles it to compel the Executive Directors to sell their shares to any third party who submits a proposal for the acquisition of all of Ironbridge's interest and all of the Executive Directors' interests in Bravura. Accordingly, in the event that Bravura does receive a takeover offer, and given the size of the shareholding that the Executive Directors have in the Bravura, this may allow Ironbridge to determine the outcome of such a takeover proposal.

We note that the right of first refusal and drag along rights would cease to operate if the Executive Directors exercise their right to repay the margin loans in full.

#### ***Eligibility to participate in the Proposed Rights Issue***

Certain foreign shareholders are ineligible to participate in the Proposed Rights Issue. This would result in a dilution of their shareholding, unless they acquire the equivalent number of shares on-market.

### **9.2.3 Conclusion on reasonableness**

Although the Proposed Transaction is not fair, in our opinion, in the absence of a superior proposal, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction as a whole is reasonable.

## **9.3 Opinion**

In our opinion, in the absence of a superior proposal, the Proposed Transaction as a whole is not fair but reasonable to non-associated Shareholders. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the non-associated Shareholders should consult an independent adviser.

## Appendix 1: Glossary

Reference	Definition
\$	Australian dollars
Act, the	The Corporations Act 2001 (Cwlth)
AFSL	Australian Financial Services Licence
APAC	Australia, New Zealand and Asia
ASIC	Australian Securities and Investments Commission
ASIC Regulatory Guide 74	ASIC Regulatory Guide 74: "Acquisitions agreed to by shareholders"
ASIC Regulatory Guide 111	ASIC Regulatory Guide 111: "Content of expert reports"
ASX	Australian Securities Exchange
AUD	Australian dollar
Audley	Audley Capital Advisors LLP
Board, the	the Bravura Board
BOSI	BOS International (Australia) Limited
Bravura	Bravura Solutions Limited
CAGR	Compound annual growth rate
Citi	Citi Securities and Funds Services – Europe
Company, the	Bravura Solutions Limited
CSC	CSC Australia Pty Limited
Deloitte	Deloitte Corporate Finance Pty Limited
DST	DST Systems Inc
EBIT	Earnings before interest
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDARD	Earning before interest, tax, depreciation, amortisation and research and development
EMEA	Europe, the Middle East and Africa
EUR	Euro
EV	Enterprise value
Executive Directors, the	Mr Iain Dunstan and Mr Simon Woodfull
Explanatory Memorandum, the	The explanatory memorandum containing the detailed terms of the Proposed Transaction
Forum Financial Group	Forum Financial Group Polska SP.Z OO
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Garradin	Garradin Pty Limited
GBP	Great British Pound
IER	Independent expert's report
I-Flex	I-Flex Solutions Limited
Independent Directors	Directors of Bravura who are not Executive Directors
INR	Indian Rupee
Ironbridge	the Ironbridge Fund II, its related parties and associated entities
IT	Information technology

68

**Deloitte:** Bravura Solutions Limited: Independent expert's report

Reference	Definition
Jack Henry	Jack Henry & Associates Incorporated
Lift Capital	Lift Capital Partners Pty Limited (in liquidation)
Lift Margin Loans	the margin loans provided by Lift Capital to the Executive Directors, who currently have shares in Bravura which in aggregate represent approximately 30% of the issued capital of Bravura, under the terms of which these shares are held by the liquidators of Lift Capital
Management	Management of Bravura
Mastek	Mastek Limited
n/a	not available
NCH	N.C.H. Network Computer House SPA
Non-associated Shareholders	Bravura shareholders who are not associated with the respective components of the Proposed Transaction
Options	Options under the Proposed Option Issue
Proposed Transaction	the proposal announced by Bravura to the ASX on 18 May 2009, which includes the Proposed Rights Issue, the Proposed Option Issue and the Proposed Margin Loans
Proposed Rights Issue	a proposal by Bravura to undertake a 1.57 for 1.0 non-renounceable rights issue at \$0.15 per Bravura share to raise approximately \$33 million (before costs) to be underwritten by Ironbridge
Proposed Option Issue	consideration proposal by Bravura to issue to Ironbridge for no monetary consideration approximately 87 million options to acquire shares in Bravura at an exercise price of \$0.15 per share at any time within 24 months from the date of completion of the Proposed Rights Issue
Proposed Margin Loans	the provision by Ironbridge of debt facilities to entities associated with the Executive Directors of Bravura to fund payments totalling approximately \$6.5 million to Lift Capital (in liquidation) to extinguish the liability relating to margin loans provided by Lift Capital to the entities associated with each of the Executive Directors. Ironbridge will take security over the relevant Bravura shares
QLD	Queensland
RG 74	ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders"
RG 111	ASIC Regulatory Guide 111 "Content of experts reports"
Rufus Global Transfer	Rufus Global Transfer Agency software
Schemes, the	A formal proposal announced on 5 May 2008 under which Ironbridge would acquire 100% of the issued share capital of Bravura via two inter-conditional schemes of arrangement
Section 611	Section 611 of the Corporations Act
SGD	Singapore Dollar
Syscorp	Syscorp Pty Limited
UK	United Kingdom
Underwriting Agreement, the	Underwriting agreement dated 15 May 2009 between Bravura and Ironbridge with respect to the Proposed Rights Issue and related matters
USD	United States Dollar
US	United States
VWAP	Volume weighted average price

## Appendix 2: Comparable companies

The following table provides an analysis of companies with activities comparable to Bravura.

**Table 25: Financial services earnings multiples – market trading**

Company	Country	Currency	Enterprise value (million)	Gearing <sup>6</sup>	EBITDA historical (times)	EBITDA current (times)	EBITDA forecast (times)	Sales growth (current)	Sales growth (forecast)	EBITDA margin (current)	EBITDA margin (forecast)
Bravura Solutions Ltd	Australia	AUD	78	73%	4.0x	4.0x	3.7x	2.3%	5.0%	14.0%	14.3%
<b>Financial services</b>											
IRESS Market Technology Ltd	Australia	AUD	843	(5%)	11.8x	12.1x	11.4x	1.1%	3.8%	42.1%	43.1%
Reckon Ltd	Australia	AUD	157	(10%)	8.3x	6.4x	6.0x	52.0%	6.1%	27.0%	27.3%
GBST Holdings Ltd	Australia	AUD	87	52%	5.0x	5.2x	4.2x	14.3%	16.1%	24.4%	25.7%
FJA AG	Germany	EUR	39	(22%)	5.2x	5.0x	4.7x	1.7%	5.6%	12.0%	12.3%
Fidessa Group plc	UK	GBP	376	(9%)	10.6x	8.7x	8.0x	17.9%	11.3%	19.3%	18.8%
Innovation Group plc	UK	GBP	52	(21%)	1.9x <sup>1</sup>	3.3x <sup>1</sup>	2.9x <sup>1</sup>	8.3%	7.2%	10.3%	10.9%
Touchstone Group plc	UK	GBP	2	(31%)	0.8x <sup>1</sup>	3.5x <sup>1</sup>	1.6x <sup>1</sup>	(9.1%)	0.0%	2.0%	4.3%
Fiserv Inc	US	USD	10,260	38%	9.0x	7.8x	7.4x	(9.4%)	4.1%	30.7%	31.1%
DST Systems Inc	US	USD	3,045	38%	6.2x	6.6x	6.5x	(30.5%)	0.9%	29.1%	29.4%
Jack Henry & Associates Inc	US	USD	1,565	2%	7.1x	7.1x	6.6x	2.8%	7.0%	29.0%	28.9%
Advent Software Inc	US	USD	755	(3%)	20.8x <sup>1</sup>	12.6x	10.8x	9.2%	9.8%	20.8%	22.0%
<b>Average (including outliers)</b>					<b>7.9x</b>	<b>7.1x</b>	<b>6.4x</b>	<b>5.3%</b>	<b>6.5%</b>	<b>22.4%</b>	<b>23.1%</b>
<b>Average (excluding outliers)</b>					<b>7.9x</b>	<b>7.9x</b>	<b>7.3x</b>	<b>5.3%</b>	<b>6.5%</b>	<b>22.4%</b>	<b>23.1%</b>

Source: Bloomberg

Notes:

1. The multiple is considered an outlier
2. n/a: not applicable
3. Enterprise value (EV) was calculated by summing the total of the net borrowings at each company's most recent reporting date and the market capitalisation at 27 May 2009
4. All averages exclude Bravura from the calculation
5. EBITDA for the comparable companies has been adjusted for abnormal and non-recurring items
6. Gearing is calculated as net debt divided by enterprise value

**Deloitte:** Bravura Solutions Limited: Independent expert's report

70

We provide the descriptions for each of the above comparables as follows:

#### **IRESS Market Technology Limited**

IRESS Market Technology Limited provides information services including trading, compliance, order management, portfolio and financial planning systems and related tools. The company also operates in the wealth management sector, providing financial planning systems and related tools to wealth management professionals in Australia and New Zealand.

#### **Reckon Limited**

Reckon Limited distributes, publishes, supports and markets financial management software in Australia. The company's products are developed locally by the group or republished under licence from Intuit. The company's software targets personal financial management, small to medium enterprise financial management and financial planning.

#### **GBST Holdings Limited**

GBST Holdings Limited provides transaction technology solutions for the financial services industry in the Asia Pacific region. The company offers a range of services for the administration of wrap platforms, master trusts, superannuation, pensions, risks and debt. In addition, it also provides numerous wealth management and margin lending services.

#### **FJA AG**

FJA AG is a supplier of software and consulting for the insurance industry and pensions market, offering a range of standard software solutions to support insurance companies and pension providers in key areas and issues. FJA AG offers its products primarily in Germany, in addition to 26 countries including the USA, Australia and a number of Eastern European countries.

#### **Fidessa Group plc**

Fidessa Group plc is a supplier of multi-asset trading, portfolio analysis, decision support, investment compliance, market data and connectivity solutions for both the buy-side and sell-side globally. The company also provides related consulting, software development and training and support services. The company primarily operates in Europe, America and Asia-Pacific regions.

#### **Innovation Group plc**

Innovation Group plc provides software and outsourcing services to the insurance industry. The company offers a spectrum of administrative processes and has designed its offering to ensure that companies are able to select the processes they wish to outsource, whilst retaining ownership of those that are appropriate for internal management. The company primarily operates in the United Kingdom, the United States, Canada, Australia, Japan, South Africa and Germany.

#### **Touchstone Group plc**

Touchstone Group plc is a supplier of financial management and business software in the United Kingdom. The company specialises in accounting software products, and complements these products with implementation assistance, maintenance, tailored development, training, consultancy and project management. The company's key clients include British Energy, Speedy Hire, Jarvis, Rolls Royce Group and PricewaterhouseCoopers.

**Fiserv Incorporated**

Fiserv Incorporated provides integrated information management and electronic commerce for the financial services industry. The company serves banks, broker-dealers, credit unions, financial planners and investment advisers, insurance companies, leasing companies, mortgage lenders and savings institutions.

The company serves many sectors within the financial industry, including credit unions, lending, insurance, securities and investment products. In addition to providing services in the United States and Canada, the company has clients in Asia-Pacific, the Caribbean, Europe and Latin America.

**DST Systems Incorporated**

DST Systems Incorporated provides information processing and software services and products in the US and internationally. The company's financial services segment offers information processing and computer software services and products using proprietary software systems to mutual funds, investment managers, insurance companies, banks, brokers and financial planners.

**Jack Henry & Associates Incorporated**

Jack Henry & Associates Incorporated (Jack Henry) develops, markets, and installs integrated computer systems for in-house and service bureau data processing to banks and other financial institutions in the United States. Jack Henry also performs data conversion, software installation and customisation for the implementation of its systems along with continuing customer maintenance.

**Advent Software Incorporated**

Advent Solutions Incorporated offers software and automation services in relation to work flows and data across investment management organisations. The core business of the company is deriving revenues from the development, marketing and sale of software products, data interfaces and related maintenance and services to the United States, Europe, Middle East and Africa.

## Appendix 3: Comparable transactions

The following table provides merger and acquisition multiples for companies operating in the software application industry.

**Table 26: Earnings multiples – mergers and acquisitions**

Effective date	Target	Acquirer	% Acquired	Transaction value (\$ million)	EBITDA historical (times)	Control premium (%) <sup>2</sup>
Sep 08	Investsmart Financial Services Ltd	HSBC Securities and Capital Markets (India) Pvt Ltd	93%	320	16.6x	21.3%
Sep 08	SSP Holdings plc	Hellman & Friedman LLC	100%	409	11.4x	20.6%
Sep 08	ChoicePoint Incorporated	Reed Elsevier plc	100%	4,534	20.3x	54.6%
Jul 08	Systems Task Group International Ltd	MajescoMastek	100%	27	13.5x	n/a
Mar 08	Detica Group plc	BAE Systems (Holdings) Ltd	100%	1,021	16.6x	66.0%
Mar 08	iMerchants Ltd	Bonus Raider Investments Ltd	67%	43	62.1x <sup>4</sup>	n/a
Mar 08	Frontline Technologies Corporation Ltd	BT Singapore Pte Ltd	100%	154	8.2x	35.1%
Jan 08	Business Objects SA	SAP AG	87%	5,995	24.8x	32.4%
Nov 07	SmartStream Technologies Ltd	DIFC Investments	100%	470	59.2x <sup>4</sup>	n/a
Nov 07	IWL Ltd	Commonwealth Bank of Australia	100%	379	14.7x	9.1%
Oct 07	Citigroup Global Services Ltd	Genpact India	80%	686	15.7x	n/a
Sep 07	XRT SA	The Sage Group plc	100%	106	13.9x	6.4%
Sep 07	Open International Ltd	Towergate Partnership Ltd	100%	644	14.4x	n/a
Aug 07	TAS Tecnologia Avanzata dei Sistemi spa	Audley Capital Advisors LLP	100%	55	95.2x <sup>4</sup>	(0.6%)
Jul 07	Calyx Group plc	Stormway Ltd	100%	252	13.8x	n/a
Jul 07	N4 Solutions Ltd	Experian plc	100%	110	13.1x	n/a
Jul 07	Sirius Financial Solutions plc	SSP Holdings plc	100%	105	13.5x	38.6%
Jun 07	Miles 33 Group Ltd	American Capital Ltd; European Capital SA	60%	195	14.6x	n/a
Apr 07	Computer Software Group plc	Guildford Acquisition Co Ltd	100%	243	23.7x	36.5%
<b>Average (including outliers)</b>					<b>24.5x</b>	<b>29%</b>
<b>Average (excluding outliers)</b>					<b>15.6x</b>	<b>29%</b>

Source: SDC Platinum and Mergermarket

Notes:

1. n/a: not applicable
2. Based on one month prior to the announcement date
3. EBITDA multiples have been based on the reported transaction value divided by the historical EBITDA level, as at the last reporting date, as provided by SDC Platinum and Mergermarket
4. Multiple considered an outlier

73

**Deloitte:** Bravura Solutions Limited: Independent expert's report

Below are the details of comparable market transactions, listed by target company.

#### **Investsmart Financial Services Limited**

In September 2008, HSBC Securities and Capital Markets (India) Pvt Limited (HSBC), an Indian based financial services company, and a subsidiary of HSBC Holdings plc, acquired a 93.2% stake in IL&FS Investsmart Limited, a listed India based financial services provider. A consideration of Indian Rupee (INR) 200 (USD 4.70) per security was offered, valuing the stake at INR 13,018 million (USD 305 million). The acquisition was intended to give HSBC a foothold in the retail broking markets in India.

#### **SSP Holdings plc**

Hellman & Friedman LLC, a US private equity firm, acquired SSP Holdings plc, a listed United Kingdom IT solution provider in September 2008. The transaction was a combination of a cash and scrip offer with SSP shareholders receiving GBP 1.90 per share, valuing the entire share capital of the company at GBP 157 million.

#### **ChoicePoint Incorporated**

On 19 September 2008, Choicepoint Incorporated, a Georgia corporation, signed a definitive agreement to be acquired by Reed Elsevier Group plc, a United Kingdom corporation at a price of USD 50 per share. The offer was priced at a premium on the closing share price, representing an implied equity value of approximately USD 3.6 billion.

#### **Systems Task Group International Limited**

In July 2008, MajescoMastek, a US based global software solutions and system integration provider, acquired Systems Task Group International Limited, a US based company providing enterprise wide solutions to the US property and casualty insurance industry, for a cash consideration of USD 25 million.

#### **Detica Group PLC**

BAE Systems (Holdings) Limited, a wholly-owned subsidiary of BAE Systems plc, completed a tender offer to acquire the entire ordinary share capital of Detica Group plc, a provider of business and technology consulting services, for a total value of GBP 512 million.

#### **iMerchants Limited**

In March 2008, Bonus Raider Investments Limited, acquired a 67.3% interest in iMerchants Limited, a listed Hong Kong based investment holding company providing IT services and technology venture investments, for a cash consideration of Hong Kong Dollars 294 million.

#### **Frontline Technologies Corporation Limited**

BT Singapore Pte Limited, a Singapore based provider of communications solutions and services and a wholly-owned subsidiary of the listed United Kingdom based BT Group plc, acquired Frontline Technologies Corporation Limited, a listed Singapore based provider of end-to-end IT services, for a total consideration of approximately Singapore Dollars 195 million. Under the terms of the agreement, the total consideration consisted of Singapore Dollars (SGD) 202 million paid in cash, based on approximately 824 million shares at an offer price of SGD 0.245 per Frontline share and net cash of SGD 7.05 million. The transaction was completed in March 2008.

**Deloitte:** Bravura Solutions Limited: Independent expert's report

### **Business Objects S.A.**

SAP AG, the listed Germany based provider of business software, acquired Business Objects S.A, the listed French business intelligence software company in January 2008. Business Objects S.A. shareholders received EUR 42.0 in cash per each share held. The offer valued the entire share capital of Business Objects S.A. at EUR 4,034 million. The price to be offered per convertible bond was EUR 50.6.

### **SmartStream Technologies Limited**

In November 2007, Dubai International Financial Centre Investments, a United Arab Emirates based investment arm of Dubai International Financial centre, a UAE based financial services company, agreed to acquire SmartStream Technologies Limited, a United Kingdom based provider of banking software and IT services, from TA Associates Inc, for a cash consideration of GBP 200 million.

### **IWL Limited**

Commonwealth Bank of Australia, acquired IWL Limited, a listed banking software provider in November 2007. The transaction was conducted via a Scheme of Arrangement. The offer was for \$6.57 per IWL share in cash on a cum-dividend basis. This valued the entire share capital at \$379 million.

### **Citigroup Global Services Limited**

In October 2007, Genpact India, an Indian based provider of business-process services, Oak Hill Capital Partners LP and General Atlantic LLC, a US based private equity firms, won the bid to acquire an 80% interest in Citigroup Global Services Limited, an Indian provider of business process outsourcing services, from Citigroup Inc. The consideration for the transaction was USD 630 million.

### **XRT SA**

The Sage Group plc, a listed United Kingdom based supplier of business management software and services, acquired XRT SA, a listed France based financial management software and services company, for a total cash consideration of EUR 63.5 million.

Under the terms of the agreement, Sage Group initially acquired 70% of XRT SA from its founders, management and Caravelle Group and the remaining 30% was acquired by making an offer to the public at the same offer price. The transaction was completed in September 2007.

### **Open International Limited**

In September 2007, Towergate Partnership Limited, a United Kingdom based insurance company, along with the management of Open International Limited, a United Kingdom based provider of full cycle EDI insurance products and IT solutions to insurance intermediaries, acquired the company from Montagu Private Equity LLP, for a total consideration of GBP 276 million.

### **TAS Tecnologia Avanzata dei Sistemi SpA**

On 4 August 2007, Audley Capital Advisors LLP (Audley), a United Kingdom based investment company interested in the computer software sector, acquired a 32.7% stake in TAS Tecnologia Avanzata dei Sistemi SpA, a listed Italian company mainly involved in software development in the financial sector, for a total consideration of EUR 12.25 million. Under the terms of agreement, Audley will acquire 0.6 million shares of the TAS valued at EUR 21.12 per share.

On the same date, Audley acquired the remaining 67.3% stake from N.C.H. Network Computer House SpA (NCH) for an offer price of EUR 18.7 per share, representing a total consideration of EUR 22 million.

75

**Deloitte:** Bravura Solutions Limited: Independent expert's report

### **Calyx Group plc**

The management of Calyx Group Plc, the Ireland based IT consulting and training company, acquired the company through Stornoway Limited, for a total consideration of GBP 70.2 million (\$252 million), in a management buyout backed by Alchemy Partners LLP, the United Kingdom based private equity firm. Under the terms of the transaction, each shareholder received GBP 1.01 in cash per share, representing a premium of approximately 23.9% to the closing price of GBP 0.815 on 12 March 2007, the last day prior to the first rumours of the transaction.

### **N4 Solutions Limited**

In July 2007, Experian Group Limited, listed Irish headquartered marketing and credit information company, acquired N4 Solutions Limited, a United Kingdom based provider of software to financial services participants, for a consideration of GBP 47 million.

### **Sirius Financial Solutions plc**

In July 2007, SSP Holding plc, a listed United Kingdom based insurance software solutions provider, acquired Sirius Financial Solutions plc, a listed United Kingdom based provider of software solutions for the global insurance and financial services industry, for a cash and stock consideration of GBP 43.4 million, with net debt of GBP 0.11 million.

### **Miles 33 Group Limited**

The management of Miles 33 Group Limited, a United Kingdom based company engaged in providing software to the publishing and financial services sectors, acquired the company in a management buy out transaction, backed by European Capital Limited, a United Kingdom based private equity firm, and an affiliate of American Capital Strategies Limited, a listed US based private equity firm, for a deal value of EUR 123 million, inclusive of a net cash position of GBP 10 million.

### **Computer Software Group plc**

In April 2007, the management team of Computer Software Group plc, a listed United Kingdom based software solutions provider, acquired the company in a management buy out transaction backed by HgCapital, a United Kingdom based private equity firm, for a cash consideration of GBP 100 million. As per the terms of the agreement, Guildford AcquisitionCo paid GBP 1.50 per share for the total share capital of 66.4 million fully diluted shares of the company.



The following table details our findings.

**Table 27: Premium analysis - findings**

	Control premium
Average	26%
Median	25%
Upper quartile	39%
Lower quartile	10%

Source: Deloitte Corporate Finance analysis

Notwithstanding the relatively wide dispersion of control premiums observed in our study we consider the control premium range of 20% to 40% to be representative of general market practice for the following reasons.

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise 'special purchaser' value which is only available to a very few buyers. Such 'special purchaser' value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to occur at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

### Other studies

In addition to the study above, we have also had regard to the following:

- a study conducted by S.Rossi and P.Volpin of London Business School dated September 2003, 'Cross Country Determinants of Mergers and Acquisitions', on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- 'Valuation of Businesses, Shares and Equity' (4th edition, 2003) by W.Lonergan states at pages 55-56 that: "*Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly.*"
- a study conducted by P.Brown and R.da Silva dated 1997, 'Takeovers: Who wins?', JASSA: The Journal of the Securities Institute of Australia, v4(Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7%.

## Appendix 5: Sources of information

In preparing this report we have had access to the following principal sources of information:

- annual report for Bravura for the years ended 30 June 2007 and 30 June 2008
- interim report for Bravura for the six months ended 31 December 2008
- Bravura management presentation dated January 2009
- Bravura company website
- company announcements released on the ASX
- Bravura corporate brochure
- Bravura share and options register
- Datamonitor company and industry reports
- Celent industry report: IT Spending in Financial Services: A Global Perspective, December 2008
- Bloomberg
- Mergermarket, and SDC Platinum
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Bloomberg Financial markets, SDC Platinum and Mergermarket
- other publicly available information, media releases and brokers reports on Bravura and the software application industry/sectors
- in addition, we have had discussions and correspondence with certain directors and executives, including Mr Iain Dunstan, Group CEO and Managing Director; Mr Simon Woodfull, group CEO and Director of Operations; Mr Chris Ryan, Independent Director; and Mr Trevor Parry, Independent Director in relation to the above information and to current operations and prospects.

## Appendix 6: Qualifications, declarations & consents

The report has been prepared at the request of the Independent Directors of Bravura and is to be included in the Explanatory Memorandum to be given to Shareholders for approval of the Proposed Transaction in accordance with Section 611 of the Corporations Act. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. We are not responsible to you, or any one else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction.

The report represents solely the expression by Deloitte of its opinion as to whether the Proposed Transaction as a whole is fair and reasonable to non-associated Shareholders. Deloitte consents to this report being included in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the completeness of the information provided by Bravura and its officers, employees, agents or advisers which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Bravura management for confirmation of factual accuracy.

In recognition that Deloitte may rely on information provided by Bravura and its officers, employees, agents or advisers, Bravura has agreed that it will not make any claim against Deloitte to recover any loss or damage which Bravura may suffer as a result of that reliance and that it will indemnify Deloitte against any liability that arises out of either Deloitte's reliance on the information provided by Bravura and its officers, employees, agents or advisers or the failure by Bravura and its officers, employees, agents or advisers to provide Deloitte with any material information relating to the Proposed Transaction.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of Bravura personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

Based on these procedures and enquiries, Deloitte considers that there are reasonable grounds to believe that the prospective financial information for Bravura included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information of Bravura referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte holds the appropriate AFSL to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report were Rachel Foley-Lewis, B.Com, CA, F. Fin, Stephen Ferris, B.Ec, CA, F. Fin, Andrew Robinson, B.Bus, CA and Natalie Paradisis, B.Bus, CPA, Masters Business in Finance. Rachel Foley-Lewis and Stephen Ferris are Directors and Andrew Robinson and Natalie Paradisis are executives of Deloitte Corporate Finance. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

81

**Deloitte:** Bravura Solutions Limited: Independent expert's report

Neither Deloitte, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of \$120,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

***About Deloitte***

In Australia, Deloitte has 12 offices and over 4,500 people and provides audit, tax, consulting, and financial advisory services to public and private clients across the country. Known as an employer of choice for innovative human resources programs, we are committed to helping our clients and our people excel. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

For more information, please visit Deloitte's web site at [www.deloitte.com.au](http://www.deloitte.com.au)

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

© Deloitte Touche Tohmatsu. June, 2009. All rights reserved.

This page has been left intentionally blank.



# Corporate directory

## Board of Directors

Iain Dunstan  
Simon Woodfull  
Chris Ryan  
Trevor Perry

## Company Secretary

Christine Nicholls

## Notice of General Meeting

The General Meeting of Bravura Solutions  
will be held at Minter Ellison Lawyers  
Level 19, 88 Phillip Street  
Sydney NSW 2000  
Time: 11.00 am  
Date: Friday, 24 July 2009

## Registered principal office in Australia:

Level 2, 345 George Street  
Sydney NSW 2000  
Phone: 02 9018 7800

## Share Registry

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000  
Phone: 1300 855 080

## Minter Ellison Lawyers

Rialto Towers  
525 Collins Street  
Melbourne VIC 3000  
Phone: 03 8608 2000

## Stock Exchange Listing

Bravura Solutions is listed on the Australian Stock Exchange  
(ASX listing code: BVA)

## Website address

[www.bravurasolutions.com](http://www.bravurasolutions.com)

### Bravura Shareholder Information Line

Please call the **Bravura Shareholder Information Line on 1800 218 694**  
(or for international callers, +61 2 8280 7601),  
Monday to Friday between 8.30 am and 5.30 pm (Sydney time).

[bravurasolutions.com](http://bravurasolutions.com)

