



Appendix 4E – Supplementary commentary

Year ended 30 June 2008

Bravura Solutions delivers record fourth year results EBITDA of \$18.6 million and revenue of \$136.2 million

Sydney, 26 August 2008 – Bravura Solutions Limited (ASX: BVA) today reported its fourth consecutive year of record earnings with a Management Adjusted EBITDA of \$18.6 million. The Company experienced revenue growth of 35 per cent to \$136.2 million. Net Operating Cash Flows increased by \$9.0 million on the prior period to \$5.2 million.

Earnings per Share (on a Management Adjusted basis) was 3.6 cents per share, representing a Management Adjusted Net Profit after Tax of \$5.1 million. Basic Earnings per Share on a reported statutory basis was 1.1 cents per share, representing a Statutory Net Profit after Tax of \$1.6 million.

Results highlights for FY2008 - Management Adjusted (see *note below)

- Revenue increased by 35 per cent from \$101.0 million to \$136.2 million
- Earnings per Share was 3.6 cents per share
- EBITDA of \$18.6 million
- Net Profit Before Tax of \$6.3 million
- Net Operating Cash Flow turned positive, increasing \$9.0 million on the prior year to \$5.2 million
- Capital expenditure was \$8.7 million compared to \$4.1 million in 2007
- Operating expenses were \$117.2 million, a 35 per cent increase on the prior year
- R&D expenditure increased by 24 per cent to \$12.1 million
- Net finance costs increased by 37 per cent to \$5.3 million. This includes both interest on loan facilities and \$2.0 million 'non cash' interest expense due to the deferred payment terms of the Rufus acquisition
- Net debt increased from \$12.5 million to \$40.0 million. This increase in debt was used to finance recent acquisitions and infrastructure
- Depreciation & Amortisation increased by 85 per cent to \$7.3 million due to the increase in intangibles arising from recent acquisitions and increased infrastructure

***Note: Management Adjusted figures**

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

The Company now provides a summary of these Management Adjustments in an effort to promote transparency and facilitate shareholders' understanding of the comparative operating performance of the business. Three items have been excluded from the FY2008 statutory accounts in arriving at the FY2008 Management Adjusted Results:

- Corporate & advisory transaction fees associated with proposals to acquire all of the shares in Bravura Solutions;
- FX gains and losses on derivatives primarily associated with foreign exchange forward contracts entered into as part of the acquisition of the Rufus Software business; and
- Unrealised FX gains and losses.

The Company does not consider such items to be within the Company's normal operating activities. It is on this basis that they have been excluded.

Management Adjusted results	FY08 (\$AUD)
Reported revenue	136,246
Net Profit After Tax per statutory accounts	1,568
Management adjustments	
Corporate transaction costs	1,466
Realised FX (gains) & losses on derivatives	(263)
Unrealised FX (gains) & losses on derivatives	1,766
Unrealised FX (gains) & losses	521
Net Profit After Tax on a Management Adjusted basis	5,058
Add back / (subtract)	
Tax	1,232
Finance costs	5,338
Depreciation	7,333
Other income & costs	(348)
Management Adjusted EBITDA	18,613

Earnings Per Share	FY08
No of shares on issue	142,008,658
EPS on a statutory basis	1.1
EPS on a Management Adjusted basis	3.6

Revenue

The Company experienced exceptionally strong revenue growth in both operating regions. Total revenue grew \$35.2 million (35 per cent) in FY2008 resulting in a total revenue figure of \$136.2 million for the year.

Revenue in Australia increased by 56 per cent to \$40.3 million as a result of both organic growth and the full year revenue effect of the Garradin Portfolio acquisition in June 2007. Revenue in New Zealand increased by 47 per cent to \$6.5 million through organic growth with KiwiSaver and portfolio investment entity (PIE) legislation changes driving significant revenue growth. Revenue in the UK & Europe increased by 32 per cent to \$82.9 million through organic growth and the full year revenue effect of the Rufus Software and AB Prodata acquisitions in December 2006.

Licence fee revenue of \$25.1 million increased by 9 per cent on the prior year, reflecting new licence sales of the Rufus Transfer Agency software in the UK and robust licence sales of the wealth management products in Australia. Overall, licence fees accounted for 18 per cent of total revenue in the year ended 30 June 2008, compared with 23 per cent in the prior year.

Professional services revenue of \$65.2 million increased by 47 per cent on the previous year, reflecting upgrades by existing customers and professional services arising from the

implementation of new contracts. The acquired Rufus software business contributed \$35.1 million to professional services revenue. Overall, professional services accounted for 48 per cent of total revenue in the year ended 30 June 2008, compared to 44 per cent in the prior year.

Maintenance revenue of \$45.1 million increased by 41 per cent on the previous year. This reflects the expanded licence base and the acquired Rufus business which contributed \$9.5 million to the increase in maintenance revenue. Overall, maintenance accounted for 33 per cent of total revenue in the year ended 30 June 2008, compared to 32 per cent in the previous year.

The strengthening Australian dollar (relative to other currencies) resulted in an FX translation effect that reduced reported revenue in FY2008 by \$5.2 million.

Operating Costs

Operating costs increased by \$30.4 million to \$117.2 million, reflecting a full year of expenditure associated with the FY2007 acquisitions. Despite integration costs associated with acquisitions, the 35 per cent growth in full year expenditure was marginally less than the growth in revenue. This reflects the successful implementation of cost containment and efficiency initiatives across the business over the last twelve months. These initiatives will provide further benefits in FY09 and beyond.

The company's R&D expenditure increased by 24 per cent on the prior year and accounted for \$12.1 million of total operating expenses. This investment for the future reflects Bravura's ongoing commitment to developing the next generation of wealth management solutions for its clients.

EBITDA

EBITDA for FY2008 was \$18.6 million, a 40 per cent increase on FY2007. The EBITDA margin was impacted by restructuring costs of \$0.9 million on the continued integration of Rufus and Garradin, and the delay of expected new licences.

Amortisation, Depreciation, Financing costs and NPAT

Amortisation and depreciation expenditure of \$7.3 million increased 85 per cent on the previous year. The amortisation charge increased by \$2.3 million due to the additional intangible assets that arose from the acquisitions of Rufus, AB Prodata and Garradin. The increase in depreciation of \$1.1 million is primarily due to the leasehold improvements and computer equipment purchased for the London office and the fit-out and build of the new customer data centre in the UK.

Net Finance costs of \$5.3 million increased by 37 per cent on the previous year. The increase is attributable to twelve months of interest payments arising on the debt that was used to part finance the acquisitions. Finance costs also include twelve months of 'non-cash' interest expense of \$2.0 million to reflect the discount associated with the deferred settlement of the acquisition of Rufus.

The effective tax rate for the year was 44 per cent resulting in a Statutory Net Profit after Tax of \$1.6 million. The effective tax rate increased due to a reversal of deferred tax assets and an increase in deferred tax liabilities. This occurred due to the adoption of a different tax base for certain intangible assets than what was used in prior years. The effective tax rate is expected to revert back to approximately 30 per cent in FY2009.

Dividend

The company policy is to pay 50 per cent of NPAT as a shareholder dividend. Due to one off costs associated with the proposed corporate transaction and unrealized FX losses, the interim dividend has already fulfilled this commitment. A final dividend will not be paid.

Balance Sheet

The Company's financial position remains strong with total assets of \$183.8 million with net shareholders' funds of \$87.4 million at 30 June 2008.

There was a significant net increase in Property, Plant and Equipment of \$8.5 million (see details below in the Cash Flow section).

Having made deferred settlement payments for the Rufus and Garradin acquisitions, total provisions decreased 45 per cent to \$18.4 million.

The Company's current funding facility increased from \$55.0 million at 30 June 2007 to \$65.0 million at 30 June 2008. Net borrowings as at 30 June 2008 were \$40.0 million compared to \$12.5 million at 30 June 2007. Much of this increase related to the deferred settlement payments for prior year acquisitions.

At as 30 June 2008 the debt to equity ratio was 46 per cent.

Cash Flow

Having successfully integrated the acquisitions from the prior year, the Company generated a positive net operating cash flow for the year of \$5.2 million, a \$9.0 million improvement on the prior corresponding period. The Company has now reported a positive net operating cash flow for the third consecutive quarter.

The Company continued to reinvest proceeds from operating activities back into the business. The Company spent \$8.7 million on infrastructure. This primarily related to the fit out of the London office and the successful build and fit-out of a new data centre in the UK which will house the servers operated by Bravura on behalf of its clients. This data centre will lead to increased performance and reduced implementation costs for clients and in turn, generate additional revenue for the business.

The Company made a further \$22.4 million in deferred payments on acquisitions. This included final deferred payments relating to the acquisitions of Essential Computer Systems and AB Prodata and a penultimate payment for Rufus.

Outlook

The Company believes that it will deliver increased revenue and earnings growth for a third consecutive year. This will primarily be achieved through organic growth. However, the Company will continue to consider strategic acquisitions should the right opportunities arise.

Having successfully integrated the businesses acquired in the prior financial year, the Company is now firmly established in its new markets. The Company has high expectations in particular for the Talisman, Sonata and Rufus Transfer Agency products in the UK and Asia.

We expect strong growth to continue in the coming year. This statement is based on the volume of work already contracted and the quality of pipeline opportunities.