

Appendix 4E

Preliminary Final Report

Year ended 30 June 2011

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Appendix 4E

Preliminary Final Report

Name of entity: BRAVURA Solutions Limited

ABN: 15 111 148 826

Reporting period: Year ended 30 June 2011

Previous corresponding period: Year ended 30 June 2010

Results for announcement to the market

Results summary \$'000s	FY10	FY11	Chg.
Revenue	101,359	120,668	19.05%
Net loss after tax	(13,239)	(21,093)	(59.33%)
Net loss attributable to members	(13,239)	(21,093)	(59.33%)

Dividends	Amount per security	Franked amount per security
Current period		
Final dividend declared	Nil	Nil
Interim dividend paid	Nil	Nil
Previous corresponding period		
Final dividend paid	Nil	Nil

Appendix 4E - Bravura Solutions Limited
Preliminary final report

Dividend declared

No dividend declared

Dividend reinvestment plan

Bravura Solutions Limited does not have a dividend reinvestment plan.

Brief explanation of the figures reported above

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

Net tangible assets per security	Current period	Previous period
Net tangible asset backing per ordinary security	(2.16) cents	(3.63) cents

Control gained over entities having a material effect

Nil

Loss of control of entities having a material effect

Nil

Details of associates and joint venture entities

Nil

Appendix 4E - Bravura Solutions Limited
Preliminary final report

Comments by directors

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

Compliance Statement

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

Bravura Solutions Limited

ABN 15 111 148 826

Financial report for the year ended 30 June 2011

Bravura Solutions Limited ABN 15 111 148 826
Financial report - 30 June 2011

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Directors' report

The directors present their report on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Bravura Solutions Limited ("Bravura") and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors

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

Brian Mitchell
Trevor Perry
Neil Broekhuizen
Matthew McLellan (Resigned 15 July 2011)
Rebecca Norton (Appointed 9 May 2011)
Tony Klim (Appointed 30 June 2011)
Simon Woodfull (Resigned 8 April 2011)

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of the provision of professional consulting services and the development, licensing and maintenance of highly specialised administration and management software applications for the Transfer Agency and Wealth Management sectors of the financial services industry.

Dividends - Bravura

No dividends were paid during the year (2010: nil). There have been no dividends declared or proposed during the financial year and up to the date of this report.

Review of operations

Revenue for the FY2011 was \$120.7 million which saw an increase of 19% over the prior year. This increase was predominantly due to increased spend within the existing installed client base and the contribution of Mutual Fund Technologies (MFT) related revenues following the acquisition in June 2010. FY2011 continued to be significantly impacted by exchange rates that had an overall effect of decreasing revenue by \$9.8 million. Had the exchange rate from FY2010 remained constant, the revenue increase would have been 28.7%.

Licence fee revenue included sales of our next generation wealth management software solution, Sonata, in both Australia and New Zealand. Services revenue relating to these sales will continue through into FY2012.

Operating costs increased as a result of the MFT acquisition however continued focus on cost management has seen an improvement in margins over the prior year.

The consolidated entity's financial position continues to strengthen with total borrowings and deferred consideration reducing in the current year. Total net assets of \$107 million included a reduction in Intangibles of \$20.9 million due to an impairment charge relating to the continued decline of the GBP, uncertainty in the UK market and loss of MFT business contract.

The loss for the consolidated entity after providing for income tax for the year ended 30 June 2011 amounted to \$21,093,000 (2010: loss of \$13,239,000).

As at 30 June 2011 Bravura employed 586 people (2010: 592 people) staffing 15 offices around Australia, New Zealand, United Kingdom, Europe, Asia, Bermuda and South Africa.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2011, Ironbridge Capital have exercised their remaining options that were originally granted during the recapitalisation process in September 2009 as described in note 30. The exercise of these will further enhance the consolidated entity's cash position.

Other than what has been noted above, there have been no matters or circumstances which have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (a) the consolidated entity's operations or
- (b) the results of those operations or
- (c) the consolidated entity's state of affairs

in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on directors

Brian Mitchell Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Marketing Institute, and an Associate Fellow of the Australian Institute of Management. *Chairman and Non-executive Director.*

Experience and expertise

Brian Mitchell has over 30 years experience in the IT industry, with broad experience in the hardware, software and services sectors. His experience has been gained from working in the United Kingdom, Australia, Asia Pacific and the USA.

He has held various senior management roles with organisations such as Oracle, IBM Corporation, BIS Banking Systems and Digital Equipment Corporation. He has participated as a Board member for a number of companies, as well as acting as Chairman.

Brian acted as Interim CEO from 8 April 2011 to 17 May 2011.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

Member of remuneration committee

Interests in shares and options

2,780,884 ordinary shares

Trevor Perry *Non-executive Director.*

Experience and expertise

Trevor Perry has more than 30 years of experience in financial services and IT, particularly in the Asia Pacific region. His last role was at Prudential Assurance where as Managing Director for Australasia, he oversaw the successful takeover of NZI in New Zealand and its integration with the local New Zealand Prudential operation.

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.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

Chairman of audit and remuneration committees

Interests in shares and options

3,079,481 ordinary shares

Information on directors (continued)

Neil Broekhuizen CA, B.Sc (Eng) Hons. *Non-executive Director.*

Experience and expertise

Neil Broekhuizen has over 20 years experience in the finance industry including the last 15 years in private equity with Investcorp and Bridgepoint in Europe and with Gresham Private Equity and Ironbridge in Australia.

Since co-founding Ironbridge in 2003, Neil has helped grow the business into a leading Australasian Private Equity Manager with funds under management of A\$1.5 billion.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

Member of remuneration committee and audit committee

Interests in shares and options

Nil

Matthew McLellan B.Bus. *Non-executive Director.* (Resigned 15 July 2011)

Experience and expertise

Matthew McLellan has more than 11 years of private equity experience. He was a senior executive at Ironbridge Capital from 2005 until 2011. Matthew most recently led the Ironbridge Fund II's investment in EnviroWaste.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

Member of audit committee

Interests in shares and options

Nil

Rebecca Norton B.Bus, CPA, GAICD, *Executive Director.* (Appointed 9 May 2011)

Experience and expertise

Rebecca Norton has over 18 years of experience in the information technology industry throughout Australia, New Zealand, Asia and Europe, with expertise in the financial, operational and change management arenas.

Prior to joining Bravura, Rebecca had a dual role as Chief Financial Officer and Chief Operations Officer of the Business Objects Asia Pacific division of SAP. Before this, she held numerous other senior positions within Oracle Corporation in Europe and Asia, and other organisations during the course of her career.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

None

Interests in shares and options

581,250 options.

Information on directors (continued)

Tony Klim B.Sc (Physics Hons). *CEO and Managing Director.* (Appointed 30 June 2011)

Experience and expertise

Tony Klim has over 28 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A, and in his previous role he sponsored the acquisition of the UK's leading financial intermediary portal, the Exchange. Over the years, he has been instrumental in the development of new products and services targeted at the independent financial advisor community.

Prior to joining Bravura in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses, and a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

None

Interests in shares and options

898,267 options.

Simon Woodfull *Group CEO.* (Resigned 8 April 2011)

Experience and expertise

Simon Woodfull has more than 18 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.

Current directorships with other listed companies

None

Former directorships in last 3 years with other listed companies

None

Special responsibilities

None

Interests in shares and options

1,042 ordinary shares

Company Secretary

Christine Nicholls B.Ec, LLB. (Resigned 29 July 2011)

Christine Nicholls has over 13 years of in-house legal experience in industries including predominantly IT, advanced technology and structured finance. Prior to Christine's appointment as Company Secretary and throughout her appointment, she carried out duties as delegated by the Board as Head of Legal.

Prior to joining Bravura, Christine worked for CSC Australia Pty Limited, a subsidiary of US multinational Computer Science Corporation as in-house legal counsel for Asia Pacific and has held other in-house roles in Australia and Canada. Christine is also an affiliate member of the Chartered Secretaries Australia Limited.

Nick Geddes FCA, FCS, CA. (Appointed 29 July 2011)

Nick Geddes is the founder and director of Australian Company Secretaries (ACS). ACS provides company secretarial services to listed and unlisted, public and private companies. Nick is a fellow member of Chartered Secretaries Australia and a fellow member of Institute of Chartered Secretaries and Administrators (UK).

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit, Corporate Governance and Risk Management		Remuneration and Nominations	
	A	B	A	B	A	B
Brian Mitchell***	14	14	0	0	2	2
Trevor Perry	10	14	5	5	2	2
Neil Broekhuizen***	11	14	0	0	2	2
Matthew McLellan** (Resigned 15 July 2011)	13	14	5	5	0	0
Rebecca Norton* (Appointed 9 May 2011)	3	3	0	0	0	0
Tony Klim* (Appointed 30 June 2011)	0	0	0	0	0	0
Simon Woodfull* (Resigned 8 April 2011)	10	10	0	0	0	0

A = Number of meetings attended

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

* Not a member of the Audit, Corporate Governance and Risk Management or Remuneration and Nominations Committees

** Not a member of Remuneration and Nominations Committee

*** Not a member of Audit, Corporate Governance and Risk Management Committees

Remuneration report (audited)

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

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

The remuneration report is set out under the following headings:

- A Individual key management personnel disclosures
- B Principles used to determine the nature and amount of remuneration
- Company performance and link to remuneration
- C Details of remuneration
- D Service agreements
- E Share-based compensation

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

Remuneration report (audited) (continued)

A Individual key management personnel disclosures

(i) Directors

Brian Mitchell	Chairman
Trevor Perry	Non-executive Director
Neil Broekhuizen	Non-executive Director
Matthew McLellan	Non-executive Director (Resigned 15 July 2011)
Rebecca Norton	Chief Financial Officer (CFO) and Executive Director (Appointed 9 May 2011)
Tony Klim	Chief Executive Officer (CEO) and Executive Director (Appointed 30 June 2011)
Simon Woodfull	Chief Executive Officer (CEO) and Executive Director (Resigned 8 April 2011)

(ii) Executives

Andrew Chesterton	Chief Operating Officer (COO) - Global Transfer Agency
Nick Parsons	Chief Technology Officer (CTO)
Jason Tong	Chief Operating Officer (COO) - Global Wealth Management
Darren Stevens	Head of Product (HOP) - Global Wealth Management

B Principles used to determine the nature and amount of remuneration

Remuneration philosophy

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

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

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

Remunerations and Nominations Committee

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

The role of the Remuneration and Nominations Committee is to:

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

Remuneration report (audited) (continued)

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

Remuneration structure

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

Non-executive director remuneration

Objective:

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

Structure:

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

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

The Remunerations and Nominations Committee has reviewed the current aggregate remuneration of non-executive directors and recommends increasing this amount to \$800,000 per year. This will be proposed for approval by shareholders at the next Annual General Meeting (AGM).

	From 1 July 2010 to 1 July 2011	From 1 July 2009 to 1 July 2010
Base fees		
Chairman	\$200,000	\$200,000
Other non-executive directors	\$75,000	\$75,000

Executive director and executive remuneration

Objective:

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

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

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

Structure:

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

- Fixed remuneration/base pay; and
- Variable remuneration in the form of:
 - Short-term incentives;
 - Long-term incentives; and
 - Short-term discretionary bonus.

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

Remuneration report (audited) (continued)

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

Variable salary is based on a short-term incentive program (STIP) as detailed below. The executive's remuneration may also include options which are dependent on the achievement of performance hurdles. The grant of such options is subject to Board and Shareholder approval.

Fixed remuneration

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

Fixed remuneration represents the total employment cost for the executive and consists of base salary, superannuation contributions and other benefits.

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

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

Variable remuneration - Short-Term Incentive Program (STIP)

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

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

The STIP component, expressed as a percentage of fixed remuneration of the executive and key management personnel, varies depending on the grade and the responsibilities of the employee as detailed below.

	%	Example position
CEO	0 - 50	
Function Head	0 - 35	CFO, COO, CTO

Remuneration report (audited) (continued)

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

The proportion of executives' STIP component between financial and non-financial reasons is as follows:

Performance measure	Proportion of STIP award measure applies to
Financial measure • EBITDA (adjusted for impairment of intangible assets, fair value gains and losses and corporate transaction costs)	60%
Non-financial measure • Customer service • Risk management • Product management • Leadership/team contribution	40%

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

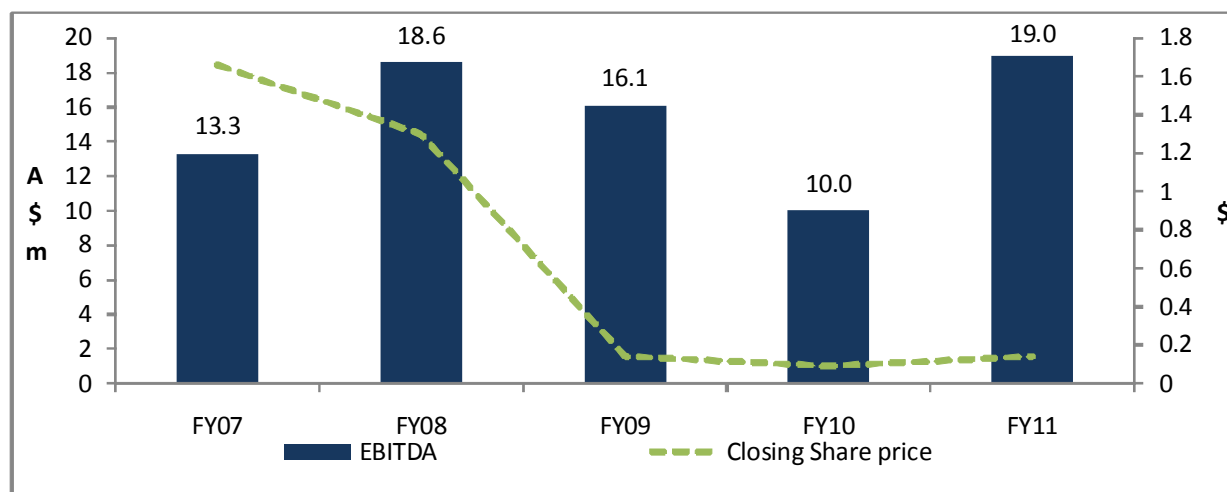
STIP pools are created for eligible employees based on achievement of performance hurdles for each business unit.

Once the financial hurdles have been achieved each eligible employee will receive a pro-rata portion of the STIP pool based on their performance in four Key Performance Indicators (KPIs):

- Business: Financial and commercial targets
- People & team: People management and engagement targets
- Client and/or cash: Service delivery targets
- Professional: Individual targets, developing and delivering expertise

The financial performance measures driving STI payment outcomes is the consolidated entity's EBITDA. The following chart outlines Bravura's EBITDA over the five year period from 1 July 2006 to 30 June 2011.

Bravura Solutions - five year share price and EBITDA comparison



For the 2011 financial year certain STIP criteria have been achieved to enable a bonus pool to be created. The amount of the pool and the allocation to employees will be reviewed by the Remuneration and Nominations Committee following the finalisation of the financial year accounts. Following this review the Remuneration and Nominations Committee will provide the appropriate recommendation to the Board of Directors to obtain approval or otherwise for payment during the 2012 financial year.

Remuneration report (audited) (continued)

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

Variable remuneration - Long-Term Incentive Program (LTIP)

Bravura prohibits executives from entering into arrangements to protect the value of unvested long-term incentive awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package. The board of directors regularly monitors compliance with this policy.

The Remuneration and Nominations Committee has completed a review of the LTIP, and has approved the plan as outlined below.

The LTIP component, expressed as a percentage of fixed remuneration of the executive and key management personnel, varies depending on the grade and the responsibilities of the employee as detailed below:

	%	Example position
CEO	0-35	
Function Head	0-15	CFO, COO, CTO

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

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

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26 July 07	15 Jan 08	15 Jan 12	\$1.88	\$0.306
26 July 07	15 Jan 09	15 Jan 12	\$1.88	\$0.284
26 July 07	15 Jan 10	15 Jan 12	\$1.88	\$0.281
14 Nov 07	15 Jan 08	15 Jan 12	\$1.88	\$0.397
14 Nov 07	15 Jan 09	15 Jan 12	\$1.88	\$0.401
14 Nov 07	15 Jan 10	15 Jan 12	\$1.88	\$0.402
29 Nov 07	30 Nov 10	30 Nov 12	\$1.80	\$0.679
13 Feb 08	15 Jan 09	15 Jan 13	\$1.45	\$0.347
13 Feb 08	15 Jan 10	15 Jan 13	\$1.45	\$0.360
13 Feb 08	15 Jan 11	15 Jan 13	\$1.45	\$0.346
30 Jun 09	30 Jun 10	30 Jun 14	\$0.18	\$0.040
30 Jun 09	30 Jun 11	30 Jun 14	\$0.18	\$0.030
30 Jun 09	30 Jun 12	30 Jun 14	\$0.18	\$0.030
14 May 10	19 Feb 11	19 Mar 13	\$0.18	\$0.077
14 May 10	19 Feb 12	19 Mar 13	\$0.18	\$0.077
14 May 10	19 Feb 13	19 Mar 13	\$0.18	\$0.077

Refer to note 42 for details of inputs for option fair value calculations.

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

30 June 2009 and 14 May 2010 options do not have any performance conditions attached as the exercise price of these options is at a premium to the share price on grant date. The options granted retain service conditions as options previously granted.

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

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

No options were granted during the 2011 financial year.

Remuneration report (audited) (continued)

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

Issue of shares

There were no shares issued to key management personnel during the 2011 financial year.

Executive options

Performance conditions - Options granted pre-2009

Performance condition 1 - 50% of options vest on achieving a compound annual growth rate ("CAGR") of 12% on adjusted Earnings Per Share (EPS) for the three financial years up to and ended 30 June 2010. This hurdle was not achieved resulting in the lapse of these options.

Performance condition 2 - 50% of options vest on achieving an Accumulated Total Shareholder Return ("TSR") equal or exceed the ASX/S&P 300 Accumulation Index at the end of each service vesting period. If the condition is not met, 50% of the Options for that tranche will lapse immediately and the other 50% will remain available up until the day before the Expiry Date and can be exercised if Bravura's Accumulated TSR exceeds the referred index at any time between the first Exercise Date for that tranche and the day before the Expiry Date.

Tranche 3 of options granted in Feb 2008 have vested in the 2011 financial year as the performance condition stated above has been met.

Hurdle rate	% of options that will vest
Below median	Nil
At median	50%
Each percentile above median	2%
At 75 th percentile	100%

Service conditions

The executive must be employed by the consolidated entity at the end of the performance period for options to vest. The board has the discretion to waive this condition if an executive resigns or is terminated prior to the end of the performance period.

The measurement period for this performance condition is from the issue date of the options to the exercise date.

Key management personnel

Performance conditions - Options granted pre-2009

Bravura's Accumulated Total Shareholder Return ("TSR") must equal or exceed the ASX/S&P 300 Accumulation Index at the end of each service vesting period. If the condition is not met, 50% of the options for that tranche will lapse immediately and the other 50% will remain available up until the day before the Expiry Date and can be exercised if Bravura's Accumulated TSR exceeds the referred index at any time between the first Exercise Date for that tranche and the day before the Expiry Date.

Options Granted 30 June 2009

During the 30 June 2009 financial year, options were granted to KMP with no performance conditions. The board of directors at the time of the grant derived an exercise price at a premium to the share price on grant date as a means to align management performance with long-term shareholder wealth.

Service vesting conditions

KMPs are required to be in continuous employment with Bravura until the first Exercise Date of each tranche for each tranche to vest.

Remuneration report (audited) (continued)

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

Variable remuneration - Short-term discretionary bonus

Discretionary bonus may be paid to executives throughout the financial year based on achieving specific project related performance objectives as approved by the Remuneration and Nominations Committee. These objectives will be clearly defined and measurable as and when deemed appropriate.

C Details of remuneration

Amounts of remuneration

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

2011

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		Total \$
	Salary and fees \$	Bonus* \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination benefits** \$	Shares/options \$	% of total %	
<i>Non-executive directors</i>									
Brian Mitchell	200,000	-	-	18,000	-	-	-	-	218,000
Trevor Perry	68,807	-	-	6,193	-	-	-	-	75,000
Neil Broekhuizen	75,000	-	-	-	-	-	-	-	75,000
Matthew McLellan (Resigned 15 July 2011)	75,000	-	-	-	-	-	-	-	75,000
<i>Executive directors</i>									
Rebecca Norton (Appointed 9 May 2011)	345,776	34,868	10,680	25,000	2,174	-	11,316	3	429,814
Tony Klim (Appointed 30 June 2011)	380,322	-	5,078	44,187	-	-	14,365	3	443,952
Simon Woodfull (Resigned 8 April 2011)	431,396	-	22,718	27,083	7,072	583,025	27,643	3	1,098,937
<i>Other key management personnel</i>									
Andrew Chesterton	315,722	15,477	5,639	29,898	-	-	9,005	2	375,741
Nick Parsons	292,973	-	4,339	43,946	-	-	10,774	3	352,032
Jason Tong	308,747	-	3,420	25,000	15,184	-	9,715	3	362,066
Darren Stevens	300,556	-	3,420	25,000	2,974	-	10,303	3	342,253

* In the second half of FY2011, a discretionary bonus was paid to certain executives in recognition of their contribution to specific project throughout the 2011 financial year. These payments were recommended by the Remuneration and Nominations Committee and approved by the Board of Directors.

** Mr Woodfull received a payment of \$133,803 in the year representing part payment of his notice period. The remaining amount of \$449,222 is payable over the next nine months in accordance with his employment contract. At the 2011 AGM a motion will be put to the shareholders to make a payment to Mr Woodfull of an additional three months base salary equivalent to \$146,000, in relation to short-term discretionary bonus.

The remaining amount of share-based payment expense for KMPs is \$nil, with expiry periods up to 30 June 2014 if service and performance conditions are met.

Performance related remuneration included as part of total remuneration for the year ended 30 June 2011:

- Rebecca Norton 8%
- Tony Klim 0%
- Simon Woodfull 0%
- Andrew Chesterton 4%
- Nick Parsons 0%
- Jason Tong 0%
- Darren Stevens 0%

Remuneration report (audited) (continued)
C Details of remuneration (continued)
Amounts of remuneration (continued)

2010	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		Total
	Salary and fees	Bonus***	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits****	Shares/options	% of total	
Name	\$	\$	\$	\$	\$	\$	\$	%	\$
<i>Non-executive directors</i>									
Brian Mitchell	84,295	-	-	-	-	-	-	-	84,295
Trevor Perry	68,807	-	-	6,193	-	-	-	-	75,000
Neil Broekhuizen**	96,832	-	-	-	-	-	-	-	96,832
Matthew McLellan	61,490	-	-	-	-	-	-	-	61,490
Christopher Ryan	62,500	-	-	-	-	-	-	-	62,500
<i>Executive directors</i>									
Iain Dunstan*	358,396	128,631	38,424	24,318	-	561,941	(38,844)	(4)	1,072,866
Simon Woodfull (Resigned 8 April 2011)*	514,479	102,905	25,673	25,000	9,294	-	(38,844)	(6)	638,507
<i>Other key management personnel</i>									
Rebecca Norton	312,890	-	11,915	25,000	885	-	16,735	5	367,425
Tony Klim	373,189	58,379	5,541	43,164	-	-	35,374	7	515,647
Andrew Chesterton	321,032	49,914	6,094	33,144	-	-	32,610	7	442,794
Nick Parsons	296,753	43,784	5,064	44,513	-	-	36,590	9	426,704
Jason Tong	280,199	45,444	3,659	25,000	18,888	-	26,986	7	400,176
Darren Stevens	301,933	48,690	2,651	25,000	1,111	-	34,851	8	414,236

* Executive directors' share based payments is a reduction in the total remuneration for the year as a result of not achieving performance condition 1 of the option grant.

** Neil Broekhuizen acted as Interim Chairman from 8 September 2009 to 23 February 2010.

*** In the first quarter of FY2010, a discretionary bonus was paid to certain executives and senior management in recognition of their contribution to the consolidated entity's performance for the 2009 financial year. These payments were approved by the Board of Directors in place as at the end of June 2009.

**** Mr Dunstan received a payment of \$190,829 during FY2010 representing part payment of his notice period. The remaining amount of \$371,112 was paid during FY2011 in accordance with his employment contract.

The remaining amount of share based payment expense for KMPs is \$88,674, with expiry periods up to 30 June 2014 if service and performance conditions are met.

Performance related remuneration included as part of total remuneration for the year ended 30 June 2010:

• Tony Klim	11%
• Simon Woodfull	11%
• Rebecca Norton	0%
• Andrew Chesterton	11%
• Nick Parsons	10%
• Jason Tong	10%
• Darren Stevens	11%
• Iain Dunstan	12%

D Service agreements

Executive Director Service Agreement

Bravura has entered into an Executive Director Service Agreement with the CEO and Managing Director, Tony Klim. The agreement is a continuing contract with no fixed term and may be terminated at any time by either party with a nine month notice period. The remuneration package for Tony Klim consists of £350,000 per annum inclusive of any compulsory pension contributions and will be reviewed annually.

Remuneration report (audited) (continued)

D Service agreements (continued)

In addition to the remuneration package, Tony Klim is eligible to participate in a Short Term Incentive (STI) and Long Term Incentive (LTI) program. The STI earning may be in the range of 0% to 50% of his fixed remuneration and is determined by the Board at its discretion taking into account to what extent Tony Klim has met qualitative and quantitative performance objectives set by the Board. The LTI program will allow Tony Klim to receive performance rights, up to a value of 35% of his fixed remuneration and subject to shareholder approval, entitling him to fully paid ordinary Bravura shares after a three year performance period provided specific performance hurdles are met.

On the 31 December 2010 the Executive Director Service Agreement was renewed for Simon Woodfull with no changes. The agreement subsequently terminated on his resignation on 8 April 2011.

There have been no other changes to executive directors' service agreement.

Key Management Personnel Agreements

All service agreements for KMP including Executive Director, Rebecca Norton are unlimited in term but may be terminated by either party with notice periods ranging from three to twelve months. The service agreements outline the components of the remuneration paid to KMP and requires the remuneration of KMP to be reviewed annually. The KMP are entitled to participate in the STI and LTI programs with STI being in the range of 0% to 35% and LTI up to a value of 15% of fixed remuneration.

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

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

All KMP are required to agree to a restraint of trade clause post employment to ensure that valuable knowledge and experience is not accessed by competitors through poaching of staff.

E Share-based compensation

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

Name	Number of options granted during the year		Number of options vested during the year		Number of options lapsed during the year	
	2011	2010	2011	2010	2011	2010
Rebecca Norton (Appointed 9 May 2011)	-	-	193,750	193,750	-	-
Tony Klim (Appointed 30 June 2011)	-	-	317,883	317,884	-	27,691
Simon Woodfull (Resigned 8 April 2011)	-	-	-	-	291,961	291,961
Andrew Chesterton	-	-	215,680	328,456	-	80,063
Nick Parsons	-	-	238,412	366,567	-	84,846
Jason Tong	-	-	203,997	285,463	-	55,231
Darren Stevens	-	-	224,647	267,981	-	40,240

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

Modification of share option terms

All employee and underwriter options include exercise price re-pricing triggers on share reorganisations. Bravura completed two rights issues during the year ended 30 June 2010 which resulted in the following changes in the exercise of employee and underwrite options. The effect of the re-pricing is detailed below:

Recapitalisation rights issue - 1 September 2009

Grant date	Exercise price of option at grant date	Revised exercise price	Incremental fair value
26 Jul 07	\$1.90	\$1.89	\$0.0007
14 Nov 07	\$1.90	\$1.89	\$0.0008
13 Feb 08	\$1.80	\$1.46	\$0.0011
30 Jun 09	\$0.20	\$0.19	\$0.0052

Rights issue MFT acquisition - 15 June 2010

Grant date	Exercise price of option at grant date	Revised exercise price	Incremental fair value
26 Jul 07	\$1.90	\$1.88	\$0.0003
14 Nov 07	\$1.90	\$1.88	\$0.0003
13 Feb 08	\$1.80	\$1.45	\$0.0005
30 Jun 09	\$0.20	\$0.18	\$0.0042
08 Sep 09	\$0.15	\$0.13	\$0.0042
14 May 10	\$0.20	\$0.18	\$0.0063

Shares under option

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

Date options granted	Expiry date	Issue price of shares	Number under option
26 Jul 07	15 Jan 12	\$1.88	837,013
26 Jul 07	15 Jan 12	\$1.88	400,267
26 Jul 07	15 Jan 12	\$1.88	420,024
14 Nov 07	15 Jan 12	\$1.88	21,667
14 Nov 07	15 Jan 12	\$1.88	21,667
14 Nov 07	15 Jan 12	\$1.88	21,667
29 Nov 07	30 Nov 12	\$1.80	-
13 Feb 08	15 Jan 13	\$1.45	202,760
13 Feb 08	15 Jan 13	\$1.45	220,143
13 Feb 08	15 Jan 13	\$1.45	426,883
30 Jun 09	30 Jun 14	\$0.18	1,512,337
30 Jun 09	30 Jun 14	\$0.18	1,512,333
30 Jun 09	30 Jun 14	\$0.18	1,512,332
08 Sep 09	07 Sep 11	\$0.13	33,333,333
14 May 10	19 Mar 13	\$0.18	75,667
14 May 10	19 Mar 13	\$0.18	75,667
14 May 10	19 Mar 13	\$0.18	75,667
			<u>40,669,427</u>

Option holders do not have the right to participate in any share issue in Bravura.

Insurance of directors and officers

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

Proceedings on behalf of Bravura

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 in the financial report.

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

The directors are of the opinion that the services as disclosed in note 34 in the financial report do not compromise the external auditor's independence for the following reasons:

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

Auditor's Independence declaration

A copy of the Auditor's Independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Rounding of amounts

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

Auditor

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

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

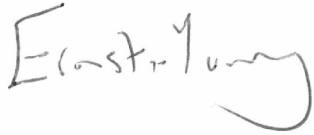


Tony Klim
CEO and Executive Director

Sydney
22 August 2011

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

In relation to our audit of the financial report of Bravura Solutions Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in grey ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in grey ink that reads 'E A Lang'.

E A Lang
Partner
22 August 2011

Bravura Solutions Limited ABN 15 111 148 826

Financial report - 30 June 2011

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Bravura Solutions Limited and its subsidiaries. The financial statements are presented in Australian currency.

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

Bravura Solutions Limited
Level 2, 345 George Street
Sydney NSW 2000

Bravura Solutions Limited is both the ultimate Australian parent and the ultimate parent entity of the group.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1 to 16, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 22 August 2011. The directors have the power to amend and reissue the financial statements.

Bravura Solutions Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Revenue from continuing operations	5	121,216	101,645
Other income	6	1,233	2,284
Employee benefits expense	7	(61,363)	(57,602)
Depreciation and amortisation expense	7	(13,837)	(10,052)
Impairment of goodwill and other intangible assets	17	(20,854)	(7,684)
Travel and entertainment costs		(3,377)	(2,730)
Occupancy costs		(4,686)	(4,812)
Telecommunications costs		(18,173)	(12,333)
Research and development		(5,705)	(7,021)
Fair value loss on derivatives		(1,058)	(3,101)
Other expenses		(9,285)	(8,143)
Finance costs		<u>(3,030)</u>	<u>(3,241)</u>
(Loss) before income tax		(18,919)	(12,790)
Income tax expense	8	<u>(2,174)</u>	<u>(449)</u>
Loss from continuing operations		<u>(21,093)</u>	<u>(13,239)</u>
Other comprehensive income			
Exchange differences on translation of foreign operations	31(a)	<u>(3,091)</u>	<u>(3,190)</u>
Total comprehensive loss for the year		<u>(24,184)</u>	<u>(16,429)</u>
Loss is attributable to:			
Owners of Bravura Solutions Limited		<u>(21,093)</u>	<u>(13,239)</u>
Total comprehensive loss for the year is attributable to:			
Owners of Bravura Solutions Limited		<u>(24,184)</u>	<u>(16,429)</u>
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary holders of the company:			
Basic loss per share	41	(3.25)	(3.39)
Diluted loss per share	41	(3.25)	(3.39)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Consolidated Statement of Financial Position
As at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	3,744	6,548
Trade and other receivables	10	28,225	26,339
Current tax receivables	11	270	-
Other current assets	12	3,185	2,195
Total current assets		35,424	35,082
Non-current assets			
Receivables	13	3,132	9,616
Other financial assets	14	15	29
Property, plant and equipment	15	6,024	8,265
Deferred tax assets	16	8,205	8,412
Intangible assets	17	120,987	154,627
Total non-current assets		138,363	180,949
Total assets		173,787	216,031
LIABILITIES			
Current liabilities			
Trade and other payables	18	7,818	5,867
Borrowings	19	3,984	11,457
Derivative financial instruments	22	578	1,168
Provisions	20	4,075	4,455
Current tax liabilities	21	-	732
Deferred settlement	23	-	7,940
Deferred revenue	24	14,511	14,876
Other current liabilities	25	6,962	6,716
Total current liabilities		37,928	53,211
Non-current liabilities			
Borrowings	26	20,898	22,154
Deferred tax liabilities	27	6,543	5,940
Provisions	28	1,413	1,884
Other non-current liabilities	29	-	1,692
Total non-current liabilities		28,854	31,670
Total liabilities		66,782	84,881
Net assets		107,005	131,150
EQUITY			
Contributed equity	30	137,775	137,788
Reserves	31(a)	(1,312)	1,727
Accumulated losses	31(b)	(29,458)	(8,365)
Total equity		107,005	131,150

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

		Contributed equity \$'000	Options reserve \$'000	Foreign currency translation reserve \$'000	Total reserves \$'000	Accumulated losses \$'000	Total equity \$'000
	Notes						
Balance at 1 July 2009		85,533	2,501	(3,683)	(1,182)	4,874	89,225
Total comprehensive loss for the year		<u>-</u>	<u>-</u>	<u>(3,190)</u>	<u>(3,190)</u>	<u>(13,239)</u>	<u>(16,429)</u>
Transactions with owners in their capacity as owners:							
Contributions of equity	30	64,426	-	-	-	-	64,426
Transaction costs	30	(12,171)	-	-	-	-	(12,171)
Share based payments	31	<u>-</u>	<u>6,099</u>	<u>-</u>	<u>6,099</u>	<u>-</u>	<u>6,099</u>
		<u>52,255</u>	<u>6,099</u>	<u>-</u>	<u>6,099</u>	<u>-</u>	<u>58,354</u>
Balance at 30 June 2010		<u>137,788</u>	<u>8,600</u>	<u>(6,873)</u>	<u>1,727</u>	<u>(8,365)</u>	<u>131,150</u>
Balance at 1 July 2010		137,788	8,600	(6,873)	1,727	(8,365)	131,150
Total comprehensive loss for the year		<u>-</u>	<u>-</u>	<u>(3,091)</u>	<u>(3,091)</u>	<u>(21,093)</u>	<u>(24,184)</u>
Transactions with owners in their capacity as owners:							
Transaction costs	30	(13)	-	-	-	-	(13)
Share based payments	31	<u>-</u>	<u>52</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>52</u>
		<u>(13)</u>	<u>52</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>39</u>
Balance at 30 June 2011		<u>137,775</u>	<u>8,652</u>	<u>(9,964)</u>	<u>(1,312)</u>	<u>(29,458)</u>	<u>107,005</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Bravura Solutions Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2011

	2011 \$'000	2010 \$'000
Notes		
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	128,007	123,816
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(108,481)</u>	<u>(104,469)</u>
	19,526	19,347
Interest received	548	-
Interest and other finance costs paid	(1,737)	(2,634)
Income taxes paid	<u>(2,359)</u>	<u>(2,486)</u>
Net cash (outflow) inflow from operating activities	40 <u>15,978</u>	<u>14,227</u>
Cash flows from investing activities		
Payment for acquisitions	(6,887)	(40,544)
Payments for property, plant and equipment	(1,445)	(1,986)
Payments for intangibles	<u>(1,386)</u>	<u>(1,832)</u>
Net cash inflow (outflow) from investing activities	<u>(9,718)</u>	<u>(44,362)</u>
Cash flows from financing activities		
Proceeds from share issue	-	64,426
Payment for share issue costs	(983)	(7,963)
Proceeds from borrowings	8,238	23,667
Payment for derivative financial instruments	(1,535)	(10,361)
Repayment of borrowings	<u>(14,270)</u>	<u>(36,792)</u>
Net cash (outflow) inflow from financing activities	<u>(8,550)</u>	<u>32,977</u>
Net (decrease) increase in cash and cash equivalents	(2,290)	2,842
Cash and cash equivalents at the beginning of the financial year	6,548	4,037
Effects of exchange rate changes on cash and cash equivalents	<u>(514)</u>	<u>(331)</u>
Cash and cash equivalents at end of year	9 <u>3,744</u>	<u>6,548</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

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

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

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

(b) Going concern

The consolidated entity has net current liabilities of \$2,505,000 (2010: \$18,130,000). The \$37,928,000 of total current liabilities includes \$14,511,000 of deferred revenue. Furthermore, the directors have noted a reduction of \$15,625,000 in net current liabilities since 30 June 2010.

The directors are of the opinion that the improved earnings before interest, tax, depreciation and amortisation (EBITDA) margins excluding licence fees and continued solid operating cash flows achieved in the 12 months ended 30 June 2011 will continue to provide sufficient cash flows to support the consolidated entity. The directors are therefore, confident the consolidated entity will be able to meet its debts as they fall due. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bravura Solutions Limited ("Company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. The company and its subsidiaries together are referred to in this financial report as the consolidated entity.

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

1 Summary of significant accounting policies (continued)

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

There are no inter-segment transactions. Corporate charges are expensed after the segment profit measured.

(e) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

The functional currencies of the overseas subsidiaries are as follows:

- (a) Bravura Solutions (NZ) Limited – New Zealand dollars (NZ\$)
- (b) Bravura Solutions (UK) Limited – British pounds (UK£)
- (c) Bravura Solutions (HK) Limited – United States dollars (US\$)
- (d) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
- (e) Bravura Software Solutions (SA) (Proprietary) Limited – South African Rand (ZAR)
- (f) Bravura Solutions Polska Sp. Z OO – Zloty (PLN)
- (g) Mutual Fund Technologies Limited – British pounds (UK£)
- (h) Bravura Solutions Services (UK) Limited – British pounds (UK£)
- (i) Bravura Solutions (Thailand) Company Limited – Thai Baht (THB)
- (j) Bravura Solutions India Private Limited – Indian Rupee (INR)

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

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

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Comprehensive Income.

(f) Revenue recognition

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

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

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Licence fees

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

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

Licence fees recognised upfront are recognised at the present value of the related future contractual revenue streams, discounted at the discount rate applicable to the debtor which is approximate to Bravura's incremental borrowing rate, with the discount being unwound through profit and loss over the period of the agreements and presented as interest income.

(ii) Maintenance and support fees

Maintenance and support revenue is recognised on a straight line basis over the period of the contract.

(iii) Professional services fees

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

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

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

(iv) Revenue on multiple-element arrangements

Arrangements usually provide licence for software products and services such as post-contract customer support.

Revenue is allocated to each element based on its respective fair value, based on the cost to deliver the services plus an acceptable margin. Refer to note 2(b) for basis of calculation.

(v) Deferred revenue

Fees for services received in advance are recorded as a liability within deferred revenue on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the life of the contract which is in line with the provision of the services.

(vi) Interest income

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

(vii) Dividends

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

(viii) Other revenue

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

(g) Income tax

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

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

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

1 Summary of significant accounting policies (continued)

(g) Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences:

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

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

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

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

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

(i) Tax consolidation legislation

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

(h) Leases

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

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

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

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1 Summary of significant accounting policies (continued)

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(j) Impairment of assets

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(k) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

1 Summary of significant accounting policies (continued)

(l) Trade receivables

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

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

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

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

(m) Investments and other financial assets

Classification

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) and receivables (note 13) in the Consolidated Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Financial assets - re-classification

The consolidated entity may choose to re-classify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be re-classified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the consolidated entity may choose to re-classify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the consolidated entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of re-classification.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are re-classified to profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the consolidated entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

Impairment

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is re-classified from equity and recognised in the profit or loss as a re-classification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(n) Derivatives

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

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

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

(o) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or related parties are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(p) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are included in profit or loss.

1 Summary of significant accounting policies (continued)

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Business contracts and relationships

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

(iii) Intellectual property and software development

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

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

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

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

(r) Trade and other payables

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

(s) Borrowings

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

(t) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition, contribution or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The consolidated entity does not currently hold qualifying assets.

1 Summary of significant accounting policies (continued)

(u) Provisions

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

(v) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(w) Share-based payments

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

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

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

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

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

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

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

1 Summary of significant accounting policies (continued)

(x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Bravura, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(z) Goods and Services Tax (GST)

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

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

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

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

(aa) Rounding of amounts

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

(ab) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods and have not yet been applied in the financial statements. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and is likely to affect the consolidated entity's accounting for its financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the consolidated entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The consolidated entity has assessed there will be no impact on any amounts disclosed in the financial statements.

1 Summary of significant accounting policies (continued)

(ab) New accounting standards and interpretations (continued)

There will be no impact on the consolidated entity's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the consolidated entity does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The consolidated entity has not yet decided when to adopt AASB 9.

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The consolidated entity will apply the amended standard from 1 July 2011. When the amendments are applied, the consolidated entity will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The consolidated entity does not make any such prepayments. The amendment is therefore, not expected to have any impact on the consolidated entity's financial statements. The consolidated entity intends to apply the amendment from 1 July 2011.

(iv) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Bravura is listed on ASX and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will therefore, have no impact on the financial statements of the entity.

(v) AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particular entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the consolidated entity's disclosures. The consolidated entity intends to apply the amendment from 1 July 2011.

(vi) IFRS 10 *Consolidated Financial Statements* (effective from 1 January 2013)

IFRS 10 establishes a new control model that applies to all entities. It replaces parts of AASB 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation - Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely have no material impact on the consolidated entity.

(vii) IFRS 11 *Joint Arrangements* (effective from 1 January 2013)

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-Controlled Entities - Non-monetary Contributions by Ventures*. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. The consolidated entity does not have any arrangements which currently meet the definition of a joint venture as in IAS 31 or are expected to meet such definition under IFRS 11.

(viii) IFRS 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The consolidated entity does not expect any impact as a result.

1 Summary of significant accounting policies (continued)

(ac) Parent Entity financial information

The financial information for the parent entity of Bravura is disclosed in note 43 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Bravura. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Bravura and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Bravura, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Estimated impairment of goodwill

The consolidated entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in the estimation of recoverable amount are included in note 17.

(ii) Income taxes

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

2 Critical accounting estimates and judgements (continued)

(iii) Long service leave provision

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

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

Useful lives of assets

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

Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees and supplier by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, with the assumptions detailed in note 42. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Revenue recognition

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

Where the consolidated entity enters into a maintenance and support agreement with a customer as part of a multiple element arrangement, the fair value of the maintenance component is calculated based on the estimated direct cost of delivering the maintenance and support plus an acceptable margin. The licence fee component of the multiple element arrangement is adjusted accordingly.

Litigation and claims

The consolidated entity continually monitors ongoing and potential litigation and claims and assesses whether there is any present obligation (legal or constructive) as a result of a past event which would give rise to a probable outflow of economic benefits in order to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. Factors considered by the consolidated entity with regard to potential or ongoing litigation include a probability assessment carried out in consultation with legal advisors. Based on advice received and status of the situation at the time of finalising the financial statements provisions will be made accordingly. Where conditions requiring a provision are not met, no such provision will be recognised by the consolidated entity.

Where the possibility of any outflow in any settlement is contingent upon one or more conditions being met, judgement is applied to determine the estimated financial impact of any settlement and whether the possibility of outflow is remote. Where the possibility of outflow is remote, no disclosure of any contingent liability has been made.

3 Financial risk management

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

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

3 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

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

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk also arises from net investments in foreign operations. The consolidated entity's Statement of Financial Position is affected by movements in the relevant currency exchange rate when converting these investments into Australian dollars (the consolidated entity's presentation currency) for consolidation purposes. Upon consolidation, any foreign exchange gains and losses on these balances are taken to a foreign currency translation reserve within equity (see note 1(e) foreign currency translation). These risks are mitigated through offsetting local currency liabilities against foreign subsidiary net assets reducing the overall foreign exchange impact.

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

	2011 \$'000	2010 \$'000
Receivables		
US Dollar	2,430	2,322
Euro	697	1,280
Pound Sterling	16,894	8,399
New Zealand Dollar	1,424	1,066
South African Rand	1	2
Polish Zloty	3,364	1,087
Thai Baht	154	-
Indian Rupee	153	-
	<u>25,117</u>	<u>14,156</u>
Trade payables		
Euro	85	52
Pound Sterling	24,874	27,572
New Zealand Dollar	16	14
South African Rand	1	-
Polish Zloty	29	58
Indian Rupee	264	-
	<u>25,269</u>	<u>27,696</u>

The consolidated entity had net financial liabilities denominated in foreign currency of \$152,000 (2010: \$13,540,000) as at 30 June 2011.

The consolidated entity derives revenues in foreign currencies as listed in the above table. Based on this exposure, had the Australian Dollar strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's loss for the year would have been \$495,000 higher. The actual foreign exchange gain for the year ended 30 June 2011 was \$1,233,000 (2010: gain of \$2,284,000).

(ii) Price risk

The consolidated entity is not exposed to price risk.

3 Financial risk management (continued)

(iii) Interest rate risk

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

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

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

	30 June 2011		30 June 2010	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans	5.03	25,399	5.66	34,984
Other loans	5.26	372	-	-
Interest rate swaps (notional principal amount)	3.54	(15,627)	3.87	(20,532)
Net exposure to cash flow interest rate risk		<u>10,144</u>		<u>14,452</u>

An analysis by remaining contractual maturities is shown in note 3(c) below.

An increase in the interest rates by one percentage point would have an adverse effect on profit of \$98,000 (2010: \$131,000) per annum.

(b) Credit risk

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

Credit risk exists for non-current receivables at the reporting date. The consolidated entity manages this risk through regularly assessing the credit quality of customers. There has not been any impairment of non-current receivables in the year ended 30 June 2011 (2010: \$nil).

(c) Liquidity risk

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

3 Financial risk management (continued)

Financing arrangements

Undrawn borrowing facilities at the reporting date to which the consolidated entity had access are disclosed in note 26.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 1.5 years (2010: 2 years).

The consolidated entity's financing arrangements impose certain covenants on the entity, if breached, the financiers may at any time declare that the loans become due and payable. Refer to note 26 for covenant details.

	Consolidated 2011 \$'000	2010 \$'000
Floating rate		
Expiring within one year		
Revolving facilities	1,200	9,017
Term facilities	<u>3,005</u>	<u>3,032</u>
	<u>4,205</u>	12,049
Expiring beyond one year		
Term facilities	<u>21,194</u>	<u>22,935</u>
	<u>25,399</u>	<u>34,984</u>

Maturities of financial assets and liabilities

The tables below analyse the consolidated entity's financial assets and liabilities into relevant maturity groupings as follows:

- (a) Based on their contractual maturities:
- (i) all non-derivative financial assets and liabilities, and
 - (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial assets and liabilities	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
At 30 June 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Financial assets</i>						
Cash and cash equivalents	3,744	-	-	-	3,744	3,744
Trade receivables	20,211	-	-	-	20,211	20,211
Accrued revenue	7,389	2,442	1,098	-	10,929	10,573
<i>Financial liabilities</i>						
Trade payables	(3,961)	-	-	-	(3,961)	(3,961)
Borrowings	(4,577)	(21,190)	-	-	(25,767)	(24,882)
Contingent consideration	(1,512)	-	-	-	(1,512)	(1,512)
Total non-derivatives	<u>21,294</u>	<u>(18,748)</u>	<u>1,098</u>	<u>-</u>	<u>3,644</u>	<u>4,173</u>
Derivatives						
Net settled (interest rate swaps)	(485)	(232)	-	-	(717)	(578)
Total derivatives	<u>(485)</u>	<u>(232)</u>	<u>-</u>	<u>-</u>	<u>(717)</u>	<u>(578)</u>

3 Financial risk management (continued)

At 30 June 2010

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Financial assets</i>						
Cash and cash equivalents	6,548	-	-	-	6,548	6,548
Trade receivables	14,492	-	-	-	14,492	14,494
Accrued revenue	10,875	6,373	3,680	-	20,928	20,510
<i>Financial liabilities</i>						
Trade payables	(2,215)	-	-	-	(2,215)	(2,215)
Borrowings	(12,049)	(3,032)	(19,903)	-	(34,984)	(33,611)
Deferred settlement	(7,940)	-	-	-	(7,940)	(7,940)
Contingent consideration	-	(1,587)	-	-	(1,587)	(1,587)
Total non-derivatives	<u>9,711</u>	<u>1,754</u>	<u>(16,223)</u>	<u>-</u>	<u>(4,758)</u>	<u>(3,801)</u>
Derivatives						
Interest rate swaps	<u>(1,486)</u>	<u>(1,337)</u>	<u>-</u>	<u>-</u>	<u>(2,823)</u>	<u>(1,168)</u>
Total derivatives	<u>(1,486)</u>	<u>(1,337)</u>	<u>-</u>	<u>-</u>	<u>(2,823)</u>	<u>(1,168)</u>

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

3 Financial risk management (continued)

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2011 and 2010.

At 30 June 2011	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Other financial assets	14	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
Total assets		<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
Liabilities					
Derivatives used for hedging	22	-	578	-	578
Contingent consideration	25	-	-	1,512	1,512
Total liabilities		<u>-</u>	<u>578</u>	<u>1,512</u>	<u>2,090</u>
 At 30 June 2010					
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Other financial assets	14	<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>
Total assets		<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>
Liabilities					
Derivatives used for hedging	22	-	1,168	-	1,168
Contingent consideration	29	-	-	1,587	1,587
Total liabilities		<u>-</u>	<u>1,168</u>	<u>1,587</u>	<u>2,755</u>

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

3 Financial risk management (continued)

The following tables present the changes in level 3 instruments for the year ended 30 June 2011 and 30 June 2010:

2011	Contingent consideration \$'000
Opening balance	1,587
Total gains and losses*	<u>(75)</u>
Closing balance	<u>1,512</u>

2010	Contingent consideration \$'000
Opening balance	-
Acquisition	<u>1,587</u>
Closing balance	<u>1,587</u>

* Recognised as part of foreign exchange gains (net) (note 6).

Contingent consideration

In the event that certain pre-determined sales revenue are achieved by the subsidiary Mutual Fund Technologies Limited (which was acquired on 15 June 2010), for the year ended 30 June 2011, additional consideration of up to GBP1,000,000 may be payable in cash.

The fair value of the contingent consideration of \$1,587,000 recognised at 30 June 2010 was estimated by assuming the full earn out would be achieved due to the high proportion of contractual revenue. The fair value estimates are based on a discount rate of 8.01% and assumed forecast 30 June 2011 of Mutual Fund Technologies Limited sales are achieved.

The fair value of the contingent consideration has been adjusted to \$1,512,000 at 30 June 2011 based on the earn out being achieved and fluctuations in the GBP/AUD exchange rate.

4 Segment information

(a) Description of segments

Management has determined the operating segments based on reports by the board of directors that are used to make strategic decisions.

The board of directors considers the business from a product group perspective and has identified two reportable segments. Transfer Agency consists of the Rufus, GTAS, GFAS and Babel products, with revenues and earnings concentrated within Europe, Middle East and Africa. Wealth Management consists of the Sonata, Talisman, Garradin, ePASS, SuperB, Calibre and SAS products providing software solutions for the life insurance, superannuation and private wealth and portfolio administration sectors, with revenue and earnings across Australia, New Zealand, Asia and the United Kingdom.

4 Segment information (continued)

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2011 and 30 June 2010 is as follows:

Full year 2011	Wealth Management \$'000	Transfer Agency \$'000	Unallocated \$'000	Total \$'000
Maintenance revenue	20,894	44,322	-	65,216
Professional services revenue	20,370	31,600	-	51,970
Licence fee revenue	2,357	910	-	3,267
Other sales revenue	190	25	-	215
Total segment external revenue	43,811	76,857	-	120,668
Trading EBITDA (segment result)	8,648	22,990	-	31,638
Reconciliation to loss before income tax:				
Research and development				(5,705)
Corporate costs				(6,900)
Group EBITDA				19,033
Interest income				546
Foreign exchange gains (net)				1,233
Fair value loss on derivatives				(1,058)
Depreciation and amortisation expense				(13,837)
Finance costs				(3,030)
Impairment of intangible assets				(20,854)
Other expenses (corporate transaction costs)				(952)
Profit before income tax expense				(18,919)
Income tax expense				(2,174)
Loss for the year				(21,093)
Segment assets	48,186	117,123	8,478	173,787
Total assets				173,787
Segment liabilities	17,304	18,051	31,427	66,782
Total liabilities				66,782
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,154	591	80	2,825
Total acquisitions				2,825
Depreciation and amortisation expense	2,810	10,965	62	13,837
Total depreciation and amortisation				13,837

4 Segment information (continued)

Full year 2010	Wealth Management \$'000	Transfer Agency \$'000	Unallocated \$'000	Total \$'000
Maintenance revenue	17,093	30,087	-	47,180
Professional services revenue	21,913	24,780	-	46,693
Licence fee revenue	1,586	5,028	-	6,614
Other sales revenue	872	-	-	872
Total segment external revenue	41,464	59,895	-	101,359
Trading EBITDA (segment result)	6,546	16,723	-	23,269
Reconciliation to loss before income tax:				
Research and development				(7,021)
Corporate costs				(6,245)
Group EBITDA				10,003
Interest income				213
Foreign exchange gains (net)				2,284
Fair value loss on derivatives				(3,101)
Depreciation and amortisation expense				(10,052)
Finance costs				(3,241)
Impairment of intangible assets				(7,684)
Other expenses (corporate transaction costs)				(1,212)
Loss before income tax				(12,790)
Income tax benefit				(449)
Loss after income tax expense				(13,239)
Segment assets	73,436	141,869	726	216,031
Total assets				216,031
Segment liabilities	17,050	27,921	39,910	84,881
Total liabilities				84,881
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,312	36,077	-	38,389
Total acquisitions				38,389
Depreciation and amortisation expense	931	3,129	5,992	10,052
Total depreciation and amortisation				10,052

(c) Other segment information

(i) Segment revenue

Segment revenue reconciles to total revenue as follows:

	2011 \$'000	2010 \$'000
Total segment revenue	120,668	101,359
Other revenue	548	286
Total revenue from continuing operations (note 5)	121,216	101,645

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$30,275,000 (2010: \$26,261,000), in the United Kingdom is \$72,928,000 (2010: \$52,713,000) and the total revenue from external customers in other countries is \$17,465,000 (2010: \$22,385,000). Segment revenues are allocated based on the country in which the customer is located.

4 Segment information (continued)

(c) Other segment information (continued)

Revenues of approximately \$14,682,000 (2010: \$17,683,000) are derived from a single external customer. These revenues are attributable to the Transfer Agency segment.

Non-current assets in Australia are \$110,542,000 (2010: \$141,572,000), the United Kingdom \$24,527,000 (2010: \$33,731,000) and other countries \$3,294,000 (2010: \$5,647,000).

(ii) Trading EBITDA

The board of directors assesses the performance of the operating segments based on a measure of trading EBITDA. This measurement basis excludes segment expensed research and development costs and the consolidated entity's corporate costs. Furthermore, the measure excludes the effect of gains/(losses) of foreign exchange and on derivative instruments which are managed centrally.

Subsequent to the issue of Appendix 4D a re-allocation of costs between Corporate Costs and Transfer Agency trading EBITDA has occurred. The re-allocation has resulted in Corporate costs being reduced by \$6,857,000 and a corresponding decrease in the Transfer Agency Trading EBITDA. There has been no overall impact to the consolidated entity's EBITDA. Full year costs for both 2011 and 2010 have been allocated in a consistent manner and can be seen in tables above.

5 Revenue

	2011 \$'000	2010 \$'000
<i>Sales revenue</i>		
Maintenance and support fees	65,216	47,180
Professional services fees	51,970	46,693
Licence fees	3,267	6,614
Other sales revenue	<u>215</u>	<u>872</u>
	<u>120,668</u>	<u>101,359</u>
<i>Other revenue</i>		
Interest received	546	213
Other	<u>2</u>	<u>73</u>
	<u>548</u>	<u>286</u>
	<u>121,216</u>	<u>101,645</u>

6 Other income

	2011 \$'000	2010 \$'000
Foreign exchange gains (net)	<u>1,233</u>	<u>2,284</u>

7 Expenses

	2011 \$'000	2010 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	1,004	1,064
Leasehold improvements	1,673	1,965
Plant and equipment under lease	-	35
Furniture and fittings	103	151
Total depreciation	<u>2,780</u>	<u>3,215</u>
<i>Amortisation</i>		
Business contracts and relationships	5,681	1,849
Intellectual property and software development	5,376	4,988
Total amortisation	<u>11,057</u>	<u>6,837</u>
Total depreciation and amortisation	<u>13,837</u>	<u>10,052</u>
<i>Employee benefits expense</i>		
Salary and wages	52,937	46,041
Termination payments	946	1,792
Share-based payments	52	368
Defined contribution superannuation expense	4,369	3,360
Other	3,059	6,041
Total employee benefits expense	<u>61,363</u>	<u>57,602</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	2,484	2,650
Borrowing costs and other	546	591
Finance costs expensed	<u>3,030</u>	<u>3,241</u>
<i>Research and development</i>		
External consultants	-	411
R&D internal and external charges	5,705	6,610
Total research and development expenses	<u>5,705</u>	<u>7,021</u>
<i>Telecommunications costs</i>		
Telecommunication and computer costs	18,173	12,333
Total telecommunications costs	<u>18,173</u>	<u>12,333</u>
<i>Other expenses</i>		
Printing and stationery costs	1,962	1,624
Marketing and conference costs	743	868
Professional and conference costs	3,042	2,392
Non-recurring corporate transaction fees	922	1,251
Bad debts	1,242	1,535
Other	1,374	473
Total other expenses	<u>9,285</u>	<u>8,143</u>

8 Income tax expense

	2011 \$'000	2010 \$'000
(a) Income tax expense		
Current tax	1,353	1,412
Deferred tax	(525)	944
Current tax - under /(over) provisions in prior years	51	(1,907)
Deferred tax - under provisions in prior years	<u>1,295</u>	<u>-</u>
Total income tax expense	<u>2,174</u>	<u>449</u>
Deferred income tax expense /(benefit) included in income tax expense comprises:		
Decrease in deferred tax assets (note 16)	(14)	590
Increase in deferred tax liabilities (note 27)	<u>(511)</u>	<u>354</u>
	<u>(525)</u>	<u>944</u>
Amount credited directly to equity	<u>-</u>	<u>(2,146)</u>
	<u>(525)</u>	<u>(1,202)</u>
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense	<u>(18,919)</u>	<u>(12,790)</u>
Tax at the Australian tax rate of 30% (2010: 30%)	<u>(5,676)</u>	<u>(3,837)</u>
Difference in overseas tax rates	<u>(3,043)</u>	<u>(355)</u>
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	1,726	3,835
Change in company income tax rates	(54)	-
Movement in foreign exchange rates	(20)	-
Interest on deferred settlement	98	98
Employee share expenses	(46)	110
Non-deductible expenses	49	563
Non-deductible expenses - other	1,220	-
Research and development claim	(162)	(140)
Attributable CFC income	397	-
Goodwill and other intangibles impairment	6,256	2,082
Sundry items	83	-
Under/(over) provision in prior years	<u>1,346</u>	<u>(1,907)</u>
Total income tax expense	<u>2,174</u>	<u>449</u>
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>13,841</u>	<u>12,783</u>
Potential tax benefit @ 30%	<u>4,152</u>	<u>3,835</u>

Bravura's Australian tax losses for which no deferred tax asset has been recognised are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

(d) Tax consolidation legislation

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

8 Income tax expense (continued)

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

Members of the tax consolidated group have entered into a tax funding agreement under which the funding amounts are based on the amounts of current tax expense allocated to the subsidiary and recognised by it in accordance with the accounting policy. The funding amounts are recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

9 Current assets - Cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash at bank	3,743	6,545
Cash on hand	<u>1</u>	<u>3</u>
	<u>3,744</u>	<u>6,548</u>

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows.

(b) Risk exposure

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Bravura, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is \$3,744,221 (2010: \$6,547,154).

10 Current assets - Trade and other receivables

	2011 \$'000	2010 \$'000
Trade receivables	20,211	14,492
Provision for impairment of trade receivables (a)	<u>-</u>	<u>-</u>
	<u>20,211</u>	<u>14,492</u>
Other receivables	573	953
Accrued service revenue and licence fees - unbilled receivables	<u>7,441</u>	<u>10,894</u>
	<u>8,014</u>	<u>11,847</u>
	<u>28,225</u>	<u>26,339</u>

10 Current assets - Trade and other receivables (continued)

Bad and doubtful trade receivables written off

The consolidated entity has written off \$1,242,000 bad debts during the year ended 30 June 2011 (2010: \$1,535,000). The consolidated entity recognised an allowance for impairment loss on trade receivables of \$nil (2010: \$nil).

(a) Impaired trade receivables

As at 30 June 2011 current trade receivables of the consolidated entity with a nominal value of \$nil (2010: \$nil) were impaired. The consolidated entity reviews its receivables on a customer by customer basis taking into account specific customer factors including credit worthiness, history of payment and current financial position as well as general market factors when assessing their recoverability. The amount of the provision was \$nil (2010: \$nil). It was assessed that a portion of the receivables is expected to be recovered.

The ageing of trade receivables is as follows:

	2011	2010
	\$'000	\$'000
Not yet due	16,420	12,067
1 to 3 months	3,417	1,650
3 to 6 months	286	280
Over 6 months	88	495
	<u>20,211</u>	<u>14,492</u>

(b) Past due but not impaired

As at 30 June 2011, trade receivables of \$3,791,000 (2010: \$2,425,000) were past due but not impaired. These relate to a small number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011	2010
	\$'000	\$'000
1 to 3 months	3,417	1,650
3 to 6 months	286	280
Over 6 months	88	495
	<u>3,791</u>	<u>2,425</u>

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The consolidated entity does not hold any collateral in relation to these receivables.

(c) Foreign exchange and interest rate risk

Information about the consolidated entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 3.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 3 for more information on the risk management policy of the consolidated entity and the credit quality of the entity's trade receivables.

11 Current assets - Current tax receivables

	2011 \$'000	2010 \$'000
Current tax receivables	<u>270</u>	<u>-</u>

12 Current assets - Other current assets

	2011 \$'000	2010 \$'000
Pre-payments	<u>3,185</u>	<u>2,195</u>

13 Non-current assets - Receivables

	2011 \$'000	2010 \$'000
Accrued service revenue and licence fees - unbilled receivable	<u>3,132</u>	<u>9,616</u>

14 Non-current assets - Other financial assets

	2011 \$'000	2010 \$'000
Other investments - Razor Risk Technologies Limited	<u>15</u>	<u>29</u>

15 Non-current assets - Property, plant and equipment

	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Leasehold improvements \$'000	Leased plant and equipment \$'000	Total \$'000
At 1 July 2009					
Cost	4,853	1,067	10,664	867	17,451
Accumulated depreciation	<u>(2,650)</u>	<u>(335)</u>	<u>(2,790)</u>	<u>(832)</u>	<u>(6,607)</u>
Net book amount	<u>2,203</u>	<u>732</u>	<u>7,874</u>	<u>35</u>	<u>10,844</u>
Year 30 June 2010					
Opening net book amount	2,203	732	7,874	35	10,844
Additions	1,143	36	807	-	1,986
Exchange differences	(221)	(79)	(1,016)	-	(1,316)
Transfers out	-	-	(34)	-	(34)
Depreciation charge	<u>(1,064)</u>	<u>(151)</u>	<u>(1,965)</u>	<u>(35)</u>	<u>(3,215)</u>
Closing net book amount	<u>2,061</u>	<u>538</u>	<u>5,666</u>	<u>-</u>	<u>8,265</u>
At 30 June 2010					
Cost	5,543	991	10,194	867	17,595
Accumulated depreciation	<u>(3,482)</u>	<u>(453)</u>	<u>(4,528)</u>	<u>(867)</u>	<u>(9,330)</u>
Net book amount	<u>2,061</u>	<u>538</u>	<u>5,666</u>	<u>-</u>	<u>8,265</u>
Year 30 June 2011					
Opening net book amount	2,061	538	5,666	-	8,265
Additions	1,308	112	25	-	1,445
Disposals	(15)	(1)	-	-	(16)
Exchange differences	(153)	(82)	(655)	-	(890)
Transfers out	-	(230)	230	-	-
Depreciation charge	<u>(1,004)</u>	<u>(103)</u>	<u>(1,673)</u>	<u>-</u>	<u>(2,780)</u>
Closing net book amount	<u>2,197</u>	<u>234</u>	<u>3,593</u>	<u>-</u>	<u>6,024</u>
At 30 June 2011					
Cost	4,709	465	9,425	213	14,812
Accumulated depreciation	<u>(2,512)</u>	<u>(231)</u>	<u>(5,832)</u>	<u>(213)</u>	<u>(8,788)</u>
Net book amount	<u>2,197</u>	<u>234</u>	<u>3,593</u>	<u>-</u>	<u>6,024</u>

Refer to note 26 for non-current assets pledged as security by the parent and its controlled entities.

16 Non-current assets - Deferred tax assets

2011 **2010**
\$'000 **\$'000**

The balance comprises temporary differences attributable to:

Property, plant and equipment	487	950
Financial assets at fair value through profit or loss	26	21
Temporary differences on intangibles	3,777	3,128
Accruals	475	248
Provisions	1,382	1,658
Unrealised (gain) loss on derivatives	-	(23)
Foreign exchange differences	392	164
Non-recurring corporate transaction fees	-	377
Listing and capital raising costs	1,510	1,889
Recognition of deferred tax assets re s40-880 (non-equity)	133	-
Recognition of deferred tax assets re s25-25 (non-equity)	23	-
Total deferred tax assets	<u>8,205</u>	<u>8,412</u>

2011 **2010**
\$'000 **\$'000**

Movements:

Opening balance at 1 July	8,412	6,856
Exchange differences	(135)	-
Credited/(charged) to profit or loss	14	(590)
Credited/(charged) to equity	-	2,146
Underprovision in prior years	(86)	-
Closing balance at 30 June	<u>8,205</u>	<u>8,412</u>

17 Non-current assets - Intangible assets

	Goodwill \$'000	Business contracts and relationships \$'000	Intellectual property and software development \$'000	Total \$'000
At 1 July 2009				
Cost	70,710	32,466	48,696	151,872
Accumulated amortisation	<u>-</u>	<u>(3,519)</u>	<u>(11,404)</u>	<u>(14,923)</u>
Net book amount	<u>70,710</u>	<u>28,947</u>	<u>37,292</u>	<u>136,949</u>
Year 30 June 2010				
Opening net book amount	70,710	28,947	37,292	136,949
Additions - internally generated	-	-	1,832	1,832
Additions through acquisition of subsidiary	10,130	20,801	3,234	34,165
Exchange differences	(2,013)	(1,620)	(164)	(3,797)
Impairment charge	(6,940)	(16)	(728)	(7,684)
Amortisation charge	<u>-</u>	<u>(1,849)</u>	<u>(4,989)</u>	<u>(6,838)</u>
Closing net book amount	<u>71,887</u>	<u>46,263</u>	<u>36,477</u>	<u>154,627</u>
At 30 June 2010				
Cost	78,827	51,395	53,554	183,776
Accumulated amortisation and impairment	<u>(6,940)</u>	<u>(5,132)</u>	<u>(17,077)</u>	<u>(29,149)</u>
Net book amount	<u>71,887</u>	<u>46,263</u>	<u>36,477</u>	<u>154,627</u>
Year 30 June 2011				
Opening net book amount	71,887	46,263	36,477	154,627
Additions - internally generated	-	-	1,386	1,386
Exchange differences	(1,837)	(1,278)	-	(3,115)
Impairment charge	(17,171)	(3,683)	-	(20,854)
Amortisation charge	<u>-</u>	<u>(5,681)</u>	<u>(5,376)</u>	<u>(11,057)</u>
Closing net book amount	<u>52,879</u>	<u>35,621</u>	<u>32,487</u>	<u>120,987</u>
At 30 June 2011				
Cost	76,989	49,806	54,929	181,724
Accumulated amortisation and impairment	<u>(24,110)</u>	<u>(14,185)</u>	<u>(22,442)</u>	<u>(60,737)</u>
Net book amount	<u>52,879</u>	<u>35,621</u>	<u>32,487</u>	<u>120,987</u>

(i) *Goodwill*

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(ii) *Business contracts and relationships*

Business contracts and relationships are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over periods between two and twenty years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item "depreciation and amortisation". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

17 Non-current assets - Intangible assets (continued)

(iii) Intellectual property and software development

Intellectual property and software are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of eight to ten years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item "depreciation and amortisation". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

(a) Impairment tests for goodwill and other intangible assets

(i) Description of the cash generating units and other relevant information

Goodwill and other intangible assets acquired through business combinations have been allocated and are tested at the level of their respective cash generating units at which goodwill and other intangible assets are monitored. Each of the cash generating units are determined based on the following factors:

- The availability of detailed financial forecasts based on this aggregation; and
- Operational drivers and reporting functionality

In the current year the following cash generating units were identified:

- Transfer Agency (TA)
- GFAS
- Wealth Management (WM)

The cash generating unit for GFAS is new for 2011 following the acquisition of MFT in June 2010.

Transfer Agency

The recoverable amount of the Transfer Agency unit has been determined on a value in use approach. The value in use of each CGU has been based on detailed financial projections approved by the board of directors covering a five year period. Bravura has increased the weighting to a more conservative scenario in relation to the amount of expected future cash flows and therefore has reduced the risk premium for the transfer agency sector.

The pre-tax, risk adjusted discount rate applied to these cash flow projections is 17% (2010: 18.8%). The terminal value after the five year projection period has been calculated using a growth rate of 3% (2010: 2.5%) which is in line with the expected long-term average growth rate for the software industry.

GFAS

The recoverable amount of the GFAS unit is determined using a value in use approach. The value in use has been based on detailed financial projection that were initially identified through the acquisition of MFT and have been subsequently reviewed and approved by the Board of Directors covering a nine year period.

The pre-tax, risk adjusted discount rate applied to these cash flow projections is 14.3% (2010: N/A). No terminal value has been calculated as the revenue streams have an identifiable life of nine years.

Wealth Management

The recoverable amount of the Wealth Management unit is determined using a value in use approach. The value in use has been based on detailed financial projections approved by the board of directors covering a five year period.

The pre-tax, risk adjusted discount rate applied to these cash flow projections is 21.6% (2010: 22.5%). The terminal value after the five year projection period has been calculated using a growth rate of 3% (2010: 2.5%) which is in line with the expected long-term average growth rate for the software industry.

17 Non-current assets - Intangible assets (continued)

(ii) *Carrying amount of goodwill and other intangibles allocated to each of the cash generating units*

2011	Transfer Agency \$'000	GFAS \$'000	Wealth Management \$'000	Total \$'000
Consolidated	70,983	20,588	29,416	120,987
2010	Transfer Agency \$'000	GFAS \$'000	Wealth Management \$'000	Total \$'000
Consolidated	89,535	-	30,537	120,072

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

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

Revenue projections are based on detailed plans for 2012 and growth projections based on the key drivers in the current business, including an assessment of:

- Contracted maintenance and support services – estimated based on recurring revenue from current contracts with existing clients;
- Revenues for professional services to existing clients – estimated after considering the levels of revenue currently being achieved and known projects; and
- Uncontracted forecast revenue which is management's estimate of forecast revenue.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2012 year. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

Discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.

(c) Sensitivity to changes in assumptions

Transfer Agency

With regard to the assessment of the value in use of the Transfer Agency cash generating unit an increase in the discount rate of 50 basis points would result in additional impairment charge of \$2,651,000. A reduction in the long-term growth rate to 2% would result in an additional impairment charge of \$793,000.

GFAS

With regard to the assessment of the value in use of the GFAS cash generating unit an increase in the discount rate of 50 basis points would result in additional impairment charge of \$209,000.

Wealth Management

With regard to the assessment of the value in use of the Wealth Management cash generating unit, management believe that no reasonable change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

(d) Impairment losses recognised

An impairment loss of \$17,171,000 on goodwill was recognised in the 2011 financial year (2010: \$7,684,000) as well as an impairment loss of \$3,683,000 (2010: \$nil) on Business contracts and relationships. The impairment losses relate to the cash generating units as follows:

17 Non-current assets - Intangible assets (continued)

Transfer Agency

Impaired goodwill of \$11,624,000 (2010: \$nil). Impairment loss has been incurred in the 2011 financial year as a result of a continuing decline in the British pound and ongoing uncertainty in the United Kingdom economic climate. The Transfer Agency market continues to generate predictable recurring revenue streams however organic growth has been slower than was anticipated during previous acquisitions and prior to the global financial crisis. The products included in the Transfer Agency market include Rufus, Babel and GTAS.

GFAS

Impaired business contracts and relationships - \$3,683,000 (2010: \$nil). Impairment loss has occurred due to an existing business contract not renewing as was anticipated at the time of accounting for the MFT acquisitions.

Impaired goodwill - \$5,547,000 (2010: \$nil). Impairment loss relating to the goodwill attached to the business contract mentioned in addition to the continuing decline in the British Pound.

Wealth Management

Impaired goodwill - \$nil (2010: \$7,684,000)

18 Current liabilities - Trade and other payables

	2011	2010
	\$'000	\$'000
Trade payables	3,961	2,215
Other payables	<u>3,857</u>	<u>3,652</u>
	<u>7,818</u>	<u>5,867</u>

19 Current liabilities - Borrowings

	2011	2010
	\$'000	\$'000
Secured		
Bank loans	<u>3,612</u>	<u>11,457</u>
Total secured current borrowings	<u>3,612</u>	<u>11,457</u>
Unsecured		
Other loans	<u>372</u>	<u>-</u>
Total unsecured current borrowings	<u>372</u>	<u>-</u>
Total current borrowings	<u>3,984</u>	<u>11,457</u>

See note 26 for further information.

20 Current liabilities - Provisions

	2011	2010
	\$'000	\$'000
Employee benefit liabilities, including superannuation (see note 1(v))	4,075	4,418
Deferred rent incentive	<u>-</u>	<u>37</u>
	<u>4,075</u>	<u>4,455</u>

20 Current liabilities - Provisions (continued)

(a) Deferred rent incentive

Deferred rent incentive represents contributions previously made towards tenancy fit-outs in various leased offices.

(b) Movements in provisions

	Deferred rent incentive 2011 \$'000	Deferred rent incentive 2010 \$'000
Current		
Carrying amount at start of year	37	132
Charged/(credited) to profit or loss		
Amounts used	<u>(37)</u>	<u>(95)</u>
Carrying amount at end of year	<u>-</u>	<u>37</u>

(c) Amounts not expected to be settled within the next 12 months

The current provision for annual leave is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave within the next 12 months.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

21 Current liabilities - Current tax liabilities

	2011 \$'000	2010 \$'000
Income tax	<u>-</u>	<u>732</u>

22 Derivative financial instruments

	2011 \$'000	2010 \$'000
Current liabilities		
Interest rate swap contracts	<u>578</u>	<u>1,168</u>
Total current derivative financial instrument liabilities	<u>578</u>	<u>1,168</u>

23 Current liabilities - Deferred settlement

	2011 \$'000	2010 \$'000
Deferred settlement - Bravura Solutions Polska Sp. Z OO	<u>-</u>	<u>7,940</u>

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

24 Current liabilities - Deferred revenue

	2011 \$'000	2010 \$'000
Deferred maintenance and service revenue	<u>14,511</u>	<u>14,876</u>

25 Current liabilities - Other current liabilities

	2011 \$'000	2010 \$'000
Accrued expenses	5,450	6,716
Contingent consideration - Mutual Fund Technologies Limited	<u>1,512</u>	<u>-</u>
	<u>6,962</u>	<u>6,716</u>

26 Non-current liabilities - Borrowings

	2011 \$'000	2010 \$'000
Bank loans - term loan	<u>20,898</u>	<u>22,154</u>

(a) Secured liabilities and assets pledged as security

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

	2011 \$'000	2010 \$'000
Bank loans	<u>24,510</u>	<u>33,611</u>

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

26 Non-current liabilities - Borrowings (continued)

	2011 \$'000	2010 \$'000
Current		
<i>Floating charge</i>		
Cash and cash equivalents	3,744	6,548
Receivables	28,225	26,339
Other current assets	3,186	2,194
	<u>35,155</u>	<u>35,081</u>
Non-current		
<i>Floating charge</i>		
Receivables - non-current	3,132	9,616
Other financial assets	15	29
Plant and equipment	6,024	8,265
	<u>9,171</u>	<u>17,910</u>
Total assets pledged as security	<u>44,326</u>	<u>52,991</u>

(b) Financing arrangements

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

	2011 \$'000	2010 \$'000
Bank loan facilities		
Total facilities	37,722	39,018
Used at balance date	<u>25,399</u>	<u>34,984</u>
Unused at balance date	<u>12,323</u>	<u>4,034</u>

The bank loans as at 30 June 2011 stated in the Consolidated Statement of Financial Position included unamortised transaction costs of \$889,000 (2010: \$1,373,000) which were offset in the Consolidated Statement of Financial Position but not in the table above to reflect the amount used at balance date.

The financing arrangements impose certain covenants on the consolidated entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. The financial covenants that must be met as at 30 June 2011 are as follows:

- The interest cover ratio (adjusted EBITA/interest) of the consolidated entity must not be less than 4:1;
- The leverage ratio (debt/adjusted EBITA) of the consolidated entity must not be greater than 3:1;
- The net assets of the consolidated entity must not be less than \$65 million; and
- The revolving facilities must be paid down to \$nil for a period of five consecutive business days in each calendar year.

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

27 Non-current liabilities - Deferred tax liabilities

	2011 \$'000	2010 \$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	514	(29)
Unrealised gain on foreign exchange	950	608
Intangible assets	5,000	5,361
Others	79	-
Total deferred tax liabilities	<u>6,543</u>	<u>5,940</u>

Movements:

Opening balance at 1 July	5,940	5,586
Exchange differences	(95)	-
Credited/(charged) to profit or loss	(510)	-
Acquisition in business	-	354
Under provision in prior years	1,208	-
Closing balance at 30 June	<u>6,543</u>	<u>5,940</u>
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after more than 12 months	<u>6,543</u>	<u>5,940</u>
	<u>6,543</u>	<u>5,940</u>

28 Non-current liabilities - Provisions

	2011 \$'000	2010 \$'000
Employee benefits - long service leave	468	803
Make good provision	<u>945</u>	<u>1,081</u>
	<u>1,413</u>	<u>1,884</u>

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Make good provision 2011 \$'000	Make good provision 2010 \$'000
Non-current		
Carrying amount at start of year	1,081	1,060
Charged/(credited) to profit or loss		
Adjustments to provision	(98)	-
Interest	-	61
Exchange differences	(38)	(40)
Carrying amount at end of year	<u>945</u>	<u>1,081</u>

Make good provision

In accordance with its lease agreements, Bravura must restore the leased premises in Australia, New Zealand and the United Kingdom to their original condition at the end of their respective lease terms (range from four to ten years).

Provisions were adjusted during the year ended 30 June 2011 based on updated estimates received to remove leasehold improvements from these leased premises and is included in the carrying amount of the leasehold improvements.

29 Non-current liabilities - Other non-current liabilities

	2011 \$'000	2010 \$'000
Accrued expenses	-	105
Contingent consideration - Mutual Fund Technologies Limited	-	1,587
	<u>-</u>	<u>1,692</u>

30 Contributed equity

	2011 Shares	2010 Shares	2011 \$'000	2010 \$'000
(a) Share capital				
Ordinary shares				
Fully paid	<u>648,127,461</u>	<u>648,127,461</u>	<u>137,775</u>	<u>137,788</u>

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	Issue price \$'000
01 Jul 09	Opening balance	142,008,658		85,533
01 Sep 09	Issue of shares	103,254,303	\$0.15	15,488
07 Sep 09	Issue of shares	119,699,303	\$0.15	17,955
	Transaction costs incurred (cash)	-		(7,153)
	Transaction costs incurred (options) (d)	-		(5,521)
	Deferred tax credit recognised directly in equity	-		2,146
14 May 10	Issue of shares (d)	53,333,334	\$0.15	8,000
15 Jun 10	Issue of shares	229,831,863	\$0.10	22,983
	Transaction costs incurred (cash)	-		(1,433)
	Transaction costs incurred (options) (d)	-		(210)
30 Jun 10	Balance	<u>648,127,461</u>		<u>137,788</u>
01 Jul 10	Opening balance	648,127,461		137,788
	Transaction costs incurred	-		(13)
30 Jun 11	Balance	<u>648,127,461</u>		<u>137,775</u>

(c) Ordinary shares

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

30 Contributed equity (continued)

(d) Underwriter options issued

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

Dividend Yield: 0.00%

Expected Volatility: 60.00%

Risk-free interest rate: 4.28%

Expected term: 2 years

Stock price: \$0.16

Option exercise price: \$0.15

During the prior year the underwriter (entities associated with Ironbridge Capital) exercised 53,333,334 options at \$0.15 to partly fund the acquisition of Mutual Fund Technologies Limited. The remaining funds were raised through a fully underwritten renounceable rights issue. The rights issue triggered a modification to the exercise price of the options which led to the recognition of incremental transaction costs of \$210,000. As at 30 June 2011, 33,333,333 options at a modified exercise price of \$0.13 remain unexercised.

(e) Capital risk management

The consolidated entity's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The consolidated entity monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the Consolidated Statement of Financial Position plus net debt.

The consolidated entity is subject to the following covenants:

- The interest cover ratio (EBITA/interest) of the consolidated entity must not be less than 4:1;
- The leverage ratio (debt/ EBITA) of the consolidated entity must not be greater than 3:1;
- The net assets of the consolidated entity must not be less than \$65 million; and
- The revolving facilities must be paid down to \$nil for a period of five consecutive business days in each calendar year.

EBITA is defined as operating profit of the consolidated entity before interest, amortisation, income tax and non-controlling interests, but after deduction of depreciation for that period, as determined in accordance with the Accounting Standards.

The consolidated entity's focus is to ensure capital is managed effectively and to maximise shareholder returns over the long term which may include share buy backs, issue of new shares and/or dividends depending on the capital structure at the time.

31 Reserves and (accumulated losses)/retained earnings

	2011 \$'000	2010 \$'000
(a) Reserves		
Options reserve	8,652	8,600
Foreign currency translation reserve	<u>(9,964)</u>	<u>(6,873)</u>
	<u>(1,312)</u>	<u>1,727</u>
	2011 \$'000	2010 \$'000

Movements:

<i>Options reserve</i>		
Balance 1 July	8,600	2,501
Share based payment - employee and executive directors	52	368
Share based payment - underwriter	-	5,731
Balance 30 June	<u>8,652</u>	<u>8,600</u>

Movements:

<i>Foreign currency translation reserve</i>		
Balance 1 July	(6,873)	(3,683)
Currency translation differences arising during the year	<u>(3,091)</u>	<u>(3,190)</u>
Balance 30 June	<u>(9,964)</u>	<u>(6,873)</u>

(b) Accumulated losses

	2011 \$'000	2010 \$'000
Balance 1 July	(8,365)	4,874
Net loss for the year	<u>(21,093)</u>	<u>(13,239)</u>
Balance 30 June	<u>(29,458)</u>	<u>(8,365)</u>

(c) Nature and purpose of reserves

(i) Options reserve

The options reserve is used to record the fair value of equity benefits provided to employees and directors as part of their compensation.

(ii) Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from translation of the financial statements of foreign operations.

32 Dividends

(a) Ordinary shares

No dividends were paid to members during the financial year (2010: \$nil).

32 Dividends (continued)

(b) Franked dividends

	2011 \$'000	2010 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	-	53

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

33 Key management personnel disclosures

(a) Directors

The following persons were directors of Bravura during the financial year:

(i) *Chairman - Non-executive Director*
Brian Mitchell

(ii) *Executive Directors*
Rebecca Norton (Appointed 9 May 2011)
Tony Klim (Appointed 30 June 2011)
Simon Woodfull (Resigned 8 April 2011)

(iii) *Non-executive Directors*
Trevor Perry
Neil Broekhuizen
Matthew McLellan (Resigned 15 July 2011)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Andrew Chesterton	Chief Operating Officer, Global Transfer Agency
Nick Parsons	Chief Technology Officer
Jason Tong	Chief Operating Officer, Global Wealth Management
Darren Stevens	Head of Product - Global Wealth Management

(c) Key management personnel compensation

	2011 \$	2010 \$
Short-term employee benefits	2,899,938	3,709,563
Post-employment benefits	244,307	251,332
Other long-term benefits	27,404	30,178
Termination benefits	583,025	561,941
Share-based payments	93,121	105,458
	<u>3,847,795</u>	<u>4,658,472</u>

33 Key management personnel disclosures (continued)

(i) *Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director of Bravura and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

2011

Name	Balance at start of the year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bravura							
Rebecca Norton (Appointed 9 May 2011)	581,250	-	-	-	581,250	387,500	193,750
Tony Klim (Appointed 30 June 2011)	898,267	-	-	-	898,267	635,767	262,500
Simon Woodfull (Resigned 8 April 2011)	291,961	-	-	(291,961)	-	-	-
Other key management personnel of the consolidated entity							
Andrew Chesterton	825,242	-	-	-	825,242	656,914	168,328
Nick Parsons	930,008	-	-	-	930,008	733,133	196,875
Jason Tong	745,929	-	-	-	745,929	570,929	175,000
Darren Stevens	701,796	-	-	-	701,796	514,296	187,500

2010

Name	Balance at start of the year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bravura							
Simon Woodfull	583,922	-	-	(291,961)	291,961	-	291,961
Iain Dunstan (Resigned 23 February 2010)	583,922	-	-	(291,961)	291,961	-	291,961
Other key management personnel of the consolidated entity							
Rebecca Norton	581,250	-	-	-	581,250	193,750	387,500
Tony Klim	925,958	-	-	(27,691)	898,267	317,884	580,383
Andrew Chesterton	905,305	-	-	(80,063)	825,242	441,234	384,008
Nick Parsons	1,014,854	-	-	(84,846)	930,008	494,721	435,287
Jason Tong	801,160	-	-	(55,231)	745,929	366,932	378,997
Darren Stevens	742,036	-	-	(40,240)	701,796	289,649	412,147

(ii) *Share holdings*

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below. If a director or other members of key management personnel are not listed below they do not hold shares in Bravura.

2011

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Bravura				
Ordinary shares				
Brian Mitchell	2,780,884	-	-	2,780,884
Trevor Perry	3,079,481	-	-	3,079,481
Simon Woodfull (Resigned 8 April 2011)	14,521,483	-	(14,520,441)	1,042
Other key management personnel of the consolidated entity				
Ordinary shares				
Jason Tong	82,734	-	-	82,734

33 Key management personnel disclosures (continued)

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2010				
Directors of Bravura				
Ordinary shares				
Brian Mitchell	-	-	2,780,884	2,780,884
Trevor Perry (Appointed 11 March 2009)	3,079,481	-	-	3,079,481
Simon Woodfull	14,521,483	-	-	14,521,483
Christopher Ryan (Resigned 28 September 2009)	9,538,306	-	(5,038,306)	4,500,000
Iain Dunstan (Resigned 23 February 2010)	28,880,429	-	1,694,564	30,574,993
Other key management personnel of the consolidated entity				
Ordinary shares				
Jason Tong	-	-	82,734	82,734

Further disclosures

The consolidated entity has applied the relief outlined in AASB 2008-4, by disclosing the full key management personnel disclosures in the directors' report only, thus not duplicating that information in the financial report. These transferred disclosures have been audited.

34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2011 \$	2010 \$
Audit services - Ernst & Young		
<i>Audit services</i>		
Audit and review of financial reports	<u>571,599</u>	393,421
Total remuneration for audit and other services	<u>571,599</u>	393,421
<i>Other services</i>		
Independent accountants report and advisory services	7,500	489,759
Tax compliance services	-	99,223
Taxation advice	-	193,718
Total remuneration for taxation services	<u>7,500</u>	782,700
Total remuneration of Ernst & Young	<u>579,099</u>	1,176,121
Non-Ernst & Young audit firms		
Tax compliance services	510,561	114,477
Advisory services	<u>576,144</u>	347,148
Total remuneration for non-Ernst & Young audit firms	<u>1,086,705</u>	461,625

35 Contingencies

(a) Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2011 in respect of:

Bank guarantees

Guarantees given in respect of bank overdrafts and loans of subsidiaries amounting to \$857,000 (2010: \$621,000) for consolidated entity, secured by registered mortgages over the freehold properties of the subsidiaries.

(b) Contingent assets

The consolidated entity had no contingent assets at 30 June 2011 (2010: nil).

36 Commitments

(i) Operating leases

	2011 \$'000	2010 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	3,630	4,007
Later than one year but not later than five years	8,438	10,105
Later than five years	<u>6,316</u>	<u>884</u>
	<u>18,384</u>	<u>14,996</u>

Operating lease commitments consist of amounts payable for office rental and equipment, which are generally renewable for one to ten years.

37 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 33.

(b) Subsidiaries

Interests in subsidiaries are set out in note 38.

(c) Outstanding balances arising from transactions with related parties

	2011 \$	2010 \$
<i>Current payables</i>		
Payable to Ironbridge Capital	<u>-</u>	<u>41</u>

(d) Loans from related parties

There are no loans payable or receivable from related parties at the reporting date.

37 Related party transactions (continued)

(e) Transactions with related parties

	2011 \$	2010 \$
Rights issue underwriter fees and associated costs paid to Ironbridge Capital	-	1,824

Disclosures relating to guarantees provided are set out in note 35(a) and note 43(b).

Director fees for Matthew McLellan and Neil Broekhuizen are paid directly to Ironbridge Capital.

(f) Terms and conditions of transactions with related parties other than key management personnel or entities related to them

All transactions were made on normal commercial terms and conditions and at market rates.

38 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of Shares	Equity holding	
			2011 %	2010 %
Bravura eCommerce Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Facility Pty Limited	Australia	Ordinary	100	100
Bravura Portfolio Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Solutions (Australia) Pty Limited	Australia	Ordinary	100	100
Bravura Solutions (HK) Limited	Hong Kong	Ordinary	100	100
Bravura Solutions Luxembourg Holdings S.a.r.l.	Luxembourg	Ordinary	100	100
Bravura Solutions (NZ) Limited	New Zealand	Ordinary	100	100
Bravura Solutions (UK) Limited	United Kingdom	Ordinary	100	100
Garradin Pty Limited	Australia	Ordinary	100	100
Real Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Software Solutions (SA) (Proprietary) Limited	South Africa	Ordinary	100	100
Bravura Solutions Polska Sp. Z OO	Poland	Ordinary	100	100
Mutual Fund Technologies Limited	Bermuda	Ordinary	100	100
Bravura Solutions Services (UK) Limited	United Kingdom	Ordinary	100	100
Bravura Solutions (Thailand) Company Limited	Thailand	Ordinary	100	100
Bravura Solutions India Private Limited	India	Ordinary	100	-

39 Events occurring after the reporting period

Subsequent to 30 June 2011, Ironbridge Capital have exercised their remaining options that were originally granted during the recapitalisation process in September 2009 as described in note 30. The exercise of these will further enhance the consolidated entity's cash position.

Other than what has been noted above there have been no matter or circumstance that has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company or economic entity, the results of those operations or the state of affairs of the consolidated entity or economic entity in subsequent financial years.

40 Reconciliation of loss after income tax to net cash inflow from operating activities

	2011	2010
	\$'000	\$'000
Loss for the year	(21,093)	(13,239)
Depreciation and amortisation	13,837	10,052
Impairment of intangible assets	20,854	7,684
Share-based payments	52	368
Non-cash finance costs	1,293	607
Non-cash revenue	-	14
Realised loss on derivatives reclassified to financing activities	-	3,631
Net exchange differences	(2,184)	(3,475)
Change in operating assets and liabilities		
Decrease in trade debtors and other debtors	4,597	10,487
Decrease (increase) in deferred tax assets	207	(1,556)
(Increase) in income tax receivable	(270)	-
(Increase) decrease in prepayments	(992)	731
Increase (decrease) in trade creditors	1,951	(2,753)
(Decrease) increase in other operating liabilities	(2,145)	4,396
(Decrease) in provision for income taxes payable	(732)	(2,981)
Increase in deferred tax liabilities	603	354
(Decrease) in derivative liabilities	-	(93)
Net cash inflow from operating activities	<u>15,978</u>	<u>14,227</u>

41 Earnings per share

	2011	2010
	Cents	Cents
Basic earnings per share	(3.25)	(3.39)
Diluted earnings per share	(3.25)	(3.39)

	2011	2010
	\$'000	\$'000
Loss attributable to the ordinary equity holders of Bravura	(21,093)	(13,239)

	2011	2010
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	648,127,461	390,338,333
Weighted average number of ordinary shares used in calculating diluted earnings per share	648,127,461	390,338,333

The weighted average number of ordinary shares have been adjusted in 2010 to reflect the rights issue that occurred during that financial year.

Diluted earnings per share is identical to basic earnings per share as the exercise price of the remaining 40,669,427 (2010: 42,137,271) share options would result in a reduction in the loss per share.

43 Parent Entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2011 \$'000	2010 \$'000
Balance sheet		
Current assets	11,823	12,128
Non-current assets	<u>138,374</u>	<u>161,065</u>
Total assets	<u>150,197</u>	<u>173,193</u>
 Current liabilities	 42,865	 43,160
Non-current liabilities	<u>6,770</u>	<u>7,425</u>
Total liabilities	<u>49,635</u>	<u>50,585</u>
 Net assets	 <u>100,562</u>	 <u>122,608</u>
 <i>Shareholders' equity</i>		
Contributed equity	137,775	137,788
Reserves	8,652	8,600
Accumulated losses	<u>(45,865)</u>	<u>(23,780)</u>
	<u>100,562</u>	<u>122,608</u>
 Loss for the year	 <u>(22,085)</u>	 <u>(24,200)</u>
 Total comprehensive loss	 <u>(22,085)</u>	 <u>(24,200)</u>

(b) Guarantees entered into by the Parent Entity

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to \$857,000 (2010: \$621,000), secured by registered mortgages over the freehold properties of the subsidiaries.

A liability has been recognised in relation to these financial guarantees in accordance with the policy set out in notes 1(o) and 1(ac).

(c) Contingent liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at 30 June 2011 (30 June 2010: \$nil). Information about guarantees given by the parent entity are on page 66.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2011, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$nil (2010: \$nil). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 18 to 72 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and
- (b) the financial statements and notes set out on pages 18 to 72 are also in accordance with the international financial reporting standards issued by the International Accounting Standards Board, as disclosed in note 1(a), and
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Tony Klim
CEO and Executive Director

Sydney

22 August 2011

Independent auditor's report to the members of Bravura Solutions Limited

Report on the financial report

We have audited the accompanying financial report of Bravura Solutions Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included on page 17 of the financial report.

Opinion

In our opinion:

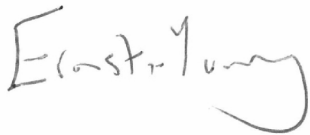
- a. the financial report of Bravura Solutions Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a)(i).

Report on the remuneration report

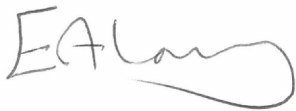
We have audited the Remuneration Report included in pages 5 to 15 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bravura Solutions Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in grey ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in grey ink that reads 'E A Lang' in a cursive, stylized script.

E A Lang
Partner
Sydney
22 August 2011