Appendix 4D

Half-year Report

Name of entity	Bravura Solutions Limited
ABN	54 164 391 128
Financial period ended	31 December 2019
Previous corresponding reporting period	31 December 2018

Results for announcement to the market

Financial results	**31 December 2019 $'000**	31 December 2018 $'000	Percentage increase/(decrease) over previous corresponding period %
Revenue from ordinary activities	135,141	127,438	6.04
Profit from ordinary activities after tax attributable to members	19,769	16,327	21.08%
Net profit for the period attributable to members	19,769	16,327	21.08%

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the ASX release and Interim Financial Report for the period ended 31 December 2019. The Interim Financial Report has been reviewed.

Dividends

Date the dividend is payable	27 March 2020
Record date to determine entitlement to the dividend	4 March 2020
Amount per security (cents)	5.5
Total dividend ($'000)	$13,399
Franked amount per security	Nil
Amount per security of foreign sourced dividend or distribution (cents)	5.5
Details of any dividend reinvestment plans in operation	Activated
The last date for receipt of an election notice for participation in any dividend reinvestment plans	5 March 2020

NTA backing

	Current period 31 December 2019 Cents	Previous corresponding period 31 December 2018 Cents
Net tangible asset backing per ordinary security	21.45	(3.67)
Net assets per ordinary security	124.61	57.35

Control gained over entities having material effect

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortisation and intercompany charges	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) for the whole of the previous corresponding period	Not applicable

Loss of control over entities having material effect

Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Consolidated profit from ordinary activities for the current period to the date of loss of control	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) while controlled for the whole of the previous corresponding period	Not applicable

Details of associates and joint venture entities

Name of entity	**Percentage held**		**Share of net loss**	
	Current period %	**Previous period %**	**Current period $'000**	**Previous period $'000**
Aggregate share of net loss	-	-	-	-

BRAVURA SOLUTIONS LIMITED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

BRAVURA SOLUTIONS LIMITED
ABN 54 164 391 128

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2019 and any public announcements made by Bravura Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as "the Group" or "Consolidated Entity") consisting of Bravura Solutions Limited ("Bravura Solutions" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

The following persons were Directors of Bravura Solutions during the whole of the half-year and up to the date of this report, unless otherwise disclosed below:

Non-executive Directors	
Neil Broekhuizen	Independent Chairman, from 23 August 2019
Peter Mann	Independent
Alexa Henderson	Independent
Executive Directors	
Tony Klim	CEO
Martin Deda	CFO
Former non-executive Director	
Brian Mitchell	Independent Chairman, resigned 23 August 2019

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the current and prior periods consisted of the development, licensing and maintenance of highly specialised administration and management software applications and the provision of professional consulting services for the Wealth Management and Funds Administration sectors of the financial services industry.

REVIEW AND RESULTS OF OPERATIONS

Revenue for 1H20 at $135.1 million was $7.7 million or 6.0% higher than the prior comparative period, driven by new business, continuing project work, expansion of managed and cloud services and increasing demand from existing clients, as well as acquisitions.

Whilst expenses, predominantly employee expenses and occupancy costs, grew against the prior comparative period, EBITDA has increased to $25.5 million, being $1.7 million or 7.3% above the prior comparative period, resulting in $21.6 million profit before tax compared to $20.0 million in the prior comparative period, being 8% above the prior comparative period. NPAT was $19.8 million, being $3.4 million or 21.1% above the prior comparative period, partly as a result of a one-off $1.7 million deferred tax credit arising from the acquisitions completed during the period which will reverse over time.

Wealth Management revenue increased by 0.6% to $91 million and EBITDA down 11.5%. Wealth Management EBITDA margin decreased to 28.6% in 1H20 (32.5% in 1H19). The lower EBITDA and margin result reflected lower licence fees of $2.0 million in 1H20, compared to $8.4 million in 1H19. Excluding licence fees, the Wealth Management segment saw EBITDA growth and margin expansion. During the reporting period, the Group acquired two Wealth Management businesses, Midwinter and FinoComp.

Funds Administration revenue increased by 19.3% to $44.1 million and EBITDA up 43.5%. Funds Administration EBITDA margin increased to 44.4% in 1H20 (36.9% in 1H19). The segment benefitted from higher licence fees of $3.2 million in 1H20 compared to $0.7 million in 1H19. Funds Administration also saw increased implementation and project work arising across its client base.

The Group continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest market and regulatory requirements. Of the total development spend during 1H20, $17.9 million (1H19: $15.0 million) was focused on progressing the road map for Sonata, of which $3.2 million (1H19: $2.0 million) was capitalised as intangible assets.

To meet the demand from new sales and project activity from existing clients and anticipated demand from forecast sales, as well as additional staff obtained through business combinations, the employee head count of the Group has increased from 1,351 as at 30 June 2019 to 1,467 staff as at 31 December 2019 on a permanent or contractor basis staffing 12 offices around Australia, New Zealand, United Kingdom, Europe, South Africa, Asia and India. Employment related expenses comprised 72.4% (1H19: 73.7%) of total operating expenses in the period.

DIRECTORS' REPORT (CONTINUED)

The review of results of operations included in the Directors' Report includes a number of non-AASB financial measures. These non-AASB financial measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources. EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation, and amortisation. EBITDA includes $1.5 million (31 December 2018: $1.1 million) depreciation of property, plant and equipment dedicated to client hosting services. From 1 July 2019, EBITDA includes $3.5 million depreciation of right-of-use assets as well as $1 million interest expense associated with property leases, which would otherwise be excluded under AASB 16.

	NOTES	31 DECEMBER 2019 $'000	31 DECEMBER 2018 $'000
Wealth Management		**91,010**	90,440
Funds Administration		**44,131**	36,998
Revenue	4	**135,141**	127,438
Employee benefits expense	5	**(79,356)**	(76,466)
Third party cost of sales		**(9,971)**	(8,606)
Travel and accommodation costs		**(3,556)**	(3,031)
Occupancy costs		**(6,555)**	(5,803)
Telecommunication costs		**(3,530)**	(4,534)
Development operating expense		**(696)**	(1,157)
Other expenses (including hosting asset depreciation)		**(6,003)**	(4,096)
EBITDA		**25,474**	23,745
Depreciation and amortisation expense		**(4,359)**	(2,881)
EBIT		**21,115**	20,864
Finance income	4	**761**	22
Finance expense	5	**(353)**	(325)
Foreign exchange gain/(loss)		**28**	(606)
Profit before income tax		**21,551**	19,955
Income tax expense	6	**(1,782)**	(3,628)
Net profit		**19,769**	16,327

DIVIDENDS

During the reporting period, the Company paid a final dividend of 4.8c per share. An interim dividend of 5.5c per share has been declared to be paid on 27 March 2020, reflecting 68% of NPAT. The Dividend Reinvestment Plan has been activated.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the reporting period, the Company issued 439,440 shares under the Dividend Reinvestment Plan on 27 September 2019.

On 30 August 2019 the Group acquired 100% of the issued shares in Midwinter Holdings (NSW) Pty Ltd, a developer of financial planning technology, for consideration of $50 million. The acquisition opens an important avenue for growth in Australia, the UK and other geographies in which Bravura currently operates. Midwinter's software compliments Bravura's Wealth Management product suite and is a natural extension to existing software solutions and client base, sitting alongside retirement savings, investments and life insurance.

DIRECTORS' REPORT (CONTINUED)

On 31 October 2019 the Group acquired 100% of the issued shares in FinoComp Holdings Pty Ltd, a software developer for data analytics, client reporting, performance reporting and regulatory compliance built on a microservices architecture, for consideration of $25 million. Finocomp's software adds functionality to Bravura and brings new Wealth Management clients as well as cross-sell opportunities to Bravura's existing clients.

EVENT SUBSEQUENT TO REPORTING DATE

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

SHARE OPTIONS

The Consolidated Entity has 3,580,476 performance rights outstanding under long-term incentive plans and these rights remain unvested and unexercised at the reporting date (30 June 2019: 2,921,043) (Refer to Note 14).

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ROUNDING

Bravura Solutions is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

AUDITOR

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

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

NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
20 February 2020

AUDITOR'S INDEPENDENCE DECLARATION

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

As lead auditor for the review of the interim financial report of Bravura Solutions Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bravura Solutions Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Gamini Martinus

Gamini Martinus
Partner
20 February 2020

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	NOTES	HALF-YEAR 31 DECEMBER 2019 $'000	HALF-YEAR 31 DECEMBER 2018 $'000
Revenue from contracts with customers	4	**133,448**	127,438
Other income	4	**2,454**	22
Employee benefits expense	5	**(79,356)**	(76,466)
Depreciation and amortisation expense	5	**(9,367)**	(3,928)
Third party cost of sales		**(9,971)**	(8,606)
Travel and accommodation costs		**(3,556)**	(3,031)
Occupancy costs		**(2,083)**	(5,803)
Telecommunication costs		**(3,530)**	(4,534)
Development operating expense		**(696)**	(1,157)
Other expenses		**(4,490)**	(3,049)
Foreign exchange gain/(loss)		**28**	(606)
Finance costs	5	**(1,330)**	(325)
Profit before income tax		**21,551**	19,955
Income tax expense	6	**(1,782)**	(3,628)
Profit for the period after income tax expense attributable to shareholders of Bravura Solutions		**19,769**	16,327
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations		**766**	550
Total comprehensive income for the period attributable to shareholders of Bravura Solutions		**20,535**	16,877
Profit attributable to owners		**19,769**	16,327

Earnings per share attributable to the ordinary equity holders of Bravura Solutions Limited:

		CENTS	CENTS
Basic earnings per share	7	**8.1**	7.6
Diluted earnings per share	7	**8.0**	7.5

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	NOTES	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	2.1	**100,338**	194,797
Trade receivables	2.1	**41,380**	23,697
Contract assets		**11,257**	10,295
Current tax receivables		**3,395**	-
Other current assets		**9,482**	7,838
Total current assets		**165,852**	236,627
Non-current assets			
Contract assets		**3,321**	4,271
Property, plant and equipment	8	**68,572**	21,222
Deferred tax assets		**3,637**	4,507
Intangible assets	9	**192,821**	113,546
Total non-current assets		**268,351**	143,546
Total assets		**434,203**	380,173
LIABILITIES			
Current liabilities			
Trade and other payables	2.2	**13,612**	11,608
Provisions		**9,861**	10,124
Lease liabilities	1d	**4,536**	175
Provision for income tax		**870**	4,730
Contract liabilities		**31,037**	33,267
Other current liabilities		**14,288**	17,022
Total current liabilities		**74,204**	76,926
Non-current liabilities			
Contract liabilities		**934**	1,606
Deferred tax liabilities		**2,785**	3,507
Contingent considerations	10	**7,399**	-
Provisions		**3,988**	3,713
Lease liabilities	1d	**41,339**	2,964
Total non-current liabilities		**56,445**	11,790
Total liabilities		**130,649**	88,716
Net assets		**303,554**	291,457
EQUITY			
Contributed equity	11	**349,112**	347,182
Reserves		**15,011**	12,941
Accumulated losses		**(60,569)**	(68,666)
Total equity		**303,554**	291,457

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

2018	NOTES	CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
		$'000	$'000	$'000	$'000
Balance at 1 July		184,989	10,514	(81,317)	114,186
Adoption of AASB 15		-	-	839	839
Balance at 1 July (restated)		184,989	10,514	(80,478)	115,025
Profit for the period		-	-	16,327	16,327
Other comprehensive income		-	550	-	550
Total comprehensive income for the period		-	550	16,327	16,877
Transactions with owners in their capacity as owners:					
Dividends paid		-	-	(9,641)	(9,641)
Share-based payments		-	599	-	599
Balance at 31 December		184,989	11,663	(73,792)	122,860

2019		$'000	$'000	$'000	$'000
Balance at 1 July		**347,182**	**12,941**	**(68,666)**	**291,457**
Profit for the period		**-**	**-**	**19,769**	**19,769**
Other comprehensive income		**-**	**766**	**-**	**766**
Total comprehensive income for the period		**-**	**766**	**19,769**	**20,535**
Transactions with owners in their capacity as owners:					
Issue of share capital	11a	**1,930**	**-**	**-**	**1,930**
Dividends paid	12	**-**	**-**	**(11,672)**	**(11,672)**
Share-based payments		**-**	**1,304**	**-**	**1,304**
Balance at 31 December		**349,112**	**15,011**	**(60,569)**	**303,554**

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	NOTES	HALF-YEAR 31 DECEMBER 2019 $'000	HALF-YEAR 31 DECEMBER 2018 $'000
Operating activities			
Receipts from customers (inclusive of goods and services tax)		**127,826**	127,382
Payments to suppliers and employees (inclusive of goods and services tax)		**(123,364)**	(116,738)
		4,462	10,644
Interest received		**870**	22
Income taxes paid		**(9,166)**	(2,672)
Net cash (outflows)/inflows from operating activities		**(3,834)**	7,994
Investing activities			
Purchase of property, plant and equipment	8	**(9,266)**	(7,003)
Payments for capitalised software development	9	**(3,176)**	(1,998)
Acquisition of subsidiaries, net of cash acquired	10	**(66,530)**	-
Net cash outflows from investing activities		**(78,972)**	(9,001)
Financing activities			
Payments of share issue costs		**(49)**	-
Repayment of borrowings		**-**	(318)
Finance costs paid		**(109)**	(292)
Lease payments		**(2,091)**	-
Dividends paid		**(9,743)**	(9,641)
Net cash outflows from financing activities		**(11,992)**	(10,251)
Net decrease in cash and cash equivalents		**(94,797)**	(11,258)
Cash and cash equivalents at the beginning of the half-year		**194,797**	36,941
Effects of exchange rate changes on cash and cash equivalents		**338**	281
Cash and cash equivalents at end of the period	2.1	**100,338**	25,964

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Interim Consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Bravura Solutions and its subsidiaries.

(a) Basis of preparation of half-year financial report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Consolidated Entity is a for-profit entity for the purposes of preparing financial statements.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2019 and any public announcements made by Bravura Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of AASB 16 *Leases* and AASB Interpretation 23 *Uncertainty over Tax Treatments* (Refer to note 1d). The Interim Financial Statements are presented in Australian dollars (unless otherwise stated).

(b) Going Concern

These Interim Consolidated Financial Statements have been prepared on a going concern basis.

(c) New and amended standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2019 reporting period and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below, which Standards will be adopted on their respective dates.

(d) New standards, interpretations and amendments adopted by the Group

The Group applies for the first time, AASB 16 *Leases* and AASB Interpretation 23 *Uncertainty over Income Tax Treatments*. As required by AASB 134, the nature and effect of these changes are disclosed in the section below.

(i) AASB 16 Leases

AASB 16 *Leases* was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Lease-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions involving the Legal form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity elected the modified retrospective approach to adopt AASB 16. Under this method the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Comparatives have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The main impact is the following:

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.8%. For the transition as of 1 July 2019, the Group has measured the right-of-use assets (herein ROU assets) at the amount equal to the lease liability. Therefore, there is no transitional impact on the Interim Consolidated Statement of Changes in Equity as at 1 July 2019.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	1 JULY 2019
RECONCILIATION	**$'000**
Off-balance, operating lease commitments disclosed as at 30 June 2019	**73,758**
Less non-lease components	**(18,840)**
Total minimum undiscounted lease commitments as at 30 June 2019	**54,918**
Less present value discount	**(10,353)**
Lease liabilities recognised as at 1 July 2019	**44,565**

	31 DECEMBER 2019	1 JULY 2019
LEASE LIABILITIES	**$'000**	**$'000**
Of which are:		
Current lease liabilities	**4,536**	4,650
Non-current lease liabilities	**41,339**	39,915
	45,875	44,565

ROU assets were measured at the amount equal to the lease liability on transition, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Interim Consolidated Statement of Financial Position as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the ROU assets at the date of initial application. As of 30 June 2019, the Group had a lease incentive liability amount of $3.1 million which have been credited to the ROU asset as a transition adjustment. On transition at 1 July 2019, the application of AASB 16 results in an increase in the Company's assets by $41.3 million. The tax impact of first-time application of AASB 16 as at 1 July 2019 results in an increase in the Group's deferred tax assets by $3.3 million and an increase in deferred tax liabilities by $3.3 million.

The recognised ROU assets relate to the following types of assets:

	31 DECEMBER 2019	1 JULY 2019
RIGHT-OF-USE ASSETS	**$'000**	**$'000**
Of which are:		
Property lease assets	**40,096**	41,049
Equipment lease assets	**173**	298
	40,269	41,347

Impact on Cash Flows

Lease payments that relate to contracts that have previously been classified as operating leases are no longer presented as operating cash flows in full. Both the part of the lease payments that reflects interest on the lease liability and the principal portion of the lease liability, i.e. rental payments, are classified within financing activities. Payments for short-term leases and variable lease payments not included in the measurement of the lease liability remain presented within operating activities. Non-AASB measures such as EBIT and EBITDA will not be impacted for segment reporting purposes.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Furthermore, the Group has elected not to recognise ROU assets and lease liabilities for low value equipment. The payments for such leases are recognised in the Interim Statement of Profit or Loss and Comprehensive Income on a straight-line basis over the lease term. For the transition as of 1 July 2019, the Group has measured the ROU asset at the amount equal to the lease liability.

The Group's leasing activities and how these are accounted for

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the ROU asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the ROU asset.

At inception, the Group assessed whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group has elected to separate lease and non-lease components for all leases.

The Group recognises an ROU asset and lease liability at the inception of the lease. The ROU asset is initially measured based on the present value of the minimum lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated over the shorter term of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator of impairment.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The Group leases various offices and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In the future, if an extension option previously not assessed as reasonably certain, is exercised, the impact on the financial statements would be the recognition of a ROU asset equal to the lease liability for the exercised option period.

(ii) AASB Interpretation 23 Uncertainty over Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically address the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group will consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group applied the Interpretation from 1 July 2019.

The interpretation did not have an impact on the Interim Consolidated Financial Statements of the Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2.1 FINANCIAL ASSETS

	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Cash and cash equivalents	**100,338**	194,797
Trade receivables	**41,380**	23,697
	141,718	218,494

Cash and trade receivables are non-derivative financial assets carried at cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of counterparties. Fair values approximate their carrying values of these instruments and Management has determined the impact of estimated credit loss to be immaterial.

2.2 FINANCIAL LIABILITIES

	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Other financial liabilities (non-interest bearing)		
Trade and other payables (non-interest bearing)	**13,612**	11,608

Unsecured bank borrowings

The Group has an unsecured revolving credit facility agreement with the Commonwealth Bank of Australia (CBA), which expires on 15 November 2021. Refer to Note 2.3.

Borrowings, lease liabilities and contingent considerations are carried at amortised cost. Trade and other payables are carried at cost. Fair values approximate their carrying values due to the short-term maturities of these instruments.

2.3 FINANCIAL ARRANGEMENTS

Financing arrangements

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

	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Total facilities	**30,359**	30,004
Used at balance date	**1,282**	1,541
Unused at balance date	**29,077**	28,463

The facility agreement with CBA is an unsecured revolving credit facility, which was extended by a further two years expiring 15 November 2021, and increased by AUD 5 million now providing AUD 17.1 million, GBP 4.5 million and NZD 5 million borrowing. The facilities for guarantees are drawn by an amount of $1.3 million (30 June 2019: $1.5 million).

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. There were no covenants breached during the current period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

3 SEGMENT INFORMATION

Description of segments

The Chief Executive Officer considers the business from a product group perspective and has identified two reportable segments, as follows:

- Wealth Management - Wealth Management platforms provide end-to-end processing to support all back office functions relating to daily management of superannuation, pensions, life insurance, investment, private wealth and portfolio administration; and
- Funds Administration - Funds Administration platforms support administration requirements for a range of investment vehicles in Europe and distributed globally for both retail and institutional investors.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating EBITDA. Operating EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation and amortisation. Operating EBITDA is reconciled with profit or loss in the consolidated financial statements below.

The review of results of operations included in the Segment Information includes a number of non-AASB financial measures. Segment operating EBITDA includes \$1.5 million (31 December 2018: \$1.1 million) depreciation of property, plant and equipment dedicated to client hosting services. From 1 July 2019, Segment and Operating EBITDA includes \$3.5 million depreciation and \$1 million interest expense associated with property leases, which would otherwise be excluded under AASB 16. In the comparative period, occupancy costs have been recognised as components of Segment and Operating EBITDA. As such, the inclusion of expenses associated with property leases in the Group's Segment reporting is consistent half-year on half-year as presented below.

	HALF-YEAR 31 DECEMBER 2019 $'000	HALF-YEAR 31 DECEMBER 2018 $'000
Wealth Management	**91,010**	90,440
Funds Administration	**44,131**	36,998
Total segment revenue[1]	**135,141**	127,438
Wealth Management[2]	**26,049**	29,423
Funds Administration[2]	**19,606**	13,660
Total segment Operating EBITDA	**45,655**	43,083
Corporate costs[3]	**(20,181)**	(19,338)
Total operating EBITDA	**25,474**	23,745
Depreciation and amortisation expense	**(4,359)**	(2,881)
Finance income[1]	**761**	22
Finance expense	**(353)**	(325)
Foreign exchange gain/(loss)	**28**	(606)
Profit before income tax	**21,551**	19,955
Income tax expense	**(1,782)**	(3,628)
Net profit after tax	**19,769**	16,327

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

SEGMENT ASSETS[4]	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Wealth Management	**297,579**	187,196
Funds Administration	**66,625**	31,977
Corporate	**70,000**	161,000
	434,204	380,173

SEGMENT LIABILITIES	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Wealth Management	**74,544**	57,433
Funds Administration	**56,107**	31,283
	130,651	88,716

SEGMENT NON-CURRENT OPERATING ASSETS BY GEOGRAPHY[5]	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Australia	**203,852**	117,346
UK	**37,215**	17,654
New Zealand	**2,479**	2,408
Others	**21,168**	1,631
	264,714	139,039

1. Segment revenue excludes finance income in this segment (Refer to Note 4) and is based on Management's view.
2. Includes hosting asset depreciation and from 1 July 2019 ROU asset depreciation as well as interest expense associated with property leases.
3. From 1 July 2019, includes ROU asset depreciation as well as interest expense associated with property leases, which would otherwise be excluded under AASB 16.
4. Corporate assets represent the net proceeds of the Institutional Placement not yet invested as of 31 December 2019.
5. Non-current assets for this purpose consist of primarily property, plant and equipment, intangible assets and right-of-use assets, but excludes deferred tax assets.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	31 DECEMBER 2019			31 DECEMBER 2018		
	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2020	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers						
Maintenance, support and hosting	**28,242**	**24,681**	**52,923**	25,740	23,106	48,846
Professional services	**56,323**	**16,092**	**72,415**	55,675	13,229	68,904
Software as a Service[1]	**2,073**	**-**	**2,073**	-	-	-
Licence fees	**2,045**	**3,194**	**5,239**	8,408	663	9,071
Other sales revenue	**634**	**164**	**798**	617	-	617
Total revenue from customers	**89,317**	**44,131**	**133,448**	90,440	36,998	127,438
Other income	**1,693**	**-**	**1,693**	-	-	-
Total segment revenue	**91,010**	**44,131**	**135,141**	90,440	36,998	127,438
Interest income			**761**			22
Total revenue			**135,902**			127,460
Timing of recognition						
Licences transferred at a point in time	**2,045**	**3,194**	**5,239**	8,408	663	9,071
Services transferred over time	**87,272**	**40,937**	**128,209**	82,032	36,335	118,367
Total revenue from customers	**89,317**	**44,131**	**133,448**	90,440	36,998	127,438
Geography						
Australia			**32,898**			31,060
UK			**89,073**			84,944
New Zealand			**6,949**			6,953
Others			**6,221**			4,481
Total segment revenue			**135,141**			127,438

1. Software as a Service (SaaS) revenue relates to the delivery of services through a subscription basis.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5 EXPENSES

	31 DECEMBER 2019 $'000	31 DECEMBER 2018 $'000
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
Salary and wages	**68,744**	67,789
Defined contribution superannuation and pension expense	**7,782**	7,037
Share-based payments	**1,304**	599
Other	**1,526**	1,041
Total employee benefits expense	**79,356**	76,466
Depreciation		
Plant and equipment	**1,969**	1,497
Leasehold improvements	**522**	222
Hosting, plant and equipment	**1,054**	773
Right-of-use assets[1]	**3,495**	-
Total depreciation	**7,040**	2,492
Amortisation		
Customer contracts and relationships	**266**	-
Intellectual property and software development	**2,061**	1,436
Total amortisation	**2,327**	1,436
Total depreciation and amortisation	**9,367**	3,928
Finance costs		
Interest and finance charges paid/payable	**15**	259
Interest expense from contingent considerations	**100**	-
Interest expense from property leases[1]	**977**	-
Borrowing costs and other	**238**	66
Total finance costs	**1,330**	325

1. Adoption of AASB 16

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

6 INCOME TAX EXPENSE

The Group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings. The major components of the income tax expense in the Interim Consolidated Statement of Profit or Loss and Comprehensive Income are:

	31 DECEMBER 2019 $'000	31 DECEMBER 2018 $'000
Income tax expense		
Current tax	**(3,188)**	(5,157)
Deferred tax	**1,406**	1,529
Total income tax expense	**(1,782)**	(3,628)

7 EARNINGS PER SHARE (EPS)

	31 DECEMBER 2019 $'000	31 DECEMBER 2018 $'000
Profit attributable to ordinary equity holders of the parent	**19,769**	16,327
Profit attributable to ordinary equity holders of the parent for basic and diluted EPS calculations	**19,769**	16,327
	'000	**'000**
Weighted average number of ordinary shares for basic EPS	**243,399**	214,246
Effects of dilution from:		
Performance rights (Refer to Note 14)	**2,986**	2,196
Weighted average number of ordinary shares adjusted for the effect of dilution	**246,385**	216,442

During the year, 439,440 shares were issued on 27 September 2019 under the Dividend Reinvestment Plan (Refer to Note 11), which led to a lower weighted average number of shares in the 1H20 EPS calculation than the total shares outstanding (Refer Note 11).

	CENTS	CENTS
Basic EPS	**8.1**	7.6
Diluted EPS	**8.0**	7.5

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

8 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	HOSTING PLANT AND EQUIPMENT	RIGHT-OF USE ASSETS[2]	TOTAL
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 July 2018	20,257	5,433	17,166	-	42,856
Addition	6,234	6,535	2,527	-	15,296
Disposals	(2,715)	(2,967)	-	-	(5,682)
Exchange difference	370	148	231	-	749
At 30 June 2019	24,146	9,149	19,924	-	53,219
Adoption of AASB 16	-	-	-	41,347	41,347
Acquisition of subsidiaries	254	79	-	643	976
Addition[1]	4,070	5,166	639	1,259	11,134
Disposals	(345)	-	(91)	-	(436)
Exchange difference	239	188	795	519	1,741
At 31 December 2019	28,364	14,582	21,267	43,768	107,981
Depreciation and impairment					
At 1 July 2018	(12,121)	(5,141)	(14,006)	-	(31,268)
Depreciation	(3,345)	(675)	(1,798)	-	(5,818)
Disposals	2,646	2,964	-	-	5,610
Exchange difference	(260)	(99)	(162)	-	(521)
At 30 June 2019	(13,080)	(2,951)	(15,966)	-	(31,997)
Depreciation	(1,969)	(522)	(1,054)	(3,495)	(7,040)
Disposals	345	-	79	-	424
Exchange difference	(193)	6	(605)	(4)	(796)
At 31 December 2019	(14,897)	(3,467)	(17,546)	(3,499)	(39,409)
Net book value					
At 30 June 2019	11,066	6,198	3,958	-	21,222
At 31 December 2019	13,467	11,115	3,721	40,269	68,572

1. During the reporting period, $1.3 million of additions relating to ROU assets and $0.2 million of asset retirement costs associated with leasehold improvements were capitalised and $0.4 million of additions remained unpaid at the reporting date.
2. ROU assets represents leased premises and equipment, capitalised under AASB 16 from 1 July 2019 (Refer to Note 1d).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

9 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	GOODWILL	CUSTOMER CONTRACTS AND RELATIONSHIPS	INTELLECTUAL PROPERTY AND SOFTWARE DEVELOPMENT	TOTAL
	$'000	$'000	$'000	$'000
Cost				
At 1 July 2018	128,697	53,239	100,834	282,770
Additions internally generated	-	-	4,011	4,011
At 30 June 2019	128,697	53,239	104,845	286,781
Acquisitions of subsidiaries[1]	61,177	5,577	11,672	78,426
Additions internally generated	-	-	3,176	3,176
At 31 December 2019	189,874	58,816	119,693	368,383
Accumulated amortisation and impairment				
At 1 July 2018	(55,488)	(53,239)	(61,352)	(170,079)
Amortisation charge	-	-	(3,156)	(3,156)
At 30 June 2019	(55,488)	(53,239)	(64,508)	(173,235)
Acquisitions[1]	-	(266)	(331)	(597)
Amortisation charge	-	-	(1,730)	(1,730)
At 31 December 2019	(55,488)	(53,505)	(66,569)	(175,562)
Net book value				
At 30 June 2019	73,209	-	40,337	113,546
At 31 December 2019	134,386	5,311	53,124	192,821

1. Refer to Note 10

(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) *Customer contracts and relationships*

Customer 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 seven years. The amortisation has been recognised in the Interim Consolidated Statement of Profit or Loss and Other 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.

(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 five to fifteen years. The amortisation has been recognised in the Interim Consolidated Statement of Profit or Loss and Other 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Carrying amount of goodwill and other intangibles allocated to each of the cash generating units are as follows:

DECEMBER 2019	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	TOTAL $'000
Goodwill	**134,386**	-	**134,386**
Customer contracts and relationships	**5,311**	-	**5,311**
Intellectual property and software development	**53,124**	-	**53,124**
Consolidated carrying amount	**192,821**	-	**192,821**
Amortisation on intangible assets - half-year	**2,327**	-	**2,327**

JUNE 2019	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	TOTAL $'000
Goodwill	73,209	-	73,209
Intellectual property and software development	40,337	-	40,337
Consolidated carrying amount	113,546	-	113,546
Amortisation on intangible assets - full-year	3,156	-	3,156

No goodwill and intangibles impairment charges were recognised in the reporting period.

10 BUSINESS COMBINATIONS

On 30 August 2019 the Group acquired 100% of the issued shares in Midwinter Holdings (NSW) Pty Ltd, a developer of financial planning technology, for consideration of $50 million. The acquisition opens an important avenue for growth in Australia, the UK and other geographies in which Bravura currently operates. Midwinter's software compliments Bravura's Wealth Management product suite and is a natural extension to existing software solutions and client base, sitting alongside retirement savings, investments and life insurance.

On 31 October 2019 the Group acquired 100% of the issued shares in FinoComp Holdings Pty Ltd, a software developer for data analytics, client reporting, performance reporting and regulatory compliance built on a microservices architecture, for consideration of $25 million. Finocomp's software adds functionality to Bravura and brings new Wealth Management clients as well as cross-sell opportunities to Bravura's existing clients.

(a) Purchase consideration

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

PURCHASE CONSIDERATION	MIDWINTER $'000	FINOCOMP $'000	TOTAL $'000
Cash paid	45,022	22,823	67,845
Contingent consideration (Refer to Note 10d)	4,240	3,059	7,299
Total purchase consideration	**49,262**	**25,882**	**75,144**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

(b) Assets and liabilities recognised

The assets and liabilities recognised as a result of the acquisition are as follows:

	MIDWINTER	FINOCOMP	TOTAL
	FAIR VALUE $'000	FAIR VALUE $'000	FAIR VALUE $'000
Cash and cash equivalents	650	665	1,315
Trade receivables	633	380	1,013
Intellectual property	8,172	3,500	11,672
Customer contracts and relationships	5,577	-	5,577
Property, plant and equipment	21	955	976
Other assets	264	758	1,022
Trade and other payables	(1,558)	(814)	(2,372)
Net deferred tax liabilities	(1,464)	(194)	(1,658)
Provisions	(1,150)	(716)	(1,866)
Other liabilities	(552)	(1,160)	(1,712)
Net identifiable assets acquired[1]	**10,593**	**3,374**	**13,967**
Goodwill[1]	**38,669**	**22,508**	**61,177**
	49,262	**25,882**	**75,144**

1. Amounts provisional: The fair value of the acquired intellectual property, customer contracts and relationships is provisional pending receipt of the final valuations for those assets. Net deferred tax liabilities have been calculated in relation to these fair value adjustments.

The Goodwill is attributable to both Midwinter's and Finocomp's strong position in financial planning technology and synergies expected to arise after the company's acquisition of the new subsidiary. It has been allocated to the Wealth Management segment. None of the goodwill is expected to be deductible for tax purposes.

(c) Acquisition-related costs

Acquisition-related costs of $780 thousand for Midwinter and $291 thousand for Finocomp are included in other expenses in the Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(d) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of Midwinter Holdings (NSW) Pty Ltd and FinoComp Holdings Pty Ltd for three years from 2021 to 2022, up to a maximum undiscounted amount of $5 million and $3.5 million respectively. There is no minimum amount payable.

The fair value of the contingent consideration arrangement of $4.2 million for Midwinter and $3 million for Finocomp was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 6.0% for Midwinter and 9.4% for Finocomp. The total interest expense related to the liability accretion amounts to $100 thousand (Refer to Note 5).

(e) Revenue and profit contribution

In total, the acquired business of Midwinter and Finocomp contributed revenues of $4.1 million and net profit of $0.8 million to the Group.

If the acquisitions had occurred on 1 July 2019, the Group's revenue and net profit after tax for the half-year ended 31 December 2019 would have been $138 million and $18 million respectively.

Net profit/(loss) and net cash inflow/(outflow) for both Midwinter and Finocomp has been determined to be immaterial to the profit or loss and statement of cash flows of the Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

11 CONTRIBUTED EQUITY

	31 DECEMBER 2019 SHARES	30 JUNE 2019 SHARES	31 DECEMBER 2019 $'000	30 JUNE 2019 $'000
Share capital				
Total	**243,610,238**	243,170,798	**349,112**	347,182

(a) Movements in ordinary share capital

ORDINARY SHARES ISSUED AND FULLY PAID	SHARES	$'000
At 1 July 2018	214,246,090	184,989
Dividend reinvestment plan	229,055	1,237
Institutional placement	28,695,653	165,000
Share issue costs	-	(4,044)
At 30 June 2019	243,170,798	347,182
At 1 July 2019	243,170,798	347,182
Dividend reinvestment plan	439,440	1,930
At 31 December 2019	**243,610,238**	**349,112**

(b) Ordinary shares

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

The number of authorised ordinary shares is the same as the number of fully paid ordinary shares. There are no changes in the number of shares in the comparative period.

During the reporting period, the Company issues 439,440 shares under the dividend reinvestment plan on 27 September 2019.

(c) 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 Interim Consolidated Statement of Financial Position plus net debt.

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time, unless remedied, declare that the loans become immediately due and payable. There were no covenants breached during the current period (Refer to Note 2.3).

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

12 DIVIDENDS

A final dividend of 4.8c per share amounting to $11.7 million was paid to shareholders on 27 September 2019. An interim dividend of 5.5c per share amounting to $13.4 million has been declared.

13 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 31 December 2019 in respect of:

Bank guarantees

Guarantees given in respect of office leases of subsidiaries amounting to $1.3million (30 June 2019: $1.5 million) are unsecured.

(b) Contingent assets

The Consolidated Entity had no contingent assets at 31 December 2019 (30 June 2019: $nil).

(c) Commitments

Capital commitments as at 31 December 2019 amount to $1.2 million relating to the Sydney office refurbishment and $0.7 million in relation to the Gurgaon office lease, India (30 June 2019: $7.8 million).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

14 RELATED PARTY TRANSACTIONS - PERFORMANCE RIGHTS

On 26 November 2019, 659,433 performance rights were granted to senior executives under the LTIP, of which the following grants were made to KMP: Tony Klim 180,263 rights, Martin Deda 67,216 rights, Nick Parsons 76,162 rights, and Mike Margetts 75,445 rights. The following table illustrates the number of, and movements in, share options during the year:

DIRECTORS, OTHER KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES	NO. OF SHARE OPTIONS
Outstanding at 1 July 2018	2,119,692
Granted during the year	801,351
Forfeited during the year	-
Exercised during the year	-
Expired during the year	-
Outstanding at 30 June 2019	2,921,043
Granted during the half-year	659,433
Forfeited during the half-year	-
Exercised during the half-year	-
Expired during the half-year	-
Outstanding at 31 December 2019	3,580,476
Exercisable at 30 June 2019	-
Exercisable at 31 December 2019	-

The weighted average remaining contractual life for the performance rights outstanding as at 31 December 2019 was 4.1 years.

The following table lists the inputs to the models used for the LTIP grants made during the half-year ended 31 December 2019:

	TSR	EPS
Weighted average fair values at the measurement date	**$1.53**	**$3.77**
Dividend yield (%)	**3.11%**	**3.11%**
Expected volatility (%)	**36.00%**	**36.00%**
Risk-free interest rate (%)	**0.74%**	**0.74%**
Expected life of options (years)	**2.72**	**2.72**
Weighted average share price ($)	**$4.10**	**$4.10**
Model used	**Monte Carlo**	**Binomial**

Performance rights do not have exercise prices.

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no occurrences of matters or circumstances subsequent to half-year end that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

A half-year dividend of 5.5c per share has been declared and will be paid on 27 March 2020.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) The Interim Financial Statements and notes of Bravura Solutions Limited for the half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(ii) Giving a true and fair view of the Consolidated Entity's Financial Position as at 31 December 2019 and of its performance and cash flows for the half-year ended on that date; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
20 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

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Independent Auditor's Review Report to the Members of Bravura Solutions Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Bravura Solutions Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2019, the interim consolidated statement of statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Building a better working world

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Gamini Martinus
Partner
Sydney
20 February 2020

CORPORATE DIRECTORY

CORPORATE INFORMATION

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Independent Chairman

Peter Mann

Independent

Alexa Henderson

Independent

Tony Klim

CEO and Managing Director

Martin Deda

CFO and Executive Director

COMPANY SECRETARY

Martin Deda and Nigel Liddell

AUDITORS

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