For personal use only

Appendix 4E

Full year Report

Name of entity	Bravura Solutions Limited
ABN	54 164 391 128
Financial period ended	30 June 2018
Previous corresponding reporting period	30 June 2017

Results for announcement to the market

Financial results	**30 June 2018 $'000**	30 June 2017 $'000	Percentage increase/(decrease) over previous corresponding period %
Revenue from ordinary activities	221,471	191,878	15.42%
Profit from ordinary activities after tax attributable to members	27,030	14,428	87.34%
Net profit for the period attributable to members	27,030	14,428	87.34%

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

Refer to the ASX release and Annual Report for the year ended 30 June 2018. The financial report has been audited.

Dividends

Date the dividend is payable	28 September 2018
Record date to determine entitlement to the dividend	4 September 2018
Amount per security (cent)	4.5
Total dividend ($'000)	9,641
Amount per security of foreign sourced dividend or distribution	Not applicable
Details of any dividend reinvestment plans in operation	Not applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not applicable

NTA backing

	Current period 30 June 2018 $	Previous corresponding period 30 June 2017 $
Net tangible asset backing per ordinary security	(0.01)	(0.03)
Net assets per ordinary security	0.53	0.49

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 join 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	-	-	-	-

For personal use only

For personal use only

bravura solutions

Annual Report 2018

BRAVURA SOLUTIONS LIMITED
ABN 54 164 391 128



For personal use only



About Bravura Solutions Limited

Bravura Solutions Limited is a leading provider of software solutions for the wealth management, life insurance and funds administration industries, underpinned by functionally rich technology that enables modernisation, consolidation and simplification.

We are committed to increasing the operational and cost efficiency of our clients, enhancing their ability to rapidly innovate and grow, minimising their risk and enabling them to provide better service to their customers.

Backed by over 30 years of experience, our installed or managed hosted solutions are used by many of the world's leading financial institutions. In excess of A$2.8 trillion / £1.6 trillion in assets are entrusted to our systems.

We support our clients with a team of more than 1,200 people in 12 offices across Australia, New Zealand, United Kingdom, Europe, Africa and Asia.

For more information about us visit www.bravurasolutions.com. You can also follow us @BravuraFinTech.

For personal use only

Contents

World leading financial solutions	02
Bravura Solutions at a glance	04
Financial highlights	07
Chairman's letter to shareholders	08
CEO report	10
Commentary	12
Research & development	15
Sonata	16
Key Management	18
Material business risks	20
Financial report	21

For personal use only

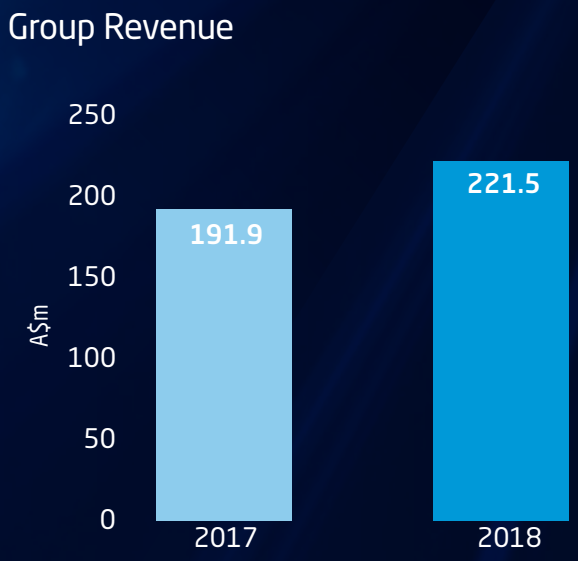
World leading financial solutions

Financial Highlights

GROUP REVENUE

$221.5m

15% growth in FY18



For personal use only

FY18 financial results saw significant growth on FY17 for revenue, EBITDA, and NPAT

GROUP EBITDA

$38.6m

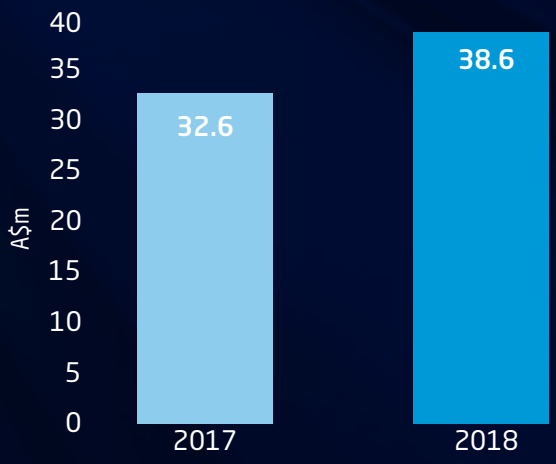
18% growth in FY18

GROUP UNDERLYING NPAT

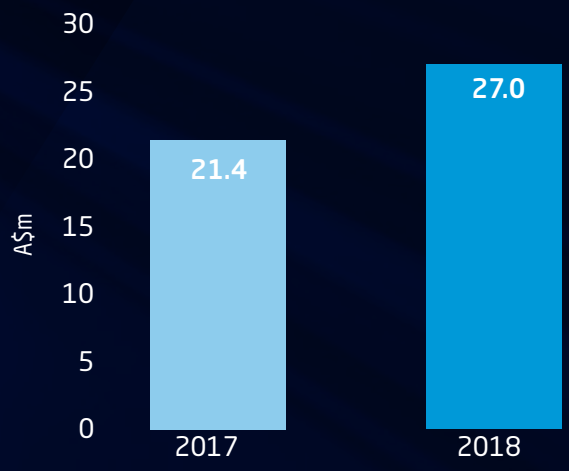
$27.0m

27% growth in FY18

Group EBITDA[1]



Group Underlying NPAT[2]



1. Group EBITDA adjusted for A$2.8m of IPO transaction costs
2. Group Underlying NPAT adjusted for A$2.8m of IPO transaction costs and A$4.2m of net interest costs

For personal use only

Bravura Solutions at a glance

Who we are

Bravura is a market leading global provider of enterprise software and software-as-a-service (SaaS) to the Wealth Management and Funds Administration industries.

Our Markets

Bravura operates over a wide number of financial services markets across two operating segments delivering software and services to manage and administer financial products.

Wealth Management

- Pensions, Superannuation and Kiwisaver
- Life insurance
- Wrap platforms
- Investment products
- Private wealth and portfolio administration

Funds Administration

- Fund managers
- Third party administrators

Our reach

Bravura has 12 offices throughout eight countries in APAC and EMEA. Bravura operates development and support centres in the United Kingdom, Poland, India, Australia, New Zealand and South Africa.

Our Products & Services

Bravura delivers a comprehensive range of Wealth Management and Funds Administration products supported by professional services.

Wealth Management

- Sonata
- Garradin
- ePass
- Heritage Wealth Management products

Funds Administration

- RUFUS & RUFUS SaaS
- GTAS
- GFAS
- Babel

Professional Services

- Software implementation
- Software development
- Support
- Hosting and managed services
- Training

Sonata

Sonata is Bravura Solutions' flagship software product. Sonata provides rich, proven wealth management functionality, developed and delivered in modern technology with open interfaces. It is an integrated platform that supports Pensions, Superannuation and KiwiSaver, Life Insurance, and Wrap and Investment products.

For personal use only

PEOPLE

Operating across **12** offices in **8** countries

1,200+
employees

6years
average length of service

R&D

4
development centres in the Australia, NZ, India and Poland

>$130m
invested in Sonata over 12 years

89%
of staff are developers and consultants

$30m
spent on Sonata R&D in FY18

OUR BUSINESS

350
direct and indirect blue-chip clients including Fidelity International, Prudential, Scottish Friendly, Mercer, Westpac NZ, TAL, Fidelity Life (NZ), Partners Life, Suncorp, STANLIB Wealth, Bank of New York Mellon, Legal & General, Schroders, Lloyds and Citi

5-10
year long term client contracts

>60
Wealth Management clients including 24 Sonata clients

13
Funds Administration clients

For personal use only

"After a comprehensive review of the market, Bravura emerged as the right partner to help us on our digital transformation journey, with their ability to combine compelling functionality with modern technology."

Helena Morrissey,
Legal & General Investment Management



For personal use only

Financial highlights

	FY18 A$m	FY17 A$m
Wealth Management revenue	**155.1**	122.7
Funds Administration revenue	**66.4**	69.2
Group revenue	**221.5**	**191.9**
Wealth Management EBITDA	**46.2**	30.3
Funds Administration EBITDA	**26.7**	31.7
Corporate costs	**(34.4)**	(29.4)
Group EBITDA	**38.6**	32.6
Depreciation and amortisation expense	**(7.1)**	(8.3)
Group EBIT	**31.5**	**24.4**
Net interest and foreign exchange expense	**(0.7)**	(0.8)
Tax expense	**(3.7)**	(2.2)
Group underlying NPAT	**27.0**	21.4
Net significant items[1]	**-**	(6.9)
Group reported NPAT	**27.0**	**14.4**
Reported earning per share (A$ cps)	**12.6**	**8.0**

1. Net significant items in FY17 comprised A$2.8m of IPO transaction costs and A$4.2m of net interest costs

For personal use only

Chairman's letter to shareholders



I am pleased to present to you, on behalf of your Board, Bravura Solutions' (Bravura) Annual Report for the 2018 financial year. The 2018 financial year is Bravura's first full financial year listed on the Australian Stock Exchange since its initial public offering (IPO) in November 2016.

During the financial year, Bravura had a material change in its shareholder register. Ironbridge Capital sold their shareholding of 47%, allowing a number of new investors to become shareholders of Bravura. After first investing in the business in 2008, Ironbridge Capital has provided the support critical to undertaking the necessary investment in Bravura's flagship product, Sonata, which has played an important role in putting the business in the strong market position it stands in today. We thank Ironbridge Capital for their support, and welcome the shareholders that have subsequently invested in the business for the next stage of Bravura's journey.

Bravura has had an excellent financial year. Group revenue increased 15% to A$221.5m, and Group EBITDA increased 18% to A$38.6m. The investment community has recognised the strong performance throughout the year, with Bravura's share price ending the financial year at A$3.21 per share, up from A$1.60 per share at the beginning of the financial year. As a consequence of the strong share price performance and the related increase in market capitalisation, the company was admitted into the S&P/ASX300 Index. There has been no visible impact from BREXIT other than FX.

The Board also declared a total of A$0.09 per share in unfranked dividends during the period. Combined with the share price performance, this brought the total shareholder return during the period to 106%, significantly exceeding the S&P/ASX300 Index performance of 8%.

In the Wealth Management division, Bravura has been awarded long-term client contracts for Sonata in all of its key geographic markets, including in the United Kingdom, Australia, New Zealand, and South Africa. After entering the South African market with Sonata in early 2017, the company has rapidly gained a leading market position.

While the financial performance in Funds Administration was lower in FY18 compared to FY17, the company remains a leader in this market. Combined with its strength in providing digital solutions and straight through messaging capabilities, the division is expected to grow in FY19.

The business welcomes the new clients that have placed their trust in Bravura's products and services. We look forward to supporting them, alongside our existing clients in delivering successful business outcomes.

Your Board has declared a final unfranked dividend of A$0.045 per share for FY18. The dividend record date is 4 September 2018, and the dividend will be paid to shareholders on 28 September 2018.

For personal use only

On behalf of the Board, I would like to thank our new and existing shareholders for their continued support. Your Board holds in high regard the trust and confidence placed in it as stewards of your capital. Heading into FY19, the business is in a strong position and I look forward to updating you on the company's progress.



BRIAN MITCHELL
CHAIRMAN

For personal use only

CEO report



I am pleased to present to you Bravura's FY18 financial results. The results show continuing growth in all key metrics with group revenue increasing 15% to A$221.5m, Group EBITDA increasing 18% to A$38.6m and Group Underlying NPAT increasing 27% to A$27.0m. Bravura delivered a solid return on equity of 25%.

A$m	2018	2017
Group revenue	221.5	191.9
Sonata revenue	122.5	92.8
Group EBITDA	38.6	32.6
Group underlying NPAT	27.0	21.4

The result was underpinned by a very strong result in the Wealth Management division. Wealth Management revenue increased by 26% to A$155.1m. This was underpinned by the new client wins, continued project work from prior period sales, and increasing demand from existing clients. Wealth Management EBITDA increased by 52% to A$46.2m. EBITDA margin in the business expanded from 25% to 30%, demonstrating the strong inherent operating leverage within the business model.

The rapid growth in Sonata, Bravura's flagship product, continues to underpin the business's performance. Sonata revenue increased 32% to A$122.5m, and now represents 55% of group revenue. During the period, Bravura was awarded important client contracts ahead of its competitors across each of its key operating regions, including the United Kingdom, Australia, New Zealand, and South Africa. Sonata now counts 24 financial services organisations as its clients, up from 20 at the end of FY17.

The need for a modern technology platform capable of providing end to end digital delivery and administration in the wealth management industry is becoming increasingly important. Regulatory change in financial services continues to evolve. The end consumer's demand for an intuitive digital experience with their wealth management services is growing. Operational efficiencies are still pursued by businesses to offset constant margin pressure. Sonata provides a solution that addresses each of these challenges that are commonly faced by financial institutions. In this context, we are confident that a multi-year pipeline of opportunities lies ahead to drive further growth.

We continue to invest prudently, with an additional A$30m invested into Sonata during FY18. Much of this development is client-funded and client-directed. This development keeps Sonata well ahead of competing products in functionality, breadth, and usability.

The Funds Administration division saw revenue decline slightly by 4% to A$66.4m and EBITDA decline by 16% to A$26.7m. Performance in 1H18 was impacted by the anticipated expiry of a client contract for a single product. This particular financial institution continues to remain a satisfied client of the business and is increasing its spend on Bravura products in other areas and the division returned to growth in 2H18 relative to 2H17 and 1H18. Bravura is particularly well regarded in this market for its digital solutions and straight through messaging capabilities and this, together with our SaaS offering for fund managers has created further new opportunities. Together, these underpin a good pipeline of work into FY19.

For personal use only

"Bravura was awarded important client contracts ahead of its competitors across each of its key operating regions, including the United Kingdom, Australia, New Zealand, and South Africa"

Bravura continues to strengthen its technological expertise in our industry and this has been supported by the formation of Innovation Labs in both EMEA and in APAC. These Innovation Labs provide an environment in which developers are able to generate new ideas in areas such as AI and Open Banking, iterate rapidly, and progress the idea to commercialisation in a compressed timeframe.

I am delighted to report that we have delivered on our strategy to expand our presence in South Africa as it aligns its regulatory model to that of our core UK and Australian markets. Bravura now has three of the top South African financial institutions as clients and we see further opportunities for Sonata in that market.

During FY18, we welcomed over 110 additional consultants and developers to the business and with offices nearing capacity, we will be moving to new larger premises at Bishopsgate in London and Sandton in Johannesburg during the first half of FY19.

The strong results delivered in FY18 reflect the hard work and dedication of the management team and the 1,200 plus colleagues that are committed to Bravura. Their tireless efforts have put this business in a competitive position leading into FY19 and I look forward to delivering on our business objectives.



Tony Klim
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Review of Full year results

Highlights of our FY18 results include:

- Group Revenue up 15%, to $221.5m
- Group EBITDA up 18%, to $38.6m
- Group Underlying NPAT up 27%, to $27.0m
- Net cash of $24.8m (as at 30 June 2018)

Results by Segment:

- Wealth Management
  - Revenue up 26%, to $155.1m
  - EBITDA up 52% to $46.2m
- Funds Administration
  - Revenue down 4%, to $66.4m
  - EBITDA down 16%, to $26.7m

Commentary

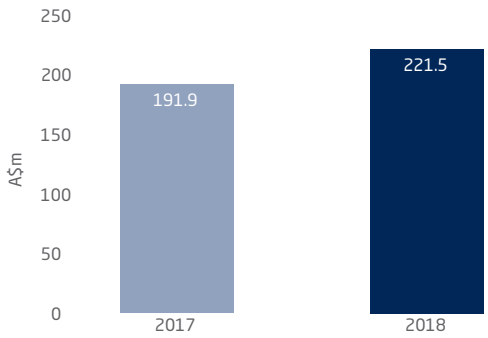
For personal use only

Bravura Solutions Group

Group Financials

- Group revenue of **$221.5 million** was up 15% on FY17
- Group FY18 EBITDA of $**38.6 million exceeded FY17 by 18%**
- Group Underlying NPAT FY18 was $27.0 million, **up 27% on FY17**

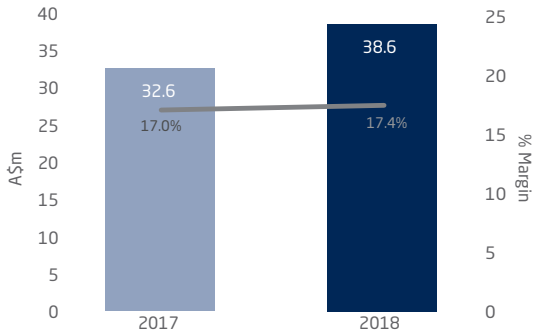
Group Revenue



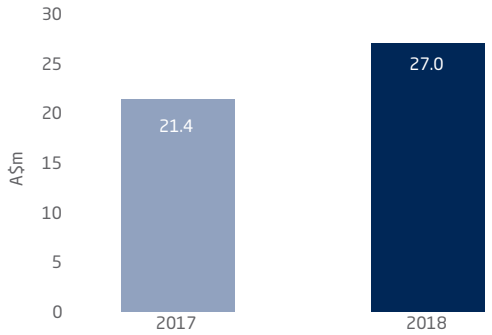
Group Commentary

- Strong results with several new clients choosing Bravura ahead of competitors
- Continued strong demand for professional services from existing clients
- Solid base of long-term contracts driving excellent growth

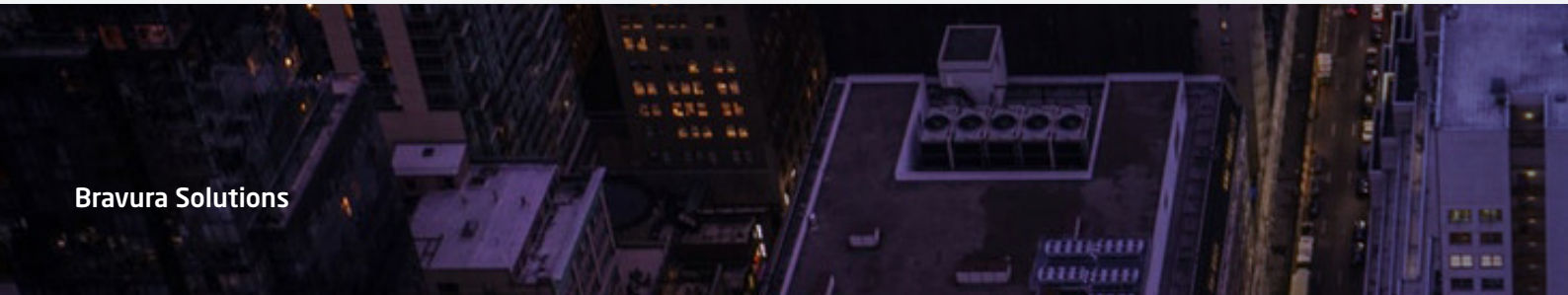
Group EBITDA[1] & EBITDA Margin



Group Underlying NPAT[2]



1. Group EBITDA adjusted for A$2.8m of IPO transaction costs
2. Group Underlying NPAT adjusted for A$2.8m of IPO transaction costs and A$4.2m of net interest costs



For personal use only

Wealth Management

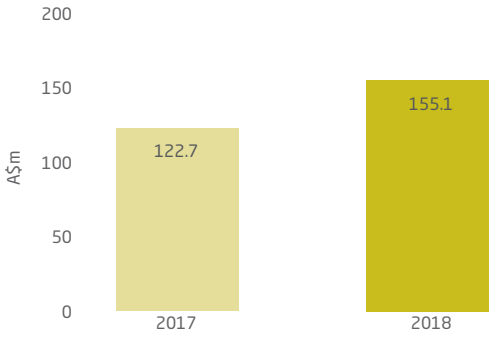
Segment Revenue

- Wealth Management revenue increased 26% to **$155.1 million**
- Sonata revenue increased **32%** to **$122.5 million**
- Segment EBITDA increased **52%** to **$46.2 million**

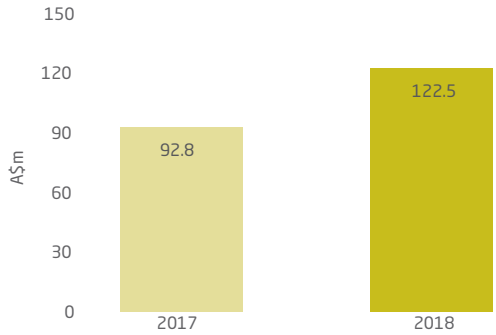
Segment Commentary

- Achieved client wins in all key markets, including the UK, Australia, New Zealand, and South Africa
- Sonata development margins were a significant improvement on prior periods
- EBITDA margin expanded as a function of significant inherent operating leverage in the business model

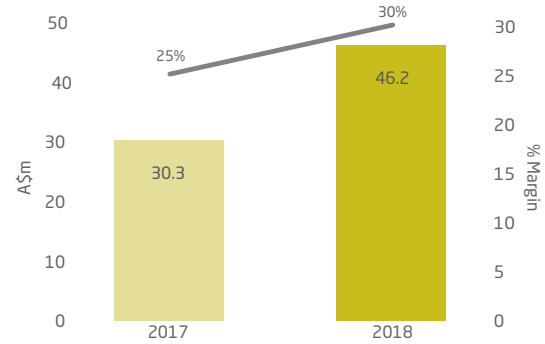
Wealth Management revenue



Sonata revenue



Segment EBITDA & EBITDA Margin





Commentary (continued)

Funds Administration

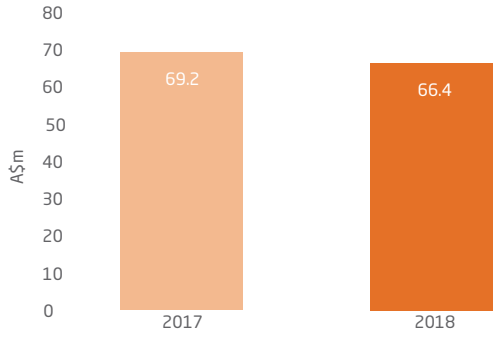
Segment Revenue

- Funds Administration revenue decreased **4% to $66.4 million**
- Funds Administration EBITDA decreased by **16% to $26.7 million**
- Funds Administration EBITDA margin stood at 40%

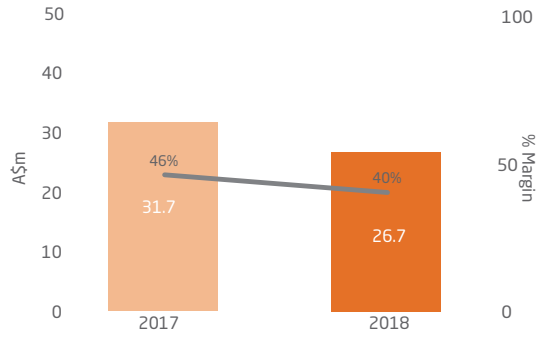
Segment Commentary

- The decline in revenue followed the previously flagged contract expiry in 1H18
- Bravura maintains its strong market credentials in providing digital solutions and straight through messaging capabilities
- Bravura's SaaS offering creates new opportunities for growth in the UK for smaller and mid-sized fund

Funds Administration Revenue



Segment EBITDA & EBITDA margin



For personal use only

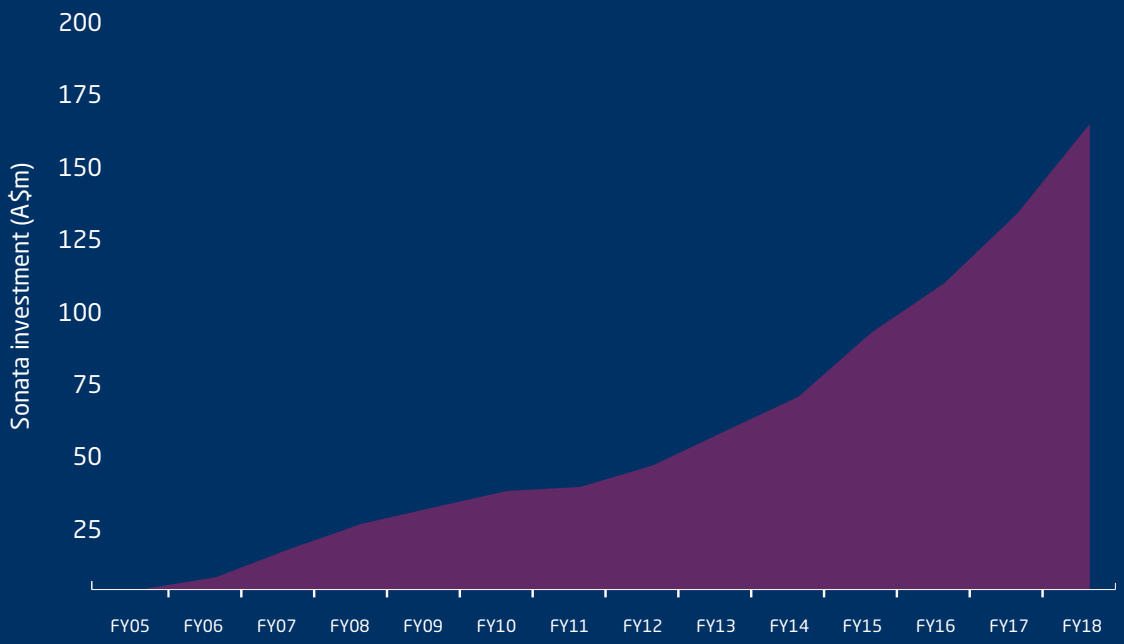
For personal use only

Research & development

We continue to maintain a strong pipeline of development activity to meet the needs of both current and future clients across our products. Continued investment in Sonata development enhances the core platform, maintaining its leading position and creating new market opportunities.

The chart below shows the cumulative investment in Sonata as Bravura continues to directly invest in the development of Sonata. This acceleration is reflected in the growth in Sonata's client base to 24 since FY11. Going forward, the further development of Sonata is expected to be funded increasingly by new and existing Sonata clients requesting specific enhancements and functionality, as has occurred in FY18 totaling $30m. This client-funded Sonata development is expected to increase and non-client funded development to reduce.

Chart: Bravura's cumulative investment in Sonata



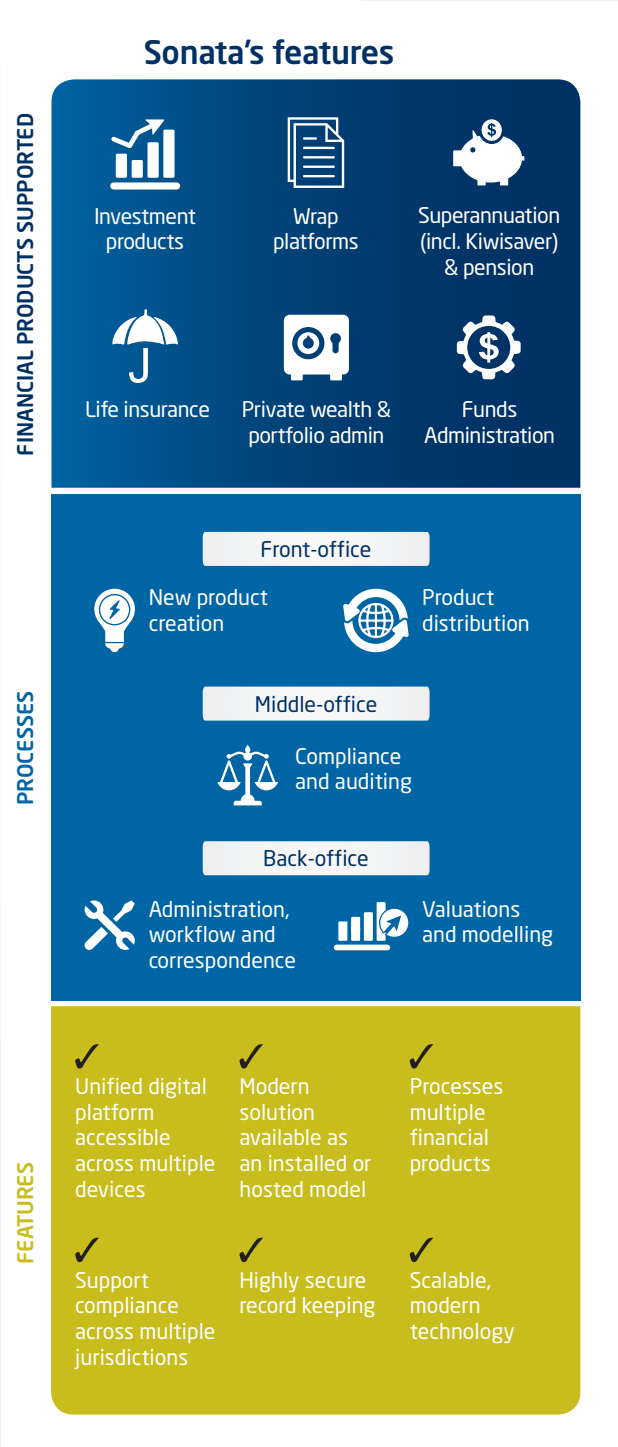
For personal use only

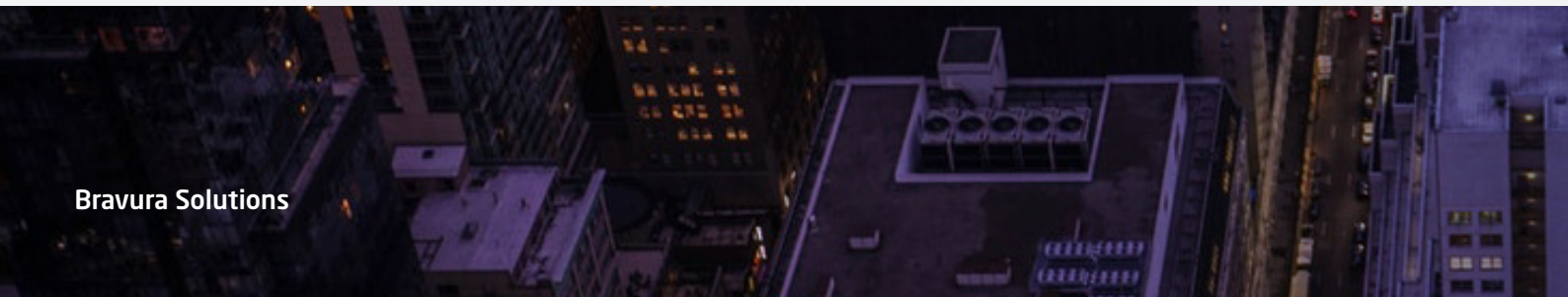
Sonata

What is Sonata?

Sonata is Bravura's flagship software product used by financial institutions across the globe to administer financial products such as investments, wrap platforms, life insurance, superannuation, pensions and Kiwisaver on behalf of their customers. Bravura's clients typically deploy Sonata either themselves, managing their own IT, operational and administrative aspects of the system within their organisation, via an outsourced hosted or SaaS deployment or through a third-party administrator who manages Sonata on the client's behalf.

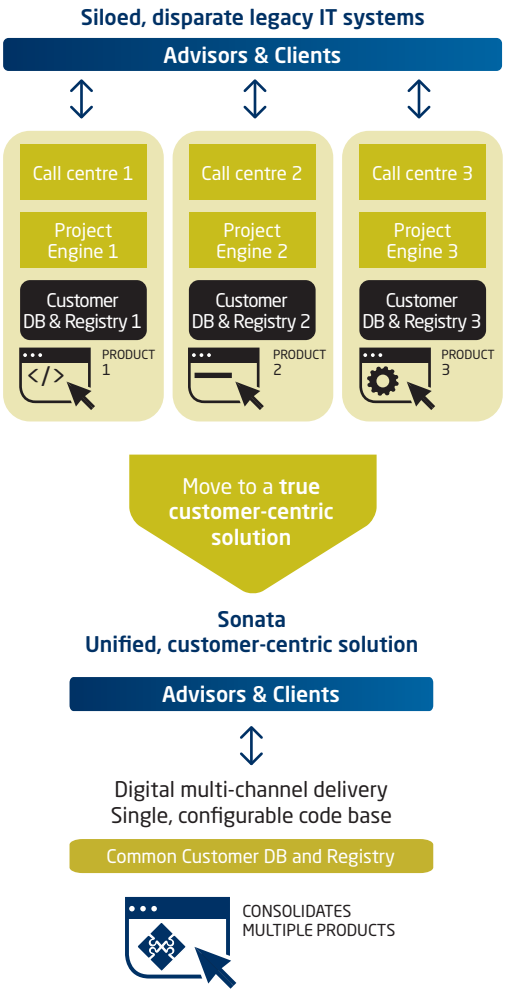
"Sonata is Bravura's flagship software product, supporting clients with a digital, efficient, and client centric technology platform."





For personal use only

Sonata enables clients to consolidate multiple legacy IT platforms into a unified, customer-centric solution



What does Sonata do?

Sonata provides a platform that can enable Bravura's clients to unify a number of disparate, siloed IT systems and provides a single-client view of customer information that facilitates consolidated reporting. In doing so, Sonata assists clients to reduce the costs associated with maintaining multiple software systems and enhances their customer experience through more streamlined digital engagement.

Who is Sonata for?

Typical clients of Sonata include major local and international banks, life insurance companies, wealth management companies, superannuation funds and KiwiSaver providers, and administration and IT outsourcers who provide services to financial institutions. Sales of Sonata are driven by the need to support regulatory changes, drive costs from operations and to deliver digital and mobile experience to customers.

Sonata growth

Sonata has grown from a revenue of $5.0m in FY13 to $122.5 million in FY18

	FY13	FY14	FY15	FY16	FY17	FY18
Sonata revenue (A$m)	**5.0**	**22.1**	**41.4**	**66.8**	**92.8**	**122.5**
Number of clients	3	10	12	16	20	24
Average revenue per client (A$m)	1.7	2.2	3.4	4.2	4.6	5.1



For personal use only

Key Management



Tony Klim

CEO AND MANAGING DIRECTOR

Tony Klim has over 30 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 Solutions 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 was 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.

Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.

For personal use only



Martin Deda

CFO AND EXECUTIVE DIRECTOR

Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C level operational and financial management as well as Board roles.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/ Chief Financial Officer for top tier law firm Minter Ellison. He previously held C-level positions at ASX200 listed global healthcare IT provider, iSOFT Ltd and CSC for Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of PageUp People Limited (formerly PageUp People Pty Ltd) (since 12 December 2012).

Martin holds a MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.



Nick Parsons

GLOBAL CHIEF TECHNOLOGY OFFICER

Based in London, Nick Parsons has over 30 years of experience in the IT industry, specialising in financial sector solutions for fund managers and TPAs. Nick is Global Chief Technology Officer for Bravura Solutions, with responsibilities that include defining the Company's evolving IT vision and strategy across the product range. He has been with Bravura Solutions since July 2007.

Prior to joining Bravura Solutions, Nick was the Chief Technology Officer for DST Global Solutions, where he was responsible for driving technical innovation across a diverse product range and implementing a number of complex global projects.



Andy Chesterton

CHIEF OPERATING OFFICER, FUNDS ADMINISTRATION

Based in London, Andy Chesterton has over 28 years of experience in the finance industry. Andy is responsible for the Funds Administration functions across EMEA, including product development (as well as financial messaging) globally. He has been with Bravura Solutions since it acquired the RUFUS division of The Bank of New York (now BNY Mellon) in December 2006.

Andy held various senior roles in The Bank of New York's Retail Funds Services and Retail Funds Software House divisions. Andy joined the Retail Funds Software House division in 2000 as the Head of Development. He was previously responsible for custody and treasury development teams at SG Warburg & Co.

For personal use only

Material Business Risks

The material business risks that have the potential to impact Bravura Solutions are outlined below, together with mitigating actions undertaken to minimise these risks:

Risk	Nature of Risk	Mitigation
Increased competition	Bravura Solutions competes with a number of specialist software vendors.	In order to mitigate the risk from increased competition, Bravura Solutions: • continues to invest in Sonata development to enhance the core platform; and • has implemented employee incentives to attract and retain key personnel.
Foreign exchange	Bravura Solutions is exposed to foreign exchange movements which may affect the value of its assets, liabilities, revenues and costs, and consequently, its financial results.	Bravura Solutions has a presence in a number of jurisdictions and the increase in relative revenue contributions from those jurisdictions tends to mitigate some of this exposure. Bravura Solutions has implemented relevant procedures, such as having debt facilities available in its main currencies and managing intercompany balances at the lowest level possible, to manage and minimise this risk.
Economic climate	Domestic and international economic conditions can impact client revenue.	Bravura Solutions has a presence in a number of jurisdictions to mitigate this risk.
Information security breach and failure of critical systems	Bravura Solutions could be impacted by the failure of critical systems, whether caused by error or malicious attack.	Bravura Solutions has gained ISO 22301:2012 accreditation for its disaster recovery and business continuity management systems to mitigate this risk. Bravura Solutions has also established and maintained the following: • dedicated information security teams; • mandatory information security awareness training across the business; • Board oversight through the Audit and Risk Management Committee and executive oversight via an internal information security committee.

Bravura Solutions Limited
Annual Financial Report

ABN 54 164 391 128

For personal use only



Table of Contents

Directors' Report	22
Remuneration Report	28
Auditor's Independence Declaration	49
Financial Statements	51
Directors' Declaration	95
Auditor's Report	96
Shareholder Information	103
Corporate Directory	105

The information contained in this document should be read in conjunction with Bravura Solutions Limited Directors' Report and Financial Report for the year ended 30 June 2018 and any public announcements made by Bravura Solutions Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

Directors' Report

The Directors present their Report together with the financial report of the Consolidated Entity, comprising the Company Bravura Solutions Limited ("Bravura Solutions") and its controlled entities (together "the Consolidated Entity" or "the Group") for the year ended 30 June 2018 and the Auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Non-executive Directors

Brian Mitchell	Independent Chairman
Peter Mann	Independent
Alexa Henderson	Independent
Neil Broekhuizen	

Executive Directors

Tony Klim	CEO
Martin Deda	CFO

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.

Operating and financial review

Sales revenue for the year at $221.5 million was 15.4% (2017: 3.9%) higher than the prior comparative period, driven by professional services, revenue and included $155.1 million from Wealth Management and $66.4 million from Funds Administration. The financial period saw increasing activity which will continue to drive revenue for the business. Employee benefits expense increased to deliver the professional services revenue, resulting in EBITDA being $6.0 million above the prior comparative period. Depreciation, amortisation, finance costs and foreign exchange were all significantly lower than the prior period, resulting in $30.8 million profit before tax compared to $19.4 million in the prior period.

The Board maintained a steady focus on operating costs as a percentage of revenue with effort on expanding resources in low cost countries to assist in overall cost management and further improve client focus.

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 spend during FY2018, focused on progressing the road map for Sonata was $8.7 million (2017: $10.3 million), of which $6.3 million (2017: $7.7 million) was capitalised as intangible assets.

Although the Group has a net current liability position of $10.0 million, $39.1 million of current liabilities relate to deferred revenue, which does not result in future cash outflows. The Board notes that the Consolidated Entity has a strong cash balance of $36.9 million and positive cash flows from operating activities of $46.2 million. The Group has undrawn credit lines totalling $11.5 million. Cash flow forecasts based on projected activity and business volumes indicate that the Group will be able to pay its creditors as and when they fall due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2018. Accordingly, these financial statements have been prepared on a going concern basis.

The profit for the Consolidated Entity after providing for income tax for the year ended 30 June 2018 amounted to $27.0 million (2017: $14.4 million).

Employee related expenses comprised 74.3% (2017: 74.9%) of total operating expenses in the period staffing 12 offices across Australia, New Zealand, United Kingdom, Europe, South Africa, Hong Kong, Asia and India.

To meet the demand from new sales and consulting activity from existing clients, as well as anticipated demand from forecast sales, employee headcount of the Group increased from 1,130 in the corresponding period to 1,278 staff in the current period on a permanent or contractor basis.

For personal use only

Directors' Report (continued)

The following table shows EBITDA and net earnings for the year adjusted for pro forma non-recurring items in the comparative period were as follows:

	Notes	30 June 2018 $'000	30 June 2017 $'000
Wealth Management		**155,070**	122,658
Funds Administration		**66,401**	69,220
Other revenue		**30**	28
Total revenue	6	**221,501**	191,906
Employee benefits expense	7	**(135,881)**	(119,335)
Third party cost of sales		**(17,285)**	(14,904)
Travel and accommodation costs		**(5,083)**	(5,122)
Occupancy costs		**(7,315)**	(6,565)
Telecommunication costs		**(8,760)**	(7,133)
Development operating expense		**(2,410)**	(2,531)
Other expenses (excluding IPO transaction costs, including hosting asset depreciation)		**(6,192)**	(3,685)
EBITDA*		**38,575**	32,631
Depreciation and amortisation expense		**(7,066)**	(8,254)
EBIT*		**31,509**	24,377
Finance costs		**(580)**	(4,194)
Foreign exchange loss		**(169)**	(784)
Profit before income tax and IPO transaction costs		**30,760**	19,399
IPO transaction costs		**-**	(2,755)
Income tax expense	8	**(3,730)**	(2,216)
Net profit from continuing operations		**27,030**	14,428

*The comparative period includes pro-forma adjustments for IPO transaction costs.

Dividends

A final dividend of 4.5c per share has been declared for FY18. A final FY17 dividend of 4.5c per share was paid on 28 September 2017. An interim dividend of 4.5c per share was paid to shareholders on 28 March 2018 (2017: nil).

Events subsequent to reporting date

No other matter or circumstance has arisen since 30 June 2018 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.

Likely developments and expected results

Bravura Solutions will continue to focus on accelerating the adoption of Sonata as the wealth management and life insurance application of choice in both EMEA and APAC while expanding its managed services model. The Company will continue to enhance its strategic relationships with existing clients with a focus on regulatory changes and product enhancements.

Environmental regulation and performance

The Consolidated Entity is not subject to any significant environmental regulation under the laws of the Commonwealth, States or other territories.

For personal use only

Directors' Report (continued)

Bravura Solutions Directors Biographies

Director and position	Experience
 **Brian Mitchell CPM FAICD FAMI AFAIM** **Chairman and Independent Non-executive Director**	Brian Mitchell is a senior executive with over 30 years experience in the IT industry with broad experience in the hardware, software and service sectors. His experience has been gained from working in the United Kingdom, Australia, Asia Pacific and the United States of America. Brian has significant experience in Business Development, Marketing, Sales, and Executive Management. Most recently Brian was Senior Vice President, Oracle Asia Pacific, responsible for growing Oracle's expanding software and services activities throughout Asia Pacific. His responsibilities included managing overall operations in the region, including leading Oracle's expanding Technology, and Applications software businesses. Previously, Brian held the position of Managing Director, Oracle Australia and New Zealand from December 2000 until September 2004. Brian has held various other senior management roles with organisations such as IBM Corporation, BIS Banking Systems and Digital Equipment Corporation. Brian is a former Director of UXC Limited (24 October 2012 to 28 February 2016) and OntheHouse Holdings Limited (25 November 2014 to 27 February 2015). He is currently Chairman of OtherLevels Holdings Limited (since 31 March 2015). Brian is a Certified Practising Marketer, a 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. Brian is the Chair of the Remuneration and Nomination Committee.
 **Peter Mann** **Independent Non-executive Director**	Peter Mann is a respected business leader with more than 30 years experience in the financial services industry. Prior to joining Bravura Solutions as an Independent Non-Executive Director, Peter was Vice Chairman of Old Mutual Group, where he spent a total of 12 years and oversaw a period of exceptional growth and achievement. Peter's time with Old Mutual Group included 6 years as CEO of Skandia, one of the UK's largest retail platforms, which was acquired by Old Mutual in 2006. Under Peter's leadership, Skandia grew to become the largest retail platform in the UK, with £60 billion in assets under management. Prior to this, Peter was CEO of Bankhall, a leading supplier of support services to financial advisers. Bankhall was acquired by Skandia in 2001. As CEO at Bankhall, Peter drove significant revenue and profit growth, implementing new services for existing members across multiple business lines. He was an active panel member of the Association of Independent Financial Advisors, lobbying the Financial Services Authority, ombudsman, product providers and other market participants on behalf of Bankhall members. In addition to being an Independent Non-Executive Director at Bravura Solutions, Peter is currently Chairman of Gryphon Group Holdings Limited (since March 2018) and Tori Global Limited (since May 2014). He is also a Non-Executive Director of MMI Holdings UK Limited (since February 2017) and Harwood Wealth Management Group PLC (since 30 November 2015). Peter is a member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee.
 **Alexa Henderson BSc CA** **Independent Non-executive Director**	Alexa Henderson has over 30 years of experience in finance, accounting and audit across the United Kingdom and Australia. She has a strong background in financial institution corporate governance and the guidance of appropriate audit practices and risk management processes. Alexa has worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently on the board of directors of three financial services companies in the United Kingdom being Dunedin Smaller Companies Investment Trust PLC (since 6 December 2014), F&C UK Real Estate Investments Limited (since 21 December 2015) and JP Morgan Japan Smaller Companies Trust PLC (since 11 April 2016). She has chaired the audit committee of each of these companies. In addition, Alexa sits on the board of James Walker (Leith) Limited, a diversified construction company (since 11 December 2013). Previous directorships include Scottish Building Society (which she chaired for 4 years) from 28 March 2001 to 27 January 2017 and Adam & Company Group PLC (a private wealth subsidiary of RBS) from 24 August 2012 to 19 January 2018. Alexa Henderson holds a BSc in Economics and Accounting from Edinburgh University, is a Chartered Accountant and has been a member of the Institute of Chartered Accountants of Scotland since 1985. Alexa is the Chair of the Audit and Risk Management Committee.

For personal use only

Directors' Report (continued)

Director and position	Experience
 **Neil Broekhuizen** **CA, B.Sc. (Eng) Hons** **Non-executive Director**	Neil Broekhuizen has 30 years experience in the finance industry including the last 25 years in private equity with Investcorp and Bridgepoint in Europe and with Ironbridge in Australia. In addition to being a Non-Executive Director at Bravura Solutions, Neil is also a Non-Executive Director of Monash IVF Group Limited and the privately held Re.Group. Neil is a qualified Chartered Accountant and holds a BSc (Eng) Honours degree from Imperial College, University of London, where he read electronic engineering. Neil is a member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee.
 **Tony Klim** **B.Sc (Physics Hons)** **CEO and Managing Director**	Tony Klim has over 30 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 Solutions 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 was 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. Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.
 **Martin Deda** **BSc, MBA, FCPA, GAICD** **CFO and Executive Director, Joint Company Secretary**	Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors. Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C level operational and financial management as well as Board roles. Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/ Chief Financial Officer for top tier law firm Minter Ellison. He previously held C-level positions at ASX200 listed global healthcare IT provider, iSOFT Ltd and CSC for Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of PageUp People Limited (formerly PageUp People Pty Ltd) (since 12 December 2012). Martin holds a MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.

For personal use only

Directors' Report (continued)

Bravura Solutions Company Secretary Biography

Position	Experience
 **Nigel Liddell** **LLB** **General Counsel and Joint Company Secretary**	Based in London, Nigel qualified as a Solicitor in 1993 and has nearly 25 years of in-house legal experience, mainly in the IT and services industries. He is responsible for managing the legal affairs of the Group. Nigel joined Bravura Solutions in March 2008 as the Head of Legal EMEA and took over the global role in July 2011. Prior to joining Bravura Solutions, he was Director and Group General Counsel at DST Global Solutions and has held senior roles at GE Capital IT Solutions, Action Computers (a London-listed company) and Hertz Europe.

Corporate governance statement

The Corporate governance statement of Bravura Solutions can be found on the Company's website, https://bravurasolutions.com/wp/wp-content/uploads/2012/12/CGSFY18.pdf

Share options

The Consolidated Entity has issued 2,119,692 performance rights under long-term incentive plans during the year and these rights remain unvested and unexercised at the reporting date (Refer Note 28).

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Bravura Solutions during FY2018 are:

	Board Meetings		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
B Mitchell	12	12	-	-	5	5
P Mann	12	12	5	5	5	5
T Klim	12	11	-	-	-	-
N Broekhuizen	12	12	5	5	5	5
M Deda	12	12	-	-	-	-
A Henderson	12	12	5	5	-	-

For personal use only

Directors' Report (continued)

Insurance of Directors and Officers

During the financial year, Bravura Solutions paid a premium in respect of a contract to insure the Directors of Bravura Solutions in line with the Constitution 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 Solutions

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

Non-audit services

Details of amounts paid or payable to the auditors for non-audit services provided during the year by Ernst & Young are outlined in Note 38 in the Financial Report.

The Directors, in accordance with advice from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services as disclosed in Note 38 in the Financial Report does not compromise the external auditor's independence as outlined in the Corporation Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee.
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 58 and forms part of the Director's Report for the year ended 30 June 2018.

Indemnification of auditors to the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Rounding-off

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.

Remuneration report

The Remuneration Report on pages 32 to 49 forms part of the Directors' Report.

This report is issued in accordance with a resolution of the Directors.



BRIAN MITCHELL
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
28 August 2018

For personal use only

Remuneration Report (audited)

Contents

1. Letter from the Chair of the Remuneration and Nomination Committee
2. Persons addressed and scope of the remuneration report
3. Context of and changes to KMP remuneration for FY18 and Into FY19
4. Overview of Bravura Solution's remuneration governance framework & strategy
5. Planned executive remuneration for FY18 (non-statutory disclosure)
6. Vested/awarded incentives and remuneration outcomes in respect of the completed FY18 period (non-statutory disclosure)
7. Performance outcomes for FY18 Including STI And LTI assessment
8. KMP held equity and performance rights
9. NED fee policy rates for FY18 and FY19, and fee limit
10. Remuneration records for FY18 – Statutory disclosures
11. Employment terms for key management personnel
12. Other remuneration related matters
13. External remuneration consultant advice

1 Letter from the Chair of the Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present Bravura Solution's Remuneration Report (Report) for the financial year ended 30 June 2018 (FY18), outlining the nature and amount of remuneration for Bravura Solution's Non-Executive Directors and other Key Management Personnel (KMP). Bravura Solution's remuneration framework reflects our commitment to deliver competitive remuneration for outstanding performance in order to attract and retain talented individuals across our operational regions, while aligning the interests of executives and shareholders.

Each year the Board assesses several factors when determining remuneration outcomes. In addition to overall financial results, the Committee assesses performance including the quality of the results, achievement against individual objectives and the effectiveness of strategic initiatives implemented to determine the extent to which the overall outcomes adequately reflect actual performance and returns to shareholders.

FY18 has seen significant achievements for Bravura Solutions, continuing the strong growth outlined in our 2016 Prospectus. Bravura Solutions delivered strong performance against key financial and operational measures in FY18. Given this positive result, the Board is satisfied that the outcomes for remuneration in relation to FY18 demonstrate an appropriate link between performance and reward, in respect of the executive KMP of the Company. This report outlines how Bravura Solution's performance has driven the remuneration outcomes for senior executives.

In developing this Remuneration Report the Board intends to provide shareholders with insights into the remuneration governance, policies, procedures and practices being applied, so that judgements can be fully informed in relation to the resolution on the adoption of the Remuneration Report at the upcoming Annual General Meeting (AGM). It is also intended to assist shareholders to engage with the Board regarding refinements and improvements that might be desirable, as the Company implements the necessary continuous improvement process to remuneration governance as the circumstances of the Company evolve.

For the financial year ending 30 June 2019, there are no changes proposed to the overall mix of fixed and "at-risk" (STIP/LTIP) for KMP. The Board has considered a variation to the disposal restrictions in the LTIP. This change is outlined in the relevant accompanying sections of this report.

Having received the support of shareholders for the approaches that are in place, the Board will continue to consider what improvements to remuneration governance, policies, procedures and practices need to be made, implement them, and provide updates and respond to feedback in future Remuneration Reports. The Board will continue to engage with shareholders and their representatives on these matters and we look forward to your comments and support for remuneration related resolutions at the upcoming AGM.

Yours sincerely,



BRIAN MITCHELL
NON-EXECUTIVE DIRECTOR
CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

For personal use only

Remuneration Report (audited) (continued)

2 Persons addressed and scope of the Remuneration Report

This Report covers the Key Management Personnel (KMP) of Bravura Solutions. The Report sets out, in accordance with section 300A of the Corporations Act, associated regulations, and good governance:

- The Company's governance relating to remuneration;
- The policy for determining the nature and amount or value of remuneration of KMP;
- The various components or framework of that remuneration;
- The prescribed details relating to the amount or value paid to KMP, as well as a description of any performance conditions;
- The relationship between KMP remuneration and the performance of the Company; and
- Such other/additional details as may be relevant to shareholders in order for them to form a complete understanding of the Company's remuneration governance, policies, procedures and practices as they relate to KMP.

KMP are the directors and employees who have authority and responsibility for determining, planning, directing and controlling the activities of the Company. On that basis, the following roles/individuals are addressed in this Report:

Non-executive Directors:

- Mr Brian Mitchell, independent non-executive director since 16 December 2009;
  - Chairman of the Board since 16 December 2009;
  - Chair of the Remuneration and Nomination Committee since 16 November 2016;
- Mr Neil Broekhuizen, non-executive director since 8 September 2009;
  - Member of the Audit and Risk Management Committee since 16 November 2016;
  - Member of the Remuneration and Nomination Committee since 16 November 2016;
- Mr Peter Mann, independent non-executive director since 22 December 2015;
  - Member of the Audit and Risk Management Committee since 16 November 2016;
  - Member of the Remuneration and Nomination Committee since 16 November 2016;
- Ms Alexa Henderson, independent non-executive director since 19 September 2016;
  - Chair of the Audit and Risk Management Committee since 16 November 2016.

Senior Executives classified as KMP or otherwise addressed in this Report for completeness:

- Mr Tony Klim, Chief Executive Officer (since 18 May 2011) and Managing Director (since 30 June 2011), having joined on 18 February 2008;
- Mr Martin Deda, Executive Director and Chief Financial Officer since 22 September 2014;
- Mr Nick Parsons, Chief Technology Officer, having joined on 30 July 2007;
- Mr Rama Velpuri, Global Head of Engineering – Wealth Management from 13 March 2017 to 3 January 2018; and
- Mr Andy Chesterton, Chief Operating Officer – Funds Administration since March 2014, having joined in December 2006.

3 Context of and changes to KMP remuneration for FY18 and into FY19

3.1 Matters identified as relevant context for remuneration governance in FY18 and into FY19

The KMP remuneration structures that appear in this Report are largely those that prevailed over FY18, as is required by regulation. The Board has undertaken to make continuous improvements to remuneration governance, policies and practices applied to KMP of the Company, as well as other employees, to ensure appropriateness to the circumstance of the Company as it evolves over time. The following outlines important context for the decisions that were made in relation to FY18, the outcomes of which are presented in this Report. Those changes already made in respect of FY18 or anticipated to be implemented during the remainder of FY19 will be commented on to the extent relevant to an evaluation of remuneration for FY18, with full details given as part of the FY19 Annual Report of the Company as is required.

- During FY18 the Board and executive KMP continued to focus on delivering the expectations set by the prospectus in the lead-up to the Company listing on the 16th November 2016, with progress to date indicating that prospectus expectations are being exceeded, based on challenging targets set out in the prospectus;
- Market capitalisation is one of the main factors that influences external assessments of the appropriateness of remuneration, and it is understood that external groups tend to see it as the primary indication of the size and status of the Company, and the field in which the Company is competing for talent. In this regard, it is noted that the value of the Company has been sustained, and increased, through FY18;

For personal use only

Remuneration Report (audited) (continued)

- Bravura Solutions operates internationally, with several executive KMP recruited/located overseas, and therefore the Company competes in an international market for executive KMP talent. This is an important consideration given that remuneration quantum, and structure, varies between different international geographies, in accordance with their applicable standards and expectations. It will be important for shareholders to consider the need to meet various local market standards when forming judgements regarding whether the remuneration arrangements set out for executive KMP are appropriate, and is a relevant factor in changes being considered for the disposal restrictions currently in place for the LTIP;
- Related to the above, when shareholders are reviewing executive remuneration on a year-on-year basis, the impact of currency fluctuations on remuneration agreed and paid in foreign currency should be considered. The disclosures contained in this Report will address notable changes to remuneration that are not the result of currency fluctuations;
- The Board sought feedback from shareholders and proxy advisors following the release of the 2017 Remuneration Report, and the subsequent AGM, and is continuing to improve remuneration governance and disclosure in response. The Board welcomes any feedback from shareholders in this regard.

3.2 Key remuneration matters identified and adjustments made or planned in response, since the previous report

During FY18 the following KMP remuneration related matters were identified for consideration and/or action during the reporting period:

- As foreshadowed in the 2017 Remuneration Report, the Board increased director fees by 3% for FY18, in line with market trends evident in data provided by independent expert consultants (EMEA, UK and Australia). Executive KMP increases were in line with CPI changes in each location, other than changes in relation to the CTO given the increased scope of responsibilities through the course of FY18;
- It has come to the attention of the Remuneration Committee through ongoing discussions with shareholders that Bravura Solutions' selection of Indexed TSR, Total Shareholder Return (iTSR) rather that ranked relative TSR (rTSR) as one of the two performance metrics underpinning the LTIP requires further explanation:
  - rTSR uses a "comparator group", assumed to be composed of "like companies", with the TSR of each constituent being ranked, and a standard vesting scale applied to determine outcomes (virtually universally): 50% vesting at P50 TSR and 100% vesting at P75 TSR. This approach assumes a statistically robust (more than 50 companies, ideally at least 100) highly valid and tailored comparator group of companies can be identified, against which generic performance standards may be applied. Given the small number of ASX listed Fintech comparators, this is not possible in the case of Bravura Solutions.
  - iTSR reverses this arrangement: it uses a generic indication of the return that shareholders expect from investing in the market generally, and applies a tailored/custom vesting scale outlining premiums to this level of return, intended to reflect the expectations of Bravura Solutions shareholders. This is a more valid and appropriate measure of relative TSR when a statistically robust group of similar companies cannot be identified. The Index used is intended to reflect a generic return to shareholders from a typical share market investment, as long as the premiums compared to the vesting scale reflect the right relationships. The Board believes this has been properly calibrated for Bravura Solutions under the existing iTSR arrangements and is not currently contemplating changing the Index to reflect a more tailored group of companies.
- The inconsistency resulting from the tax implications on disposal restrictions in the outcomes for UK based participants in the Company's new long-term incentive (LTIP) has been a key focus:
  - During FY17 and into FY18, the Board committed to introducing a long-term incentive (LTIP) for executives of the Company. This LTIP plan was designed to attract and retain the required executive talent, focus executive attention on driving sustainable long-term growth and aligning the interests of executives with those of shareholders;
  - Inherent to the design of the plan, the Board had a desire to subject 50% of LTIP awards to long-term holding requirements, which continued tax deferral for Australian participants, allowing them to make an individual choice whether to hold or realise the net of tax value of half the LTIP around the time of vesting;
  - At the 2017 AGM the Board asked shareholders to approve the grant to the MD/CEO, a UK-based participant in the plan;
  - Following the making of the invitation, it became apparent that tax would not be deferred by the disposal restrictions in the UK, effectively forcing UK participants to sell the released portion of the LTIP to pay down tax on the whole of the vested LTIP (including the portion subject to ongoing deferral), leaving UK participants with no realised benefit prior to the elapsing of further time-based disposal restrictions;
  - To address this inequality of outcomes in relation to future LTIP, the Board has reconsidered the requirement for extended disposal restrictions to apply to vested LTIP, and future Invitations will not include any specified disposal restriction beyond the usual restrictions related to the Company's share trading policy etc.
- This change has no impact on the number of performance rights offered, nor to any of the measurement aspects of the plan as designed and approved by shareholders at the 2017 AGM.

For personal use only

Remuneration Report (audited) (continued)

4 Overview of Bravura Solutions remuneration governance framework & strategy

4.1 Transparency and engagement

The Company seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders;
- Remuneration and Nomination Committee Members;
- Stakeholder groups including proxy advisors;
- External remuneration consultants (ERCs);
- Other experts and professionals such as tax advisors and lawyers; and
- Company management to understand roles and issues facing the Company.

The following outlines a summary of Bravura Solutions formal Remuneration Governance Framework that has resulted from those engagements and related considerations. Some of the framework has been published to the market, and is available at https://bravurasolutions.com/wp/wp-content/uploads/2012/12/CGSFY18.pdf.

It is important that shareholders, proxy advisors and other interested parties consider this information as part of forming a judgement regarding the remuneration policies, procedures and practices of the Company.

4.2 Remuneration and Nomination Committee Charter

The Remuneration and Nomination Committee (the "Committee") is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary duties. The Committee is responsible for making recommendations to the Board about:

- Identifying individuals who may be qualified to become directors through assessing the Board's "skills matrix" and identifying any gaps;
- The appointment process and re-election of members of the Board and its committees;
- Board and senior executive succession issues and planning;
- The development of a process for the evaluation of the performance of the Board, its Committees and Directors;
- The review of the performance of senior executives and members of the Board, which should take place at least annually;
- Remuneration, recruitment, retention and termination policies and procedures for senior executives;
- The remuneration packages of senior executives, non-executive Directors, executive Directors, equity-based incentive plans and other employee benefit programs; and
- The remuneration policy for Directors, including as it is applied and the process by which any shareholder approved pool of Directors' fees is allocated.

The Committee must consist of at least three members (only non-executive directors) and must be made up of a majority of independent directors. The Committee has the authority to seek any information which is relevant to its functions from any employee of Bravura Solutions or external parties. The Committee has the authority to obtain outside professional advice as it determines necessary to carry out its duties. The Committee is also responsible for developing and overseeing the diversity policy. The full Charter is available on the Company website.

4.3 Senior executive remuneration policy

The senior executive remuneration policy applies to senior executives who are defined as follows:

- Managing Director - accountable to the Board for the Company's performance and long-term planning;
- Those roles classified as executive KMP under the Corporations Act;
- Direct reports to the Managing Director – roles that are business unit, functional, or expertise heads; and
- Any other roles as determined by the Board.

The policy outlines the Company's intentions regarding senior executive remuneration, including how remuneration is to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices. The policy is summarised in the formal and documented remuneration policy of the Company, available on the Company website. The following outlines the intentions of the Board in relation to applying the policy to senior executives:

- Remuneration should be composed of:
  - Base package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT));
  - STIP which provides a reward for performance against annual objectives and which may be subject to deferral as determined by the Board from time to time; and
  - LTIP which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a three-year period, intended to create alignment with shareholders; and
  - In total the sum of the elements will constitute a total remuneration package (TRP).
- Both internal relativities and external market factors should be considered;

For personal use only

Remuneration Report (audited) (continued)

- The performance of the Company and of senior executives should be considered in respect of the design of remuneration;
- That the base package policy mid-points should be usually set with reference to P50 (the median or the middle) of the relevant market practice, noting that both local and international markets may need to be considered when relevant;
- That TRPs at target (being the base package plus incentive awards intended to be paid for targeted levels of performance) should be usually set with reference to P75 (the upper quartile, the point at which 75% of the sample lies below) of the relevant market practice so as to create a strong incentive to achieve targeted objectives in both the short and long-term;
- Remuneration will be managed within a range of a policy benchmark to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role, and that range will be within +/- 20% of the policy benchmark;
- Exceptions will be managed separately such as when particular talent needs to be retained or there are individuals with unique expertise that need to be acquired; and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval) and will not be made when an executive is removed for misconduct.

The Board continues to consider its approach in relation to setting remuneration when there are two or more markets that need to be considered, generally the Australian market which shareholders may be expected to reference when assessing remuneration, and international markets as may be relevant to each role. This is challenging because only by meeting market expectations in each location can the Company hope to build and retain an appropriately talented executive team in respect of its international locations, and yet remuneration must also appear reasonable and appropriate to Australian stakeholders given that the Company is listed in Australia. In consideration of the approaches most evident in the market, being:

- Remunerate according to the Australia market, which is likely to lead to a loss of internationally sourced talent, but which produce internal relativities between roles that are logical;
- Remunerate according to the market relevant to each executive location, which may lead to outcomes that appear high or unusual in terms of structure relative to Australian standards, and which may produce unusual internal relativities; or
- A hybrid approach such as setting base packages according to the Australian market (locally reasonable and producing good internal relativities), and set TRP's relative to each executive location (ensuring competitiveness in total pay, but with varying degrees of focus on incentives) or some other criteria.

To date, the Company continues to be most closely aligned to the second approach, as was necessary to build the business and maintain local market expertise, and this has led to some of the observations regarding relativities with the Australian market noted in this Report. The Board anticipates, and welcomes, feedback from shareholders in this regard.

4.4 Non-executive director remuneration policy

The non-executive director (NED) remuneration policy applies to non-executive directors of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
  - Board fees;
  - Committee fees;
  - Superannuation;
  - Other benefits; and
  - Equity (if appropriate at the time).
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company;
- Remuneration will be reviewed annually;
- Termination benefits will not be paid to non-executive directors;
- A policy level of Board fees (being the fees paid for membership of the Board, inclusive of superannuation and exclusive of committee fees) will usually be set with reference to the P50 (median or middle) of the market of comparable ASX listed companies when benchmarking is undertaken; and
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees, usually producing a clustering of total fees around the P50 reflecting the workload of each NED, but that the inclusion of these should result in outcomes that, when combined with Board fees will not normally exceed P75 of the market of comparable ASX listed companies.

Currently the Company does not provide equity as part of non-executive director remuneration and shareholder approval would be sought for any plan that may facilitate this element of remuneration being paid.

4.5 Approach to determining comparators for remuneration benchmarking

When the Company seeks external market data in relation to NED or senior executive benchmarking, the following principles are generally intended to apply, however the Board seeks independent expert advice regarding design of comparator groups as part of engaging an external remuneration consultant:

For personal use only

Remuneration Report (audited) (continued)

- A benchmarking comparator group will take into account the Company's estimated sustainable market capitalisation at the time of the exercise, which may involve smoothing the market capitalisation of the Company over a period, so as to ensure that anomalies in Company value at particular times do not unduly influence outcomes;
- It will include direct competitors of comparable scale to the extent possible;
- The group should be large enough to produce valid statistics, and small enough to be reasonably specific;
- To the extent that direct competitors are not sufficient to produce a statistically robust sample, companies of comparable scale from the same industry or sector will be included;
- The group should be balanced with an equal number of comparators larger, and smaller, generally limited to those within a range of half to double the Company's market capitalisation value used in designing the group; and
- Benchmarking will be undertaken in respect of both Australian and international data, as may be appropriate to each role, and which will in combination inform decisions regarding setting a policy benchmark.

These principles are specific to remuneration benchmarking exercises and therefore may produce different outcomes than those applied to the design of other types of comparator groups.

4.6 Short-term incentive policy

The short-term incentive policy may be summarised as follows:

- The Company will operate a formal Short-term Incentive Plan (STIP) as part of the remuneration offered to senior executives (as defined in the policy) so as to:
  - Motivate senior executives to achieve the short-term annual objectives linked to Company success and shareholder value creation;
  - Create a strong link between performance and reward;
  - Share Company success with the senior executives that contribute to it, and
  - Create a component of the employment cost that is responsive to short to medium-term changes in the circumstances of the Company.
- Non-executive Directors are excluded from participation;
- The measurement period for performance should be the financial year of the Company which is considered short-term;
- Formal STIP rules have been developed, as well as documentation to support the effectiveness of the plan;
- The STIP is outcome-focussed rather than input-focussed, and while an individual performance component should be present, rewards should generally be linked to indicators of shareholder value creation;
- The Board will retain discretion to adjust actual awards so as to manage circumstances in which the calculated award may be considered inappropriate;
- The Board has discretion to include deferral of some part of the award as part of a STIP invitation (not currently applicable); and
- Any clawback policy as may be developed by the Company from time to time will apply to the STIP.

4.7 Long-term incentive policy

The long-term incentive policy may be summarised as follows:

- The Company will operate a formal Long-term Incentive Plan (LTIP) as part of the remuneration offered to senior executives (as defined in the policy) so as to:
  - Motivate senior executives to achieve long-term objectives linked to shareholder value creation over the long term;
  - Create a strong link between performance and reward over the long term; and
  - Share the experience of shareholders with the senior executives that contribute to it including creating an ownership position.
- Non-executive Directors are excluded from participation;
- The measurement period for performance should be aligned with the financial year of the Company and should include three financial years;
- The Board will retain discretion to adjust actual vesting so as to manage circumstances in which the calculated vesting may be considered inappropriate; and
- Any clawback policy as may be developed by the Company from time to time, will apply to the LTIP.

4.8 Defining threshold, target and stretch for incentive purposes

In relation to the design, implementation and operation of incentives there should, where possible, be a range of performance and reward outcomes identified and defined. These should be set with regard to the elasticity of the measure, the impact of the measure on shareholder

For personal use only

Remuneration Report (audited) (continued)

value creation and the ability of senior executives to influence the measure. In order to create clarity and consistency, the following concepts and principles are generally intended to apply to the design of incentive scales:

- "Target", being a challenging but achievable outcome, and which is the expected outcome for a senior executive/team that is of high calibre and high performing;
- "Threshold", being a minimum acceptable outcome for a "near miss" of the target, associated with a fraction of the target reward appropriate to the threshold outcome; and
- "Stretch" (the maximum) levels of objectives, which is intended to be a "blue sky" or exceptional outperformance not expected to be achieved, the purpose of which is to create a continuous incentive to outperform when outperformance of the target has already been achieved. This is particularly important for shareholders to understand when comparing with other companies whose maximum levels of incentives may be associated with a planned or target outcome.

Awards for outcomes between these levels should generally be scaled on a pro-rata basis dependent on actual performances. This is intended to provide a motivating opportunity to attain a reward, and to ensure that reward outcomes align with performance, under a range of circumstances.

It is recognised that there is a link between the budget setting culture of the Company and the setting of incentive hurdles. In this regard, the Board is confident that budgets developed and agreed to are sufficiently challenging but also achievable, and therefore appropriate to be linked to target rather than to threshold.

4.9 Clawback policy

Payments or vesting related to performance conditions associated with STIP and LTIP intended to be subject to any clawback policy if and as may be developed by the Company from time to time.

The Board will seek advice regarding the development of a clawback policy, however as at the time of writing, it remains the view of the Board that a clawback policy is unnecessary, since clawback policies are generally intended to relate to the recovery of overpayments when there has been a material misstatement in the financial reports of the Company, a demonstrably low risk based on the frequency of occurrence in the Australian market. The Company has sufficient controls in place as to be confident that this risk is negligible. It is recognised that some institutions and proxy advisors tend to prefer to see a clawback policy in-place as a matter of good-governance, however the practical value of this is to be considered.

4.10 Securities trading policy

The Company's policy on trading in Bravura Solutions securities by Directors and other KMP of the Company:

- Sets out the guidelines for dealing in any type of Bravura Solutions securities by the Company's KMP; and
- Summarises the law relating to insider trading which applies to everyone, including to all Bravura Solutions group employees as well as to KMP.

Under the current policy, Directors and all employees are prohibited from engaging in short term trading of company securities and KMP must not trade during "prohibited periods" (with some limited exceptions, and with prior written approval, as set out in the policy). The following periods in a year are "prohibited periods":

- From the Company's year end until the release of the full year results;
- From the Company's half year end until the release of the half yearly results; and
- Any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to Listing Rule 3.1A).

The policy also prohibits KMP from using any derivatives or other products which operate to limit the economic risk of unvested Bravura Solutions securities.

4.11 Equity holding policy

The Company does not currently have an equity holding policy applicable to KMP, as historically the majority of KMP had material holdings, however this matter is currently under consideration given the changing circumstances of the Company, and market practices.

4.12 Diversity policy

The Company has adopted a formal and documented diversity policy, which is available on the Company website. The Company values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems with this commitment. In summary the policy outlines the following, and compliance is overseen by the Committee:

- The Company intends to promote the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements, and to foster a commitment to diversity by leaders at all levels;
- The Company will maintain programs and initiatives to support the policy including mentoring programs, professional development and flexible work opportunities,

For personal use only

Remuneration Report (audited) (continued)

- Measurable objectives are to be set in relation to gender diversity, to be reviewed annually;
- The policy will be communicated to the market, including a summary in the Annual Report (this summary); and
- The Company intends to meet its obligations in respect of diversity as outlined under the ASX Corporate Governance Council's Principles and Recommendations (3rd edition).

4.13 Variable executive remuneration – The short-term incentive plan (STIP)

Short-term Incentive Plan (STIP)	
Aspect	**Plan, offers and comments**
Purpose	The STIP's purpose is to give effect to an element of remuneration. This element of remuneration constitutes part of a market competitive total remuneration package and aims to provide an incentive for senior executives to deliver or outperform annual business plans that will lead to sustainable superior returns for shareholders. Target-based STIP's are also intended to modulate the cost to the Company of employing senior executives, such that risk is shared with the executives themselves and the cost to the Company is reduced in periods of poor performance.
Measurement period	The Company's financial year.
Award opportunities	**FY18 Invitations** The Group CEO was offered a target-based STIP equivalent to 50% of the base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 60% of the base package. Other senior executives who are KMP were offered a target-based STIP equivalent to 30% of their base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 36% of the base package. **FY19 Invitations** As at the date of writing this Report, FY19 invitations had not been determined, and may be subject to adjustment following the receipt of expert advice. **Comments** Shareholders should refer to the definitions of threshold, target and stretch presented elsewhere in this document when assessing incentive practices.
Key Performance Indicators (KPIs), Weighting and performance goals	**FY18 Invitations** FY18 Invitations to participate in the STIP were based on a series of KPIs set for each role with a threshold, target and stretch as outlined in section 7.2 for each incumbent. The majority weighting is given to financial performance indicators (generally 60-80% weighting) with minor weightings given to role-specific indicators. Note: Total outcomes cannot exceed 120% of the pool and awards will be scaled back on a pro-rata basis for each participant until this condition is met. **FY19 Invitations** As at the date of writing this Report, FY19 invitations had not been determined, and may be subject to adjustment following the receipt of expert advice. **Comments** The Board selected these measures as being those that are critical to the delivery of the expectations set and expected to drive economic profitability and ultimately shareholder value creation over the long term, within a financial year period.

For personal use only

Remuneration Report (audited) (continued)

Short-term Incentive Plan (STIP)	
Aspect	**Plan, offers and comments**
Award determination and payment	Calculations are performed following the end of the measurement period and the audit of Company accounts. The Board retains discretion to modify outcomes to ensure that the STIP does not produce outcomes that shareholders would be likely to consider inappropriate. **FY18 Invitations** 100% of awards are made in cash with PAYG tax deducted. **FY19 Invitations** As at the date of writing this Report, FY19 invitations had not been determined, and may be subject to adjustment following the receipt of expert advice.
Cessation of employment during a measurement period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the measurement period are forfeited. In the case of cessation of employment for other reasons, the incumbent may be entitled to receive a pro-rata payment.
Change of control	The treatment of STIP in the case of a takeover or change of control is subject to Board discretion.
Plan gate & board discretion	For each measurement period the Board will have the discretion to modify outcomes to ensure that they are not inappropriate. When such discretion is applied, it will be disclosed and explained. A specified gate condition may apply to offers of STIP such that no award will be payable in relation to any KPI if the gate condition is not met or exceeded. **FY18 Invitations** A gate applied of threshold Group EBITDA and/or Group NPAT (depending on KMP role) as per the table below, and no award for any measure would be payable if the gate was not exceeded. **FY19 Invitations** As at the date of writing this Report, FY19 invitations had not been determined, and may be subject to adjustment following the receipt of expert advice.
Fraud, gross misconduct etc.	If the Board forms the view that a participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the measurement period will be forfeited by that participant.

For personal use only

Remuneration Report (audited) (continued)

4.14 Variable executive remuneration – Long-term Incentive Plan (LTIP)

During FY18 the Board completed the development of an LTIP suitable to the Company's circumstances and current market best-practices, under the existing Employee Incentive Rights Plan. The LTIP was established to provide equity incentives to executives including Executive Directors. Awards granted under the LTIP may include options, performance rights, cash rights and stock appreciation rights. Since inception of the LTIP, only performance rights have been granted.

The Remuneration Committee determines the maximum amount of equity under the program to be issued with the allocation to executives broadly in line with their potential (as a sign-on award) or past contribution (as a performance award/retention tool).

The LTIP was approved for use by the Remuneration Committee whereby performance rights were granted to executives with hurdles that apply as follows:

(1) 50% of the LTIP grant is subject to an Earnings Per Share (EPS) hurdle; and

(2) 50% of the LTIP grant is subject to a Total Shareholder Return (iTSR) hurdle.

The use of two performance hurdles weighted equally is consistent with market practice. The hurdles motivate executives with a clear line of sight to the outcome through the combination of an internal (EPS) and external (iTSR) measure. A comparator group being the ASX300 was adopted and vesting of performance rights is based on Bravura Solutions performance compared to the comparator group. When expectations are met, and all other things being equal, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

Participants in the LTIP must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested awards.

In total, the Consolidated Entity granted 2,119,692 performance rights during the year under the LTIP, of which 1,157,564 were to members of KMP.

As foreshadowed in the previous Remuneration Report, this has required some variation for compliance and/or tax reasons to the terms of future invitations but not to the plan rules. The Board was receiving independent expert advice in this regard at the time of writing of the previous report, and as a result of advice regarding UK taxation issues, future grants of LTIP will not be subject to extended disposal restrictions following vesting ("specified disposal restrictions"). This is the only notable variation between the grants made during FY18 and expected future grants.

The structure and details of LTIP performance rights issued to executives in FY18 under the plan are summarised in the following table:

Long-term Incentive Plan (LTIP)	
Aspect	**Plan, offers and comments**
Purpose	The LTIP's purpose is to give effect to an element of senior executive remuneration. This element of remuneration constitutes part of a market competitive total remuneration package. It is intended to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders. As well as facilitating executives becoming shareholders, the LTIP both shares long-term risks with executives (the downside below target, noting that under AASB2, costs related to non-market conditions can be written back when vesting is lower than expectations) and provides an incentive for senior executives to exceed expectations (the upside above target). Other purposes of the LTIP are to assist in the attraction and retention of a stable team of sustainability focussed senior executives.
Nature	Each LTIP performance right entitles the participant to one share in the Company upon vesting.
Grant frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.
Eligibility criteria	Selected executives, broadly in line with past contribution and future potential.
Exercise price	5-day VWAP preceding grant date.
Exercise of vested Performance Rights	Vested performance rights are exercised automatically following vesting. Rights that are not exercised, lapse. Exercised rights will be satisfied in the form of ordinary Company shares, except where the Board exercises its discretion to settle in the form of cash.
Right to dividends	No dividend rights until exercised.

For personal use only

Remuneration Report (audited) (continued)

Long-term Incentive Plan (LTIP)

Aspect	Plan, offers and comments

Performance hurdles

Earnings per share (EPS) – 50% of LTIP performance rights granted

Performance level	Total growth over 3 Years	Vesting
Stretch	≥56%	100%
	>33% & <56%	>50% & <100%
Target	**33%**	**50%**
	>22% & <33%	>25% & < 50%
Threshold	22%	25%
Below threshold	<22%	0%

Performance right vesting levels are interpolated between each percentile above.

Total shareholder review (iTSR) – 50% of LTIP performance rights granted

Based on relative EPSG performance over a three year measurement period against a comparator group (ASX 300 iTSR Index):

Performance level	Company's TSR compared to the ASX300 Total Return Index	Vesting
Stretch	≥100% of Index Plus 10% CAGR	100%
Between target & stretch	>100% Plus 5% CAGR & < 100% of Index Plus 10% CAGR	Pro-rata
Target	**100% of Index** Plus 5% CAGR	**50%**
Between threshold & target	>100% of Index & <100% of Index Plus 5% CAGR	Pro-rata
Threshold	100% of Index	25%
Below threshold	<100% of Index	0%

Performance right vesting levels are interpolated between each percentile above.

Vesting period: Three years from grant date. No retesting.

For personal use only

Remuneration Report (audited) (continued)

5 Planned executive remuneration for FY18 (non-statutory disclosure)

The disclosures required under the Corporations Act (including regulations) and prepared in accordance with applicable accounting standards, do not provide shareholders with an understanding of the intended remuneration for a given year. For example, the LTIP disclosed is not reflective of the remuneration opportunity for the year being reported on, nor the LTIP that vested in relation to the year, due to the requirements of AASB2. Therefore additional information is provided. The following table is intended to ensure that shareholders have an accurate understanding of the Board's intention regarding the remuneration offered to executives during FY18, as at target performance, to facilitate an assessment of the alignment between performance and reward. In this regard, the definition of target needs to be considered, as outlined earlier in this Report. Generally, there are opportunities for incentives to exceed the target levels outlined here, however stretch/maximum incentives are designed to be unlikely to occur.

In the case of the STIP, the maximum incentive is currently 120% of target.

Position	Incumbent	Base package excluding super $	STIP opportunity		LTIP[1] $	% of STIP subject to deferral[2] %	Superannuation $	Other benefits $	Total remuneration package at target performance $
			Target of base package %	Target STIP amount $					
CEO and Managing Director	Mr Tony Klim	701,463	50	351,582	118,312	-	-	116,570	1,287,927
CFO and Executive Director	Mr Martin Deda	454,329	30	136,631	47,587	-	25,000	14,887	678,434
Chief Technology Officer	Mr Nick Parsons	493,027	30	150,081	80,807	-	-	51,987	775,902
Head of Global Engineering, Wealth Management	Mr Rama Velpuri	391,840	-	-	-	-	-	-	391,840
Chief Operating Officer, Funds Administration	Mr Andy Chesterton	453,157	30	136,273	73,372	-	7,949	68,775	739,526

1) LTIP represents the expensing in FY18 of grant date fair values as per AASB2, and therefore is included on an actual basis, rather than at target.

2) No deferral currently applies to STIP awards.

For personal use only

Remuneration Report (audited) (continued)

6 Vested/awarded incentives and remuneration outcomes in respect of the completed FY18 period (non-statutory disclosure)

The statutory disclosure requirements and accounting standards make it difficult for shareholders to obtain a clear understanding of what the actual remuneration outcomes for executives were in relation to a given reporting period. It should be noted that typically STIP for a reporting period is paid after the end of the financial year/reporting period, following audit, and that LTIP vesting is similarly delayed. The following table brings these outcomes back to the year of performance to which the outcome relates, and which is the reporting period i.e. STIP is presented as being part of the remuneration for the year in which performance was tested, and LTIP would be presented as being part of the remuneration for the year during which performance testing was completed (which will be first reported in 2020, after the FY18 grant measurement period is completed). No equity-based remuneration or LTIP granted in previous years vested during FY18.

Position	Incumbent	Year	Base package excluding super $	Total STIP awarded following completion of the financial year (cash only)		Superannuation $	Other benefits $	Total remuneration package $
				Amount $	TRP %			
CEO and Managing Director	Mr Tony Klim	2018	701,463	366,959	31.0	-	116,570	1,184,992
CFO and Executive Director	Mr Martin Deda	2018	454,329	150,494	23.3	25,000	14,887	644,710
Chief Technology Officer	Mr Nick Parsons	2018	493,027	179,649	24.8	-	51,987	724,663
Head of Global Engineering, Wealth Management	Mr Rama Velpuri	2018	172,220	-	-	-	-	172,220
Chief Operating Officer, Funds Administration	Mr Andy Chesterton	2018	453,157	90,310	14.6	7,949	68,775	620,191

Details regarding the assessments of performance that gave rise to the incentive outcomes for FY18 are given below. STIP for Mr Nick Parsons includes $14,606 discretionary bonus, in recognition of his significant increase in accountability assumed as a result of the departure of the former Head of Global Engineering - Wealth Management.

7 Performance outcomes for FY18 including STIP and LTIP assessment

7.1 Company performance

The 2018 financial year is Bravura Solutions' first full financial year listed on the Australian Stock Exchange since its initial public offering (IPO) in November 2016. The following highlights the major achievements through which value was created during FY18:

- In the Wealth Management division, Bravura Solutions has been awarded long-term client contracts for Sonata in all its key geographic markets, including in the United Kingdom, Australia, New Zealand, and South Africa. The rapid growth in Sonata continues to underpin the business' strong performance;
- Continued investment in Sonata, enabling developments that keep Sonata ahead of competing products in functionality, breadth, and usability; and
- In Funds Administration, Bravura Solutions remains well regarded for its digital solutions and messaging capabilities. Bravura Solutions' SaaS offering continues to create opportunities.

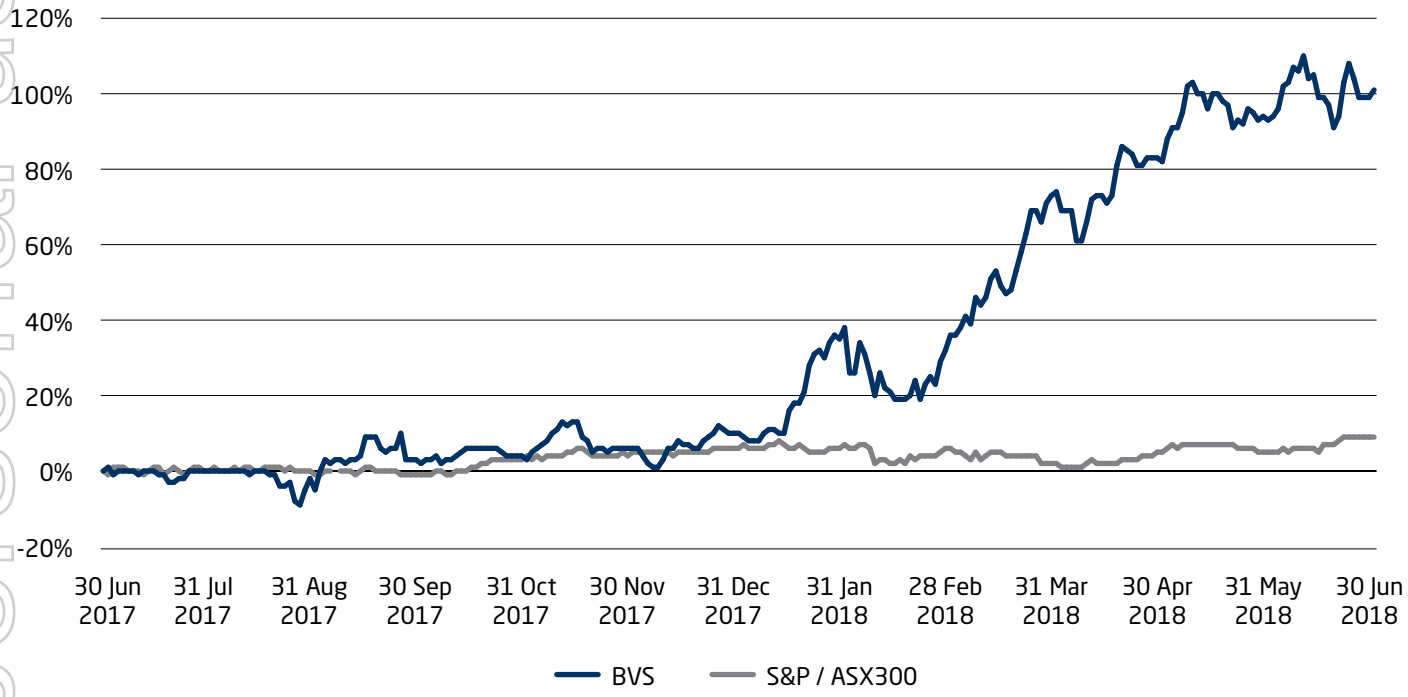
For personal use only

Remuneration Report (audited) (continued)

The following outlines the performance of the Company over the FY18 period and recent financial years. Since the Company only listed in November of 2016, it is not possible to provide data in relation to much of this information, however data presented reflects the period between listing and the end of FY18. This table will continue to become more meaningful in future reports.

FY end date	Revenue $M	Profit after tax $M	Share price $	Change in share price $	Dividends $	Short-term change in shareholder value over 1 Year (SP Increase + dividends) Amount $	%	Long-term (Cumulative) 3 years change in shareholder Value Amount $	%	3 Yr Total return (dividends assumed to be reinvested) %
30-Jun-17	191.9	14.4	1.60	0.15	0.00	0.15	10.34	n/a	n/a	n/a
30-Jun-18	221.5	27.0	3.21	1.61	0.09	1.70	106.3	n/a	n/a	n/a

BVS v S&P/ASX300 relative performance



7.2 Links between performance and reward including STIP and LTIP outcomes

The remuneration of executive KMP is intended to be composed of three parts as outlined, being:

- Base package, which is not intended to vary with performance but which tends to increase as the scale/complexity/value of the business increases and to maintain competitive practices (i.e. typically following growth and success);
- STIP which is intended to vary with indicators of annual Company and individual/role performance; and
- LTIP which is also intended to deliver a variable reward based on long-term measures of Company performance and value creation for shareholders.

The STIP achieved in relation to the FY18 period being completed will be paid after the end of the period (i.e. in September FY19). The awards outlined below were considered appropriate under the STIP scheme since the objectives were set and offers made in relation to the achievement of each KPI at the beginning of the financial year, and the majority of those objectives were met. In relation to the completed FY18 period the payment of STIP was calculated as follows:

For personal use only

Remuneration Report (audited) (continued)

		FY18 Short-term Incentive KPI Summary								Award outcomes FY18 paid FY19
Name	Position	KPI summary	Weighting %	Threshold $'000	Target $'000	Stretch $'000	Target award $	Achieve-ment %	Awarded $	Total STIP award $
Mr Tony Klim	CEO and Managing Director	FY18 Group NPAT	80	25,365	26,700	28,035	351,582	104	366,959	366,959
		Role Specific	20							
Mr Martin Deda	CFO and Executive Director	FY18 Group NPAT	80	25,365	26,700	28,035	136,631	110	150,494	150,494
		Role Specific	20							
Mr Nick Parsons	Chief Technology Officer	Group EBITDA	30	35,625	37,500	39,375	150,082	110	165,043	165,043
		Group NPAT	30	25,365	26,700	28,035				
		Role specific	20							
Mr Rama Velpuri	Head of Global Engineering - Wealth Management									
Mr Andy Chesterton	Chief Operating Officer, Funds Administration	Group EBITDA	30	35,625	37,500	39,375	136,273	66	90,310	90,310
		Group NPAT	30	25,365	26,700	28,035				
		Role specific	20							

The KPIs outlined were selected because they were the most significant matters expected to contribute to the success of the Company during FY18 in the case of each role. Following the end of the measurement period (the financial year), the Company accounts were audited and reports on the Company's activities during the year were prepared for the Board. The Board then assessed the extent to which target levels of performance had been achieved in relation to each KPI and used the pre-determined scales (for non-binary measures) to calculate the total award payable. This method of performance assessment was chosen because it is the most objective approach to short-term incentive governance, and reflective of market best practices.

The Board takes the view that group NPAT and segment EBITDA, delivery of the expectations outlined and successful strategy implementation are the key short-term drivers of long-term value creation for shareholders at this time.

During the reporting period, the LTIP program previously under development was initiated to take effect in the FY18 financial year. As a result, the outlined equity grants were made in relation to remuneration for FY18.

During FY18, the Board exercised its discretion to increase the award of an STIP grant to the CTO, given the significant increase in accountability assumed as a result of the departure of the former Head of Global Engineering – Wealth Management. At no time during or in relation to FY18 did the Board exercise its discretion to increase the awarding of any LTIP that was subject to such discretion. In relation to the completion of the reporting period, there were no previous grants vested or unvested.

7.3 Links between company strategy and remuneration

The Company intends to attract and retain the superior talent required to successfully implement the Company's strategies at a reasonable and appropriately variable cost by:

- Positioning base packages (the fixed element) around relevant market data benchmarks when they are undertaken;
- Supplementing the base package with at-risk remuneration, being incentives that motivate executive focus on:
  - Short to mid-term objectives linked to the strategy via KPIs and annual performance assessments; and
  - Long-term value creation for shareholders by linking a material component of remuneration to those factors that shareholders have expressed should be the long-term focus of executives and the Board.

To the extent appropriate, the Company links strategic implementation and measures of success of the strategy directly to incentives in the way that measures are selected and calibrated.

For personal use only

Remuneration Report (audited) (continued)

8 KMP held equity and performance rights

8.1 Relevant interest in ordinary shares of the Directors and other KMP

The movement during the reporting period in the number of ordinary securities in the Company held directly, indirectly or beneficially, by each KMP, including their related parties is as follows:

2018 Directors of Bravura Solutions Limited	Balance at the start of the year	Purchased during the year	Other sales during the year	Balance at the end of the year
B Mitchell	1,890,000	110,000	-	2,000,000
P Mann	25,172	58,144	-	83,316
T Klim	1,890,000	-	-	1,890,000
N Broekhuizen[1]	100,000	115,000	-	215,000
M Deda	787,500	39,298	(159,700)	667,098
A Henderson	10,000	60,975	-	70,975

Senior executives of the Group	Balance at the start of the year	Purchased during the year	Other sales during the year	Balance at the end of the year
Nick Parsons	459,000	-	-	459,000
Rama Velpuri		-	-	-
Andy Chesterton	1,147,500	-	-	1,147,500

2017 Directors of Bravura Solutions Limited	Balance at the start of the year	Share split	Sold at IPO	Purchased during the year	Other sales during the year	Balance at the end of the year
B Mitchell	700,000	2,450,000	(1,260,000)	-	-	1,890,000
P Mann	-	-	-	25,172	-	25,172
T Klim	700,000	2,450,000	(1,260,000)	-	-	1,890,000
N Broekhuizen[1]	-	-	-	100,000	-	100,000
M Deda	250,000	875,000	(337,500)	-	-	787,500
A Henderson	-	-	-	10,000	-	10,000

Senior executives of the Group	Balance at the start of the year	Share split	Sold at IPO	Purchased during the year	Other sales during the year	Balance at the end of the year
Nick Parsons	425,000	1,487,500	(765,000)	-	-	1,147,500
Rama Velpuri	-	-	-	-	-	-
Andy Chesterton	170,000	595,000	(306,000)	-	-	459,000

1. The above shareholdings are those in which Mr Broekhuizen had a direct interest. As a Director of Ironbridge, Mr Broekhuizen controlled 47% of the ordinary shares issued, amounting to 101,127,033. At the start of the year Ironbridge held 26,059,999 ordinary shares which decreased by 2,000,000 shares on cancellation, increased by 91,209,996 as of the sharesplit. Ironbridge sold 16,142,962 shares at IPO. In March 2018, Ironbridge disposed of all of its shareholdings.

Shares held by Brian Mitchell, Tony Klim, Martin Deda, Nick Parsons and Andy Chesterton were subject to escrow arrangements. These ceased in March 2018.

For personal use only

Remuneration Report (audited) (continued)

8.2 KMP held performance rights

For the period ended 30 June 2018

Executive directors	Balance of unvested performance rights at the start of the year	Granted as compensation during the year	Forfeited during the year	Vested during the year	Exercised during the year	Balance of unvested performance rights at the end of the year
Tony Klim	-	522,204	-	-	-	522,204
Martin Deda	-	210,039	-	-	-	210,039
Nick Parsons	-	222,915	-	-	-	222,915
Andy Chesterton	-	202,406	-	-	-	202,406
Total		1,157,564	-	-	-	1,157,564

Note: The LTIP commenced operation from November 2017.

LTIP performance rights holdings of key management personnel

For the period ended 30 June 2018

Executive directors	Plan type[1]	Hurdle type[2]	Grant date fair value[3,4]	Balance of rights at the start of the year	Granted during the year	Balance of unvested rights at the end of the year
Tony Klim	LTIP	TSR	0.71	-	261,102	261,102
		EPS	1.47	-	261,102	261,102
Martin Deda	LTIP	TSR	0.71	-	105,020	105,020
		EPS	1.47	-	105,019	105,019
Nick Parsons	LTIP	TSR	1.43	-	111,458	111,458
		EPS	1.96	-	111,457	111,457
Andy Chesterton	LTIP	TSR	1.43	-	101,203	101,203
	-	EPS	1.96	-	101,203	101,203
Total	**-**	**-**	**-**		**1,157,564**	**1,157,564**

1. For plan types, refer structure and details of long-term incentive plans in earlier sections of this Remuneration Report.
2. For performance hurdles, refer structure and details of LTIP performance rights in earlier sections of this Remuneration Report.
3. Grant dated fair value. For details of LTIP performance right remuneration values, please refer to earlier sections of this Remuneration Report.
4. Performance rights have no exercise price.

For personal use only

Remuneration Report (audited) (continued)

9 NED fee policy rates for FY18 and FY19, and fee limit

Non-executive Director fees are managed within the current aggregate fees limit (AFL or fee pool) of $750,000 as outlined in the prospectus.

The following table outlines the NED fee policy rates that were applicable as at the end of FY18:

Function	Role	Fee including super $
Main Board	Chair	190,550
	Member	74,160
Audit and Risk Management Committee	Chair	15,450
	Member	10,300
Remuneration and Nomination Committee	Chair	15,450
	Member	10,300

The following table outlines the NED fee policy rates that will apply during FY19. The Board resolution to increase Director fees by 2.5% has been made in line with market trends evident in data provided by independent expert consultants (UK and Australia).

Function	Role	Fee including super $
Main Board	Chair	195,314
	Member	76,014
Audit and Risk Management Committee	Chair	15,836
	Member	10,588
Remuneration and Nomination Committee	Chair	15,836
	Member	10,588

The fee policy is designed to ensure that remuneration is reasonable, appropriate, and produces outcomes that fall within the fee limit.

Alexa Henderson and Peter Mann receive their fees in GBP as agreed in their letters of appointment. Actual amounts paid vary as a result of exchange rate movements.

For personal use only

Remuneration Report (audited) (continued)

10 Remuneration records for FY18 – Statutory disclosures

10.1 Senior executive remuneration

The following table outlines the remuneration received by senior executives of the Company, prepared according to statutory disclosure requirements and applicable accounting standards:

	Short-term employee benefits								
Name	Fixed remuneration $	Short-term incentive $	IPO transaction bonus Incentive $	Super-annuation $		Other benefits $	Total $	% growth on prior year excl LTIP & termination benefits[1]	% growth on prior year incl LTIP & termination benefits[2]
Tony Klim (CEO and Managing Director)									
2018	701,463	366,959	-	-	118,312	116,570	1,303,304	7%	8%
2017	657,690	332,513	107,444	-	-	114,490	1,212,137	32%	32%
Martin Deda (CFO and Executive Director)									
2018	454,329	150,494	-	25,000	47,587	14,887	692,297	3%	5%
2017	441,448	144,081	38,373	25,000	-	12,887	661,789	41%	41%
Nick Parsons (Chief Technology Officer)									
2018	493,027	179,649	-	-	80,807	51,987	805,470	25%	25%
2017	399,556	129,988	65,234	4,905	-	44,337	644,020	17%	17%
Rama Velpuri (Global Head of Engineering - Wealth Management)									
2018	172,220	-	-	-	-	-	172,220	36%	N/A
2017	126,400	-	-	-	-	-	126,400	N/A	N/A
Andy Chesterton (COO - Funds Administration)									
2018	453,157	90,310	-	7,949	73,372	68,775	693,563	-4%	3%
2017	426,499	151,164	26,094	42,552	-	24,029	670,338	12%	12%
Total									
2018	**2,274,196**	**787,412**	**-**	**32,949**	**320,078**	**252,219**	**3,666,854**		
2017	2,051,593	757,746	237,145	72,457	-	195,743	3,314,684		

Further details regarding incentive opportunities and outcomes are presented in the relevant sections of the Remuneration Report to assist shareholders to obtain a more complete understanding of remuneration as it relates to senior executives. Other benefits include car parking.

1. Excluding IPO transaction bonus.

2. Including IPO transaction bonus.

For personal use only

Remuneration Report (audited) (continued)

10.2 NED remuneration

Remuneration received by non-executive Directors, prepared in accordance with the statutory disclosure requirements, is presented below:

Name	Directors' fees $	IPO transaction bonus $	Other benefits $	Total $
B Mitchell (Non-Executive Director and Chairman)				
2018	206,000	-	-	206,000
2017	200,000	107,444	12,887	320,331
P Mann (Non-Executive Director)				
2018	102,980	-	-	102,980
2017	85,864	-	-	85,864
N Broekhuizen (Non-Executive Director)				
2018	108,150	-	-	108,150
2017	84,375	-	-	84,375
A Henderson (Non-Executive Director)				
2018	97,384	-	-	97,384
2017	84,904	-	-	84,904
Total Non-Executive Directors				
2018	**514,514**	**-**	**-**	**514,514**
2017	455,143	107,444	12,887	575,474

11 Employment terms for key management personnel

11.1 Service agreements

A summary of contract terms in relation to executive KMP is presented below:

Name	Position held at close of FY18	Employing company	Duration of contract	Period of notice	Termination payments
Mr Tony Klim	CEO and Managing Director	Bravura Solutions (UK) Limited	Open ended	12 months	Up to 12 months*
Mr Martin Deda	CFO and Executive Director	Bravura Solutions Operations Pty Limited	Open ended	6 months	Up to 12 months*
Mr Nick Parsons	Global Chief Technology Officer	Bravura Solutions (UK) Limited	Open ended	6 months	Up to 12 months*
Mr Rama Velpuri	Ceased employment on 3 January 2018				
Mr Andy Chesterton	Chief Operating Officer, Funds Administration	Bravura Solutions (UK) Limited	Open ended	6 months	Up to 12 months*

* Under the Corporations Act the termination benefit limit is 12 months average salary (last 3 years) unless shareholder approval is obtained.

For personal use only

Remuneration Report (audited) (continued)

With regards to Mr Ramarao Velpuri, it was noted at the time of writing the FY17 Report that his employment contract had not been executed at that time due to international relocation considerations. The contract was not executed in FY18 and Mr Velpuri's employment with Bravura Solutions ceased on 3 January 2018.

The treatment of incentives in the case of termination is addressed in separate sections of this Report that give details on incentive design.

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the Director. The appointment letters specify a term of three years with no notice periods. Non-executive Directors are not eligible to receive termination payments under the terms of the appointments.

				Period of notice	
Name	Position held at close of FY18	Employing company	Duration of contract	From company	Termination payments
Mr Brian Mitchell	Independent, Non-executive Chairman	Bravura Solutions Limited	Open ended	At any time	None
Mr Neil Broekhuizen	Non-executive Director	Bravura Solutions Limited	Open ended	At any time	None
Mr Peter Mann	Independent Non-executive Director	Bravura Solutions Limited	Open ended	At any time	None
Ms Alexa Henderson	Independent Non-executive Director	Bravura Solutions Limited	Open ended	At any time	None

12 Other remuneration related matters

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:

- There were no loans to Directors or other KMP at any time during the reporting period; and
- There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights/options as discussed in this Report.

13 External remuneration consultant advice

During the reporting period, the Board received KMP remuneration recommendations and advice from external remuneration consultants (ERC). The advice included:

- KMP remuneration benchmarking locally and internationally,
- Advice regarding incentive design, particularly LTIP;
- Development of LTIP documentation and support for implementation, including drafting of the related resolutions for inclusion in the Notice of Meeting; and
- Drafting of the Company's Remuneration Report as presented in respect of FY17.

The consultant is Godfrey Remuneration Group Pty Ltd, and the fees charged were $91,300 including GST.

The Board also received external remuneration recommendations in relation to:

- Reviewing and amending the company's LTIP documentation to ensure compliance with UK legislative requirements.

The consultant is Osbourne Clarke LLP, and the fees charged were $14,184.

The Board is satisfied that the KMP remuneration recommendations were free from undue influence from KMP to whom the recommendations related. The reasons the Board is so satisfied include that the Board has been closely involved in all dealings with the external remuneration consultants and each KMP remuneration recommendation received during the year was accompanied by a legal declaration from the consultant to the effect that their advice was provided free from undue influence from the KMP to whom the recommendations related.

This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the *Corporations Acts* 2001.

For personal use only

Auditor's Independence Declaration

For personal use only

Ernst & Young
200 George Street
Sydney NSW 2000 Australia

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Building a better working world

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

As lead auditor for the audit of Bravura Solutions Limited for the financial year ended 30 June 2018, 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 audit; and

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

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

Ernst & Young

Gamini Martinus
Partner
28 August 2018

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

This page has been intentionally left blank

For personal use only

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Notes	2018	2017
		$'000	$'000
Revenue from continuing operations	6	**221,501**	191,906
Employee benefits expense	7	**(135,881)**	(119,335)
Depreciation and amortisation expense	7	**(8,724)**	(8,254)
Third party cost of sales		**(17,285)**	(14,904)
Travel and accommodation costs		**(5,083)**	(5,122)
Occupancy costs		**(7,315)**	(6,565)
Telecommunication costs		**(8,760)**	(7,133)
Development operating expense		**(2,410)**	(2,531)
Other expenses		**(4,534)**	(3,685)
Foreign exchange loss		**(169)**	(784)
Finance costs		**(580)**	(4,194)
IPO transaction costs		**-**	(2,755)
Profit before income tax		**30,760**	16,644
Income tax expense	8	**(3,730)**	(2,216)
Profit for the year after income tax expense attributable to shareholders of Bravura		**27,030**	14,428
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations	27a	**(213)**	3,178
Total comprehensive income for the year attributable to shareholders of Bravura		**26,817**	17,606
Profit attributable to owners	27b	**27,030**	14,428

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

		$	$
Basic earnings per share	9	**$0.13**	$0.08
Diluted earnings per share	9	**$0.13**	$0.08

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

For personal use only

Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	2018	2017
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	**36,941**	17,071
Trade and other receivables	11	**39,061**	37,209
Other current assets	12	**5,168**	4,111
Total current assets		**81,170**	58,391
Non-current assets			
Receivables	13	**3,372**	2,280
Property, plant and equipment	14	**11,588**	9,225
Deferred tax assets	15	**3,504**	2,153
Intangible assets	16	**112,691**	109,966
Total non-current assets		**131,155**	123,624
Total Assets		**212,325**	182,015
LIABILITIES			
Current liabilities			
Trade and other payables	17	**10,422**	11,607
Borrowings	19	**12,183**	5,737
Provisions	20	**9,380**	9,952
Provision for income tax	18	**1,871**	1,054
Deferred revenue	21	**39,090**	27,372
Other current liabilities	22	**18,257**	14,894
Total current liabilities		**91,203**	70,616
Non-current liabilities			
Deferred tax liabilities	23	**3,754**	2,182
Provisions	24	**3,026**	3,012
Other non-current liabilities	25	**156**	223
Total non-current liabilities		**6,936**	5,417
Total liabilities		**98,139**	76,033
Net assets		**114,186**	105,982
EQUITY			
Contributed equity	26	**184,989**	184,989
Reserves	27a	**10,514**	10,058
Accumulated losses	27b	**(81,317)**	(89,065)
Total equity		**114,186**	105,982

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

For personal use only

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

2017	Notes	Contributed equity	Reserves	Accumulated losses	Total equity
		$'000	$'000	$'000	$'000
Balance at 1 July		84,560	6,880	(103,493)	(12,053)
Profit for the year	27b	-	-	14,428	14,428
Other comprehensive income	27a	-	3,178	-	3,178
Total comprehensive income for the year		-	3,178	14,428	17,606
Transactions with owners in their capacity as owners:					
Issue of share capital	26a	114,450	-	-	114,450
IPO transaction costs	26a	(14,021)	-	-	(14,021)
Balance at 30 June		184,989	10,058	(89,065)	105,982

2018					
Balance at 1 July		**184,989**	**10,058**	**(89,065)**	**105,982**
Profit for the year	**27b**	**-**	**-**	**27,030**	**27,030**
Other comprehensive loss	**27a**	**-**	**(213)**	**-**	**(213)**
Total comprehensive (loss)/income for the year		**-**	**(213)**	**27,030**	**26,817**
Dividends paid	**27b**	**-**	**-**	**(19,282)**	**(19,282)**
Share-based payments	**27a**	**-**	**669**	**-**	**669**
Balance at 30 June		**184,989**	**10,514**	**(81,317)**	**114,186**

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

For personal use only

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Receipts from customers (inclusive of goods and services tax)		**255,708**	208,804
Payments to suppliers and employees (inclusive of goods and services tax)		**(206,835)**	(187,398)
Payments of IPO transaction costs		**-**	(3,994)
		48,873	17,412
Interest received	6	**30**	24
Income taxes paid		**(2,685)**	(1,560)
Net cash inflows from operating activities	36	**46,218**	15,876
Investing activities			
Purchase for property, plant and equipment	14	**(7,176)**	(3,572)
Payments for capitalised software development	16	**(6,328)**	(7,733)
Net cash outflows from investing activities		**(13,504)**	(11,305)
Financing activities			
Proceeds from share issue	26a	**-**	114,580
Proceeds from borrowings		**6,380**	13,607
Interest paid		**(619)**	(1,298)
Payments of IPO transaction costs		**-**	(13,254)
Repayment of working capital facilities		**-**	(19,987)
Repayment of term facilities		**-**	(46,237)
Dividends paid		**(19,282)**	-
Redemption of redeemable preference shares		**-**	(62,711)
Net cash outflows from financing activities		**(13,521)**	(15,300)
Net increase/(decrease) in cash and cash equivalents		**19,193**	(10,729)
Cash and cash equivalents at the beginning of the financial year		**17,071**	29,113
Effects of exchange rate changes on cash and cash equivalents		**677**	(1,313)
Cash and cash equivalents at end of year	10	**36,941**	17,071

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

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

For personal use only

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 Solutions and its subsidiaries.

The Financial Report was authorised for issue on 28 August 2018 by the Board of Directors.

(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 consolidated financial statements of the Consolidated Entity comply 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 financial assets and liabilities at fair value through profit or loss.

(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.

(iv) *Comparatives*

The Consolidated Entity has made reclassifications in prior year comparatives in order to align with the presentation in this Financial Report. In particular, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income the Consolidated Entity has reclassified IPO's transaction costs to achieve a separate expense disclosure.

(b) Going Concern

The Consolidated Entity has net current liabilities of $10.0 million, $39.1 million of current liabilities relate to deferred revenue, which does not result in future cash outflows. The Board notes that the Consolidated Entity had a strong cash balance of $36.9 million and positive cash flows from operating activities of $46.2 million. The Consolidated Entity has undrawn credit lines totalling $11.5 million. Cash flow forecasts based on projected activity and business volumes indicate that the Consolidated Entity will be able to pay its creditors as and when they fall due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2018. Accordingly, these financial statements have been prepared on a going concern basis and 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 the liabilities.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bravura Solutions ("Company" or "Parent Entity") and its subsidiaries ("the Group") as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation unless the transaction provides evidence of the impairment of that asset transferred.

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

(d) 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 Solutions functional and presentation currency.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

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) Ltd – New Zealand dollars (NZ$)
(b) Bravura Solutions (UK) Holdings Ltd – Australian dollars (AU$)
(c) Bravura Solutions (UK) Investments Ltd – British pounds (UK£)
(d) Bravura Solutions (UK) Ltd – British pounds (UK£)
(e) Bravura Solutions (HK) Ltd – United States dollars (US$)
(f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
(g) Bravura Software Solutions (SA) (Proprietary) Ltd – South African Rand (ZAR)
(h) Bravura Solutions (Poland) Holdings S.P. ZOO – Polish Zloty (PLN)
(i) Bravura Solutions Polska S.P. ZOO – Polish Zloty (PLN)
(j) Mutual Fund Technologies Ltd – British pounds (UK£)
(k) Bravura Solutions Services (UK) Ltd – British pounds (UK£)
(l) Bravura Solutions (Thailand) Company Ltd – Thai Baht (THB)
(m) Bravura Solutions India Private Ltd – Indian Rupee (INR)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura Solutions at the rate of exchange ruling at the reporting date and revenues, expenses and other comprehensive income are translated at the 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 Profit and Loss and Other Comprehensive Income.

(e) 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 and maintenance of its software products and of support, consulting, development, training and other professional services. The vast majority of its software and maintenance 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.

Revenue is recognised for the major business activities as follows:

(i) *Licence fees*

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 Solutions incremental borrowing rate, with the discount being unwound through profit and loss over the period of the agreements and presented as interest income.

Licence fees may be recognised upfront if:

- The arrangement with the customer does not require significant development, modification or customisation of the software solution;
- There are no contingencies on the licences that could cause deferral of revenue (e.g. refund clauses attached to the licence) i.e. no amounts are refundable;
- The contract is non-cancellable and there are no break clauses considered substantive; and
- There is no remaining obligation for Bravura Solutions attached to the licence.

(ii) *Maintenance, support, hosting and managed services fees*

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

(iii) *Professional services fees*

Revenue is recognised over the period when services are provided.

In the case of fixed price 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 recognition 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. Licence revenue is determined using the residual method. Refer to Note 2(a) 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 relevant

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

period 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.

(f) 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 reporting date.

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

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 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 reporting date.

Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group in Australia from 10 October 2013. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the Australian 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 Australian member of the tax consolidated group is determined as if the Australian Group 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.

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental 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.

(h) 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

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

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 aggregate of consideration transferred and the amount recognised for non-controlling interests in the acquiree and any previous interest held in the acquiree, over the net identifiable assets acquired and liabilities assumed, 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.

(i) 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 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 impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) 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.

(k) Trade receivables

Trade receivables are carried at the original invoice amount, 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 90 days overdue) are considered indicators that the trade receivable is impaired.

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.

(l) 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. The Group currently does not have any financial assets held-to-maturity and classified as held-for-trading.

(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

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

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 11 and receivables 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 a significant 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.

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 de-recognition

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 4.

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.

(m) Derivatives

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. 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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

For personal use only

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).

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. Per Note 3, the Group does not apply hedge accounting. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

(n) 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 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.

(o) 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 lease term or as follows:

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

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. Please refer to Note 1(i).

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

(p) 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.

(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 five to fifteen 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 following: technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete and the 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. Development costs incurred after technological feasibility are established as capitalised. Research costs are expensed when incurred.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost 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.

(r) 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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

For personal use only

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 in accordance with the effective interest rate method of the facility to which it relates.

(s) 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.

(t) 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 regarding 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 a finance cost.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on discounted cash flows to the end of the contract.

(u) 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 quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based Payments*

Employees (including Executive Directors and other senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for performance rights (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 28. That cost is recognised in employee benefits expense (Note 7), together with a corresponding increase in equity (reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 9).

(v) 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

For personal use only

(w) 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.

(x) Fair value measurement

AASB13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB7 *Financial Instruments: Disclosures*. These changes have no significant impact on the Consolidated Entity's disclosures as the carrying amount of the assets and liabilities are a reasonable approximation of their fair value.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(y) 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 Chief Executive Officer.

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

(z) Rounding of amounts

The Consolidated 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.

(aa) New and amended standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods 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.

AASB 9 Financial Instruments

This standard, effective FY2019, includes requirements to simplify the approach for the classification and measurement of financial instruments. Management is in the process of assessing the impact of the change.

AASB 15 Revenue from Contracts with Customers

This new standard, effective FY2019, establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced. The Consolidated Entity generates a majority of its revenue from professional services based on time and material and maintenance and support services. Based on a full impact assessment, the new standard does not significantly impact revenue recognition for these revenue streams. The Consolidated Entity has elected the modified retrospective approach, applying the standard retrospectively to only the most current period presented in the financial statements (i.e. the initial period of application). The Consolidated Entity has to recognise the cumulative effect of initially applying AASB15 as an adjustment to the opening balance of retained earnings. The Consolidated Entity has undertaken a comprehensive review of the implementation impacts of AASB 15, which its outcomes are disclosed in Note 29.

AASB 16 Leases

This new standard, effective FY2020, establishes the enhanced reporting requirements of the lessee and lessor when entering into leases, which will require operating leases to be recorded on the Statement of Financial Position. This change will impact the classification of certain expenses in the income statement such as rental expense, interest expense and amortisation. Consequently, non-IFRS measures such as EBIT and EBITDA will be impacted. Management is in the process of assessing the impact of this change.

(ab) Parent Entity financial information

The financial information for the Parent Entity of *Bravura Solutions* is disclosed in Note 37 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 fair value in the financial statements of Bravura Solutions. Dividends received from associates are recognised in the

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

For personal use only

Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) *Tax consolidation legislation*

The Group have adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Limited, 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.

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 with indefinite useful life*

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 with indefinite useful lives are allocated.

(ii) *Taxes*

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. Significant judgment is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(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 consolidate 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.

(iv) *Revenue recognition for multiple element arrangements*

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, maintenance and managed services/hosting of its software products and of support, consulting, development, training and other professional services. The vast majority of its software and maintenance 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 Note 1(e). 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.

(v) *Onerous contracts*

The Consolidated Entity determines the amount of any onerous contract provision by estimating the costs of fulfilling a contract which include all directly attributable costs that are unavoidable under the terms of the contract.

(b) Critical judgments 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.

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.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the options at the date at which they are granted. The fair value of options has been valued taking into account among other valuation assumptions the vesting period, expected dividend payout and the share price at the date the options were granted.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

3 Financial assets and financial liabilities

3.1 Financial assets

	2018	2017
	$'000	$'000
Cash and cash equivalents	**36,941**	17,071
Trade and other receivables	**39,061**	37,209
Receivables (non-current)	**3,372**	2,280
	79,374	56,560

Cash and 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.

3.2 Financial liabilities

	2018	2017
	$'000	$'000
Borrowings	**12,183**	5,737
	12,183	5,737
Other financial liabilities (non-interest bearing)		
Trade and other payables	**10,422**	11,607
	22,605	17,344

The Group has an unsecured multi-currency facility agreement with the Commonwealth Bank of Australia (CBA), which expires on 15 November 2019 (Refer Note 19).

Borrowings are carried at amortised value. Trade and other payables are carried at cost. Fair values of both approximate their carrying values due to the short-term maturities of these instruments.

3.3 Financial instruments risk management objectives and policies

The Consolidated Entity's activities expose it to the following risks arising from the financial instruments:

- Credit risk;
- Market risk (including foreign currency risk and interest rate risk); and
- Liquidity risk.

(i) ***Risk management framework:***

The Consolidated Entity's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The senior management team 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 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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

(ii) ***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.

Credit risk is considered limited for current receivables at the reporting date, based on the nature and payment history of the Consolidated Entity's customers.

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 during the year ended 30 June 2018 (2017: $nil).

The Consolidated Entity's maximum exposure to credit risk at balance date for the recognised financial assets is the carrying amount.

At 30 June 2018, the ageing of current and non-current trade receivables that were not impaired was as follows:

	2018	2017
	$'000	$'000
Neither past due nor impaired	**34,712**	34,822
Past due 1-30 days	**4,749**	950
Past due 31-90 days	**318**	1,665
Past due 91+ days	**779**	812
	40,558	38,249

(iii) ***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

(a) *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 Consolidated Entity's functional currency. The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group's Statement of Financial Position is affected by movements in the relevant currency exchange rate when converting these into Australian dollars (the Consolidated Entity's presentation currency) for consolidation purposes.

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

	Australian $	Pound Sterling £	New Zealand $
2018 - $'000			
Financial assets	15,742	43,777	1,296
Financial liabilities	11,278	4,367	1,979
	Australian $	**Pound Sterling £**	**New Zealand $**
2017 - $'000			
Financial assets	12,656	31,756	1,350
Financial liabilities	7,587	5,023	475

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

The significant exchange rates during the year are as follows:

$	Average rate		Year-end spot rate	
	2018	2017	2018	2017
New Zealand Dollar	**0.927**	0.945	**0.914**	0.953
Pound Sterling	**1.773**	1.684	**1.782**	1.691
US Dollar	**1.334**	1.327	**1.349**	1.301
Euro	**1.557**	1.446	**1.576**	1.486
South African Rand	**0.101**	0.098	**0.098**	0.100
Polish Zloty	**0.362**	0.336	**0.360**	0.351
Hong Kong Dollar	**0.170**	0.171	**0.172**	0.167
Indian Rupee	**0.020**	0.020	**0.020**	0.020

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar, Euro, GB Pound Sterling, New Zealand Dollar, Polish Zloty, Indian Rupee and South African Rand exchange rates, with all other variables held constant. A positive number below indicates an increase in profit, a negative number indicates a reduction in profit. The Group's exposure to foreign currency changes for all other currencies is not material.

Effect in $'000 (before tax)	Profit or loss	
	Strengthening	Weakening
2018		
New Zealand Dollar (5% movement)	**(227)**	**207**
GB Pound Sterling (5% movement)	**143**	**(129)**
US Dollar (5% movement)	**(490)**	**435**
Polish Zloty (5% movement)	**61**	**(55)**
Indian Rupee (5% movement)	**74**	**(67)**
South African Rand (5% movement)	**(103)**	**93**
Other currencies (5% movement)	**215**	**(194)**
2017		
New Zealand Dollar (5% movement)	24	(24)
GB Pound Sterling (5% movement)	(2,440)	2,441
US Dollar (5% movement)	(416)	416
Polish Zloty (5% movement)	145	(145)
Indian Rupee (5% movement)	654	(654)
South African Rand (5% movement)	(93)	93
Other currencies (5% movement)	(68)	69

(b) *Price Risk*

The Consolidated Entity is not exposed to price risk.

(c) *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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

The Consolidated Entity's main interest rate risk arises from 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. Prior to IPO on 16 November 2016, the Consolidated Entity's policy was to maintain at least 75% of its term borrowings at a fixed rate using interest rate swaps to achieve this when necessary. There are no derivatives in place from this date as the levels of borrowings no longer require such.

	2018		2017	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	**3.705**	**12,183**	3.705	5,737
Net exposure to cash flow interest rate risk		**12,183**		5,737

An increase in the interest rates by one percentage point would have a negative effect on profit of $120,000 (2017: $60,000) per annum. A decrease in the interest rates by one percentage point would have a positive effect on profit of $120,000 (2017: $60,000).

(iv) ***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.

Financing arrangements

Undrawn borrowing facilities at the reporting date to which the Consolidated Entity had access are disclosed in Note 19.

Floating rate	Consolidated	
	2018 $'000	2017 $'000
Revolving facilities	**12,183**	5,737
	12,183	5,737

Borrowings are carried at amortised value. Trade and other payables are carried at cost. Fair values of both approximate their carrying values due to the short-term maturities of these instruments.

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. There were no covenants breached during the Reporting Period.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

The table below analyses the Consolidated Entity's financial assets and financial liabilities into relevant maturity groupings based on their contractual undiscounted maturities:

At 30 June 2018	1 year or less	Between 1 to 2 years	Between 2 and 5 years	Over 5 years	Total Contractual	Carrying amount
$'000						
Financial assets						
Cash	**36,941**	**-**	**-**	**-**	**36,941**	**36,941**
Trade Receivables	**28,918**	**-**	**-**	**-**	**28,918**	**28,918**
Receivables	**8,268**	**1,303**	**2,471**	**-**	**12,042**	**11,640**
Financial liabilities						
Trade and other payables	**(4,961)**	**-**	**-**	**-**	**(4,961)**	**(4,961)**
Borrowings – includes interest	**(12,368)**	**-**	**-**	**-**	**(12,368)**	**(12,183)**
	56,798	**1,303**	**2,471**	**-**	**60,572**	**60,355**

At 30 June 2017	1 year or less	Between 1 to 2 years	Between 2 and 5 years	Over 5 years	Total Contractual	Carrying amount
$'000						
Financial assets						
Cash	17,071	-	-	-	17,071	17,071
Trade Receivables	32,300	-	-	-	32,300	32,300
Receivables	3,669	650	1,950	-	6,269	5,949
Financial liabilities						
Trade and other payables	(6,455)	-	-	-	(6,455)	(6,455)
Borrowings – includes interest	(6,000)	-	-	-	(6,000)	(5,737)
	40,585	650	1,950	-	43,185	43,128

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

4 Fair value measurements

$'000	Carrying value		Fair value	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Financial liabilities				
Borrowings	**12,183**	5,737	**12,368**	6,000
	12,183	5,737	**12,368**	6,000

The fair values of cash, receivables. trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values quoted in the above table in relation to current liabilities are all categorised within the fair value hierarchy as Level 1 inputs.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Consolidated Entity's financial instruments including borrowings are valued using the Level 2 valuation techniques, taking into account observable inputs.

The Consolidated Entity's receivables are valued using the level 3 valuation techniques, taking into account counterparty credit risk.

No financial assets or liabilities were transferred from level 1, 2 and 3 during the year ended 30 June 2018 (2017: nil).

For non-current receivables Bravura Solutions has considered a discount rate to recognise the net present value of these receivables. Level 3 inputs have been considered including corporate borrowing rates, size of the customer and jurisdiction of the customer. A discounted cashflow model was used to derive the fair value. The range of discount rates was between 5.89% and 6.25%. The carrying value of non-current receivables for 2018 of the Consolidated Entity was a reasonable approximation of their fair value.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

5 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, amortisation as well as non-recurring expenses. Operating EBITDA is reconciled with profit or loss in the consolidated financial statements below. Pro-forma adjustments relate to IPO transaction costs for the comparative period. Segment operating EBITDA includes depreciation of property, plant and equipment dedicated to client hosting services.

	2018	2017
	$'000	$'000
Wealth Management	**155,070**	122,658
Funds Administration	**66,401**	69,220
Total segment revenue[1]	**221,471**	191,878
Wealth Management[2]	**46,239**	30,340
Funds Administration[2]	**26,716**	31,683
Total segment Operating EBITDA	**72,955**	62,023
Corporate costs	**(34,410)**	(29,420)
Finance income (Note 6)[1]	**30**	28
Total operating EBITDA[3]	**38,575**	32,631
Depreciation and amortisation expense	**(7,066)**	(8,254)
Finance expense	**(580)**	(4,194)
Foreign exchange loss	**(169)**	(784)
Profit before income tax and IPO transaction costs	**30,760**	19,399
IPO transaction costs	**-**	(2,755)
Net profit before tax	**30,760**	16,644
Income tax expense	**(3,730)**	(2,216)
Net profit after tax	**27,030**	14,428

	2018	2017
Segment Assets	$'000	$'000
Wealth Management	**184,571**	164,497
Funds Administration	**27,754**	17,518
	212,325	182,015

Segment Liabilities		
Wealth Management	**68,326**	48,925
Funds Administration	**29,813**	27,108
	98,139	76,033

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

Segment Revenue by geography[1]	2018 $'000	2017 $'000
Australia	**66,111**	62,240
UK	**122,838**	103,176
New Zealand	**15,963**	15,770
South Africa	**8,996**	113
Others	**7,563**	10,579
	221,471	191,878

Segment Non-current operating assets by geography[4]	2018 $'000	2017 $'000
Australia	**115,491**	113,585
UK	**7,888**	5,813
New Zealand	**2,917**	1,793
South Africa	**27**	41
Others	**1,328**	239
	127,651	121,471

1. Segment revenue excludes finance income in this segment disclosure (Note 6) and is based on Management's view.
2. Includes hosting asset depreciation.
3. Operating EBITDA is based on the management's view. The comparative period includes pro-forma adjustments for IPO transaction costs.
4. Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

6 Revenue and other income

	2018 $'000	2017 $'000
Sales revenue		
Maintenance and hosting services	**96,808**	91,909
Professional services income	**112,716**	83,563
Licence fees	**9,958**	14,974
Other sales revenue	**1,989**	1,432
	221,471	191,878
Other revenue		
Interest received	**30**	28
	30	28
	221,501	191,906

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

7 Expenses

	2018 $'000	2017 $'000
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
Salary and wages	**119,969**	106,684
Defined contribution superannuation and pension expense	**13,807**	11,412
Share-based payments	**669**	-
Other	**1,436**	1,239
Total employee benefits expense	**135,881**	119,335
Depreciation		
Plant and equipment	**2,083**	2,066
Leasehold improvements	**412**	690
Hosting plant and equipment	**2,402**	1,866
Furniture, fittings and equipment	**224**	213
Total depreciation	**5,121**	4,835
Amortisation		
Business contracts and relationships	**1,194**	987
Intellectual property and software development	**2,409**	2,432
Total amortisation	**3,603**	3,419
Total depreciation and amortisation	**8,724**	8,254
Finance costs		
Interest and finance charges paid/payable	**453**	699
Interest redeemable preference shares	**-**	3,031
Borrowing costs and other	**127**	464
Total finance costs expensed	**580**	4,194
Lease of premises and equipment	**4,551**	4,249

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

8 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income are:

	2018 $'000	2017 $'000
Income tax expense		
Current tax	**3,446**	3,489
Deferred tax	**221**	(1,113)
Under/(over) provision in prior years	**63**	(160)
Total income tax expense	**3,730**	2,216
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Increase in deferred tax assets (Note 15)	**(1,351)**	(691)
Increase/(decrease) in deferred tax liabilities (Note 23)	**1,572**	(422)
	221	(1,113)
Amount credited directly to equity	**-**	-
	221	(1,113)
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit from continuing operations before income tax expense	**30,760**	16,644
Tax at the Australian tax rate of 30% (2017: 30%)	**9,228**	4,993
Difference in overseas tax rates	**(7,250)**	(5,681)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	**2,264**	1,861
Non-deductible expenses	**423**	962
Attributable CFC income	**383**	910
Withholding tax written off	**118**	229
Loss relief utilised	**-**	1,029
Tax losses UK recognised	**(2,845)**	(1,638)
Undistributed reserves	**1,338**	-
Other	**8**	(289)
Under provision in prior years	**63**	(160)
Total income tax expense	**3,730**	2,216
Tax losses		
Australia		
Unused tax losses for which no deferred tax asset has been recognised	**43,501**	37,524
Unused non-refundable tax offset for which no deferred tax asset has been recognised	**6,762**	5,590
Potential tax benefit of unused Australian tax losses @30% (2017:30%)	**19,812**	16,848
United Kingdom		
Unused tax losses for which no deferred tax asset has been recognised	**11,387**	34,736
Potential tax benefit of unused UK tax losses @19% (2017: 19%)	**2,164**	6,600

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.

As a result of the IPO of Bravura Solutions, Bravura Solutions incurred certain costs which were split for accounting purposes between equity and expense under AASB 132. For income tax purposes, these costs would be either outright deductible or deductible over a period of five years, as such, the unbooked deferred tax asset in respect of these IPO costs is $738,534 in relation to IPO costs expensed and $2,472,483 in relation to IPO costs charged to equity.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group with effect from 10 October 2013. Bravura Solutions Limited 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.

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*.

9 Earnings per share (EPS)

	2018	2017
	$'000	$'000
Profit attributable to ordinary equity holders of the parent	**27,030**	14,428
Profit attributable to ordinary equity holders of the parent for basic and diluted EPS calculations	**27,030**	14,428

	2018	2017
	'000	'000
Weighted average number of ordinary shares for basic EPS	**214,246**	185,160
Effects of dilution from:		
Performance rights	**896**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**215,142**	185,160

In the comparative period 78.9 million of shares were issued at IPO on 16 November 2016, which led to a lower weighted average number of shares in the FY17 EPS calculation.

	2018	2017
	$	$
Basic EPS	**0.13**	0.08
Diluted EPS	**0.13**	0.08

10 Current assets – Cash and cash equivalents

	2018	2017
	$'000	$'000
Cash at bank	**36,939**	17,070
Cash on hand	**2**	1
	36,941	17,071

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

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

(b) Risk Exposure

Cash at bank 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 Solutions, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalent is $36.9 million (2017:$17.1 million).

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

11 Current assets – Trade and other receivables

	2018	2017
	$'000	$'000
Trade receivables	**28,918**	32,300
	28,918	32,300
Other receivables	**845**	362
Deposit	**1,030**	878
Accrued services and licence fees revenue	**8,268**	3,669
	10,143	4,909
	39,061	37,209

Impaired, bad and doubtful trade receivables written off

The Consolidated Entity has written off $nil bad debts during the year ended 30 June 2018 (2017: $nil) and recognised an allowance for impairment loss on trade receivables of $nil (2017: $nil).

As at 30 June 2018 current trade receivables of the Consolidated Entity with a nominal value of $nil (2017: $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 (2017: $nil).

See Note 3.3(II) on credit risk of trade receivables.

12 Current assets – Other current assets

	2018	2017
	$'000	$'000
Prepayments	**5,168**	4,111

13 Non-current assets – Receivables

	2018	2017
	$'000	$'000
Accrued services and licence fees revenue	**3,372**	2,280

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

14 Non-current assets - Property, plant and equipment

	Plant and equipment	Furniture, fittings and equipment	Leasehold improvements	Hosting plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
As at 1 July 2016	14,089	1,358	6,287	13,583	35,317
Addition	2,104	399	106	974	3,583
Exchange difference	(410)	3	69	(351)	(689)
At 30 June 2017	15,783	1,760	6,462	14,206	38,211
Addition	4,614	155	48	2,359	7,176
Disposals	(2,121)	(339)	(1,085)	(165)	(3,710)
Exchange difference	363	42	8	766	1,179
At 30 June 2018	18,639	1,618	5,433	17,166	42,856
Depreciation and impairment					
At 1 July 2016	(9,291)	(987)	(5,086)	(9,076)	(24,440)
Depreciation	(1,816)	(213)	(690)	(2,116)	(4,835)
Exchange difference	289	-	-	-	289
At 30 June 2017	(10,818)	(1,200)	(5,776)	(11,192)	(28,986)
Depreciation	(2,083)	(224)	(412)	(2,402)	(5,121)
Disposals	2,121	339	1,085	165	3,710
Exchange difference	(236)	(20)	(38)	(577)	(871)
At 30 June 2018	(11,016)	(1,105)	(5,141)	(14,006)	(31,268)
Net book value					
At 30 June 2017	4,965	560	686	3,014	9,225
At 30 June 2018	7,623	513	292	3,160	11,588

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

15 Non-current assets – Deferred tax assets

	2018	2017
	$'000	$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**527**	130
UK Tax losses	**1,202**	546
Intangible assets	**507**	457
Accrued expenses and provisions	**1,129**	166
Other	**139**	854
Total deferred tax assets	**3,504**	2,153
Movements:		
Opening balance as at 1 July	**2,153**	1,462
Credited to profit or loss (Note 8)	**1,351**	691
Closing balance at 30 June	**3,504**	2,153

16 Non-current assets – Intangible assets

	Goodwill	Business contracts and relationships	Intellectual property and software development	Total
	$'000	$'000	$'000	$'000
Cost				
As at 1 July 2016	128,697	53,239	86,773	268,709
Additions internally generated	-	-	7,733	7,733
At 30 June 2017	128,697	53,239	94,506	276,442
Additions internally generated	-	-	6,328	6,328
At 30 June 2018	128,697	53,239	100,834	282,770
Amortisation and impairment				
At 1 July 2016	(55,488)	(51,058)	(56,511)	(163,057)
Amortisation charge	-	(987)	(2,432)	(3,419)
At 30 June 2017	(55,488)	(52,045)	(58,943)	(166,476)
Amortisation charge	-	(1,194)	(2,409)	(3,603)
At 30 June 2018	(55,488)	(53,239)	(61,352)	(170,079)
Net book value				
At 30 June 2017	73,209	1,194	35,563	109,966
At 30 June 2018	73,209	-	39,482	112,691

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

(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 expense". 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 Consolidated Statement of Comprehensive Income in the line item "depreciation and amortisation expense". 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. No goodwill and intangible impairment charges were recognised in the reporting period.

(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:

- Wealth Management (WM); and
- Funds Administration (FA)

(ii) Methodology followed

The recoverable amount of each of the cash generating units (CGU) has been determined using 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 and the terminal value for WM. For FA, the financial projections are based on actual contract terms, not exceeding 5 years, with no terminal value.

(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 2018 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.

Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. The pre-tax, risk-adjusted discount rate applied to these cash flow projections for WM is 14% (2017: 14%).The pre-tax, risk-adjusted discount rate applied to these cash flow projections for FA is 13% (2017: 13%)

The terminal value of WM after the five year projection period has been calculated using a growth rate of 2.5% (2017: 2.5%) which is determined by Management based on their assessment of expected long term annual growth for the software industry.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2019 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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

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

2018	Wealth Management $'000	Funds Administration $'000	Total $'000
Goodwill	**73,209**	**-**	**73,209**
IP, business contracts and relationships	**39,482**	**-**	**39,482**
Consolidated net book value	**112,691**	**-**	**112,691**
Amortisation expense on IP, business contracts and relationships	**2,409**	**1,194**	**3,603**

2017	Wealth Management $'000	Funds Administration $'000	Total $'000
Goodwill	73,209	-	73,209
IP, business contracts and relationships	35,563	1,194	36,757
Consolidated net book value	108,772	1,194	109,966
Amortisation expense on IP, business contracts and relationships	2,432	987	3,419

(d) Sensitivity to changes in assumptions

Wealth Management

The key estimates and assumptions used to determine the value in use-calculation are based on Management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable. To complete this assessment, management has further applied a 100 bps sensitivity increase and decrease of the WM and FA discount rate. Management believe that no reasonable change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

Funds Administration

The carrying values of the FA CGU's assets were impaired in 2015 to reflect its value in use-carrying value. As such, any movement in the key assumptions would have an impact on the recoverable amounts. The key estimates and assumptions used to determine the value in use-calculation are based on management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable. Funds Administration no longer has any intangible carrying values as at 30 June 2018.

17 Current liabilities – Trade and other payables

	2018 $'000	2017 $'000
Trade payables	**4,961**	6,455
Other payables	**5,461**	5,152
	10,422	11,607

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and normally settled on 30 to 45-day terms

Other payables consist of GST and payroll tax payable, are non-interest bearing and have an average term of 2 months.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

18 Current liabilities – Provision for income tax

	2018	2017
	$'000	$'000
Income Tax	**1,871**	1,054

19 Current liabilities – Borrowings

	30 June 2018	30 June 2017
	$'000	$'000
Bank loans - unsecured	**12,183**	5,737

Financing arrangements

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

	30 June 2018	30 June 2017
Bank loan facilities	$'000	$'000
Total facilities	**24,712**	19,710
Used at balance date	**13,212**	6,857
Unused at balance date	**11,500**	12,853

The facility agreement with CBA is an unsecured revolving credit facility expiring 15 November 2019, providing AUD 12.1 million, GBP 4.5 million and NZD 5.0 million borrowing. The interest rate is a variable rate determined each month (Refer Note 3.3(iii)). The facilities for guarantees are drawn by an amount of $856,758 (2017: $856,758).

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.

20 Current liabilities – Provisions

	2018	2017
	$'000	$'000
Employee benefits	**9,090**	8,136
Onerous contracts	**237**	1,695
Rent incentive	**53**	121
	9,380	9,952

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

The entire provision for employee benefits comprises annual and long-service leave and 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 amount expected to be settled in greater than 12 months is estimated to be approximately $3 million (2017: $3 million).

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

21 Current liabilities - Deferred revenue

	2018	2017
	$'000	$'000
Deferred maintenance and service revenue	**39,090**	27,372

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 relevant period of the contract which is in line with the provision of the services.

22 Current liabilities - Other current liabilities

	2018	2017
	$'000	$'000
Accrued expenses	**18,257**	14,894

23 Non-current liabilities - Deferred tax liabilities

	2018	2017
	$'000	$'000
The balance comprises temporary differences attributable to:		
Intangible assets	**-**	428
Undistributed reserves	**2,641**	982
Other	**1,113**	772
Total deferred tax liabilities	**3,754**	2,182
Movements:		
Opening balance at 1 July	**2,182**	2,604
Charged to profit or loss (Note 8)	**1,572**	(422)
Closing balance at 30 June	**3,754**	2,182

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

24 Non-current liabilities – Provisions

	2018	2017
	$'000	$'000
Employee benefits - long-service leave	**1,390**	1,408
Make good provision	**1,636**	1,604
	3,026	3,012

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2018	Onerous contracts $'000	Make good provision $'000	Employee benefits $'000
Carrying amount at start of year	1,695	1,604	9,544
Charged/(credited) to profit or loss			
Arising during the year	-	23	10,480
Utilised/paid	(1,492)	-	(9,618)
Exchange difference	34	9	74
Carrying amount at end of year	**237**	**1,636**	**10,480**
Current	237	-	9,090
Non-current	-	1,636	1,390
Closing balance at 30 June	**237**	**1,636**	**10,480**

Onerous contracts

Onerous contract provisions are recognised for losses on customer contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. Assumptions used in forecasting costs and income under these contracts are based on budgeted results and contracted income and commitments under the terms of the contracts. The provision is calculated based on discounted cash flows to the end of the contracts which will be completed by 2019.

Make good provision

In accordance with its lease agreements, Bravura Solutions 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 2018 based on updated estimates received to remove leasehold improvements from these leased premises and is included in the carrying amount of the leasehold improvements.

25 Non-current liabilities – Other non-current liabilities

	2018	2017
	$'000	$'000
Accrued expenses	**156**	223

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

26 Contributed equity

	30 June 2018 Shares	30 June 2017 Shares	30 June 2018 $'000	30 June 2017 $'000
Share capital				
Total	**214,246,090**	214,246,090	**184,989**	184,989

(a) Movements in ordinary share capital

Ordinary shares issued and fully paid	Shares	$'000
As at 1 July 2017	32,069,999	84,560
Shares cancellation	(2,000,000)	-
Share split	105,244,996	-
Shares issued	78,931,095	114,450
Transaction costs	-	(14,021)
At 30 June 2017	214,246,090	184,989
At 30 June 2018	**214,246,090**	**184,989**

There were no changes to ordinary share capital during the current period.

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up 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.

(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 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 19).

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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

27 Reserves and accumulated losses

	30 June 2018 $'000	30 June 2017 $'000
a) Reserves		
Foreign currency translation reserve	**9,845**	10,058
Share-based payments	**669**	-
Balance 30 June	**10,514**	10,058
Movements:		
Foreign currency translation reserve		
Balance 1 July	**10,058**	6,880
Currency translation differences arising during the year	**(213)**	3,178
Balance 30 June	**9,845**	10,058
Share-based payments reserve		
Balance 1 July	**-**	-
Share-based payments	**669**	-
Balance 30 June	**669**	-
b) Accumulated losses		
Balance 1 July	**(89,065)**	(103,493)
Profit for the year	**27,030**	14,428
Dividends paid	**(19,282)**	-
Balance 30 June	**(81,317)**	(89,065)

(c) Nature and purpose of reserves

Foreign currency translation reserve

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

Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled, share-based-payments provided to employees, including KMP, as part of their remuneration (Refer to Note 28) and the Remuneration Report for further details of these long-term incentive plans.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

28 Share-based payments

Executive LTI (Long-term incentive) plan

Bravura Solutions established an executive LTIP during the reporting period. Under the executive LTIP, awards are made to executives and other key talent who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights options over ordinary shares in Bravura Solutions which vest over a period of three years subject to meeting EPS (Earnings per share) or TSR (Total shareholder return) performance measures.

The fair values of EPS and TSR-hurdled share options granted are estimated at the date of grant using a binomial pricing model or a Monte-Carlo simulation model respectively, taking into account the terms and conditions upon which the share options were granted.

For the portion of the LTIP subject to the relative TSR performance measure, the model simulates the TSR and compares it against a comparator group. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Group and its competitors to predict the distribution of relative share performance. For more information, refer to the Remuneration Report, performance rights.

The exercise price of the performance rights is nil. The contractual term of the performance rights is six years and there are no cash settlement alternatives for the employees.

No performance rights were vested or forfeited at 30 June 2018.

The expense recognised for employee services received during the year is shown in the following table:

	2018	2017
	$'000	$'000
Expense arising from equity-settled share-based payment transactions	**669**	-
Total expense arising from share-based payment transactions	**669**	-

There were no cancellations or modifications to the awards in 2018.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2018
	Number
Outstanding at 1 July	-
Granted during the year	2,119,692
Forfeited during the year	-
Exercised during the year	-
Exprired during the year	-
Outstanding at 30 June	**2,119,692**
Exercisable at 30 June	-

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2018 was 5.0 years.

The weighted average fair value of performance rights granted during the year was $1.49.

Performance rights do not have exercise prices.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

The following tables list the inputs to the models used for the LTIP for the year ended 30 June 2018:

Directors	TSR	EPS
Weighted average fair values at the measurement date	$0.71	$1.47
Dividend yield (%)	5.42%	5.42%
Expected volatility (%)	31.00%	31.00%
Risk-free interest rate (%)	1.84%	1.84%
Expected life of options (years)	2.72	2.72
Weighted average share price ($)	$1.69	$1.69
Model used	Monte Carlo	Binomial

Executives	TSR	EPS
Weighted average fair values at the measurement date	$1.43	$1.96
Dividend yield (%)	4.23%	4.23%
Expected volatility (%)	31.00%	31.00%
Risk-free interest rate (%)	2.00%	2.00%
Expected life of options (years)	2.45	2.45
Weighted average share price ($)	$2.17	$2.17
Model used	Monte Carlo	Binomial

The expected life of the performance rights is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

29 IFRS15/AASB15 - Revenue from contracts with customers

AASB 15 Revenue from Contracts with customers

AASB 15 was issued in December 2014, and amended in May 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Australian Accounting Standards. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group will adopt the new standard on the required effective date using the modified retrospective method, recognising the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2018. During 2018, the Group performed a comprehensive assessment of AASB 15.

a) Multiple-element arrangements

The Group is in the business of providing licenced software solutions and services to the financial services industry. The licences and services are sold together as a bundled package of licences and services, and typically are of a long-term nature. The following separate performance obligations are accounted for:

1. *Software licences*

   Contracts with customers typically contain the sale of a software licence, which typically occurs at a point in time when control of the licence is transferred to the customer, generally on delivery of the software. This is a separate performance obligation on the basis that there is no remaining obligation for Bravura Solutions attached to the licence.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

2. *Maintenance and support services*

   Contracts with customers typically contain the provision of software maintenance and support services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

3. *Professional services*

Contracts with customers typically contain the provision of implementation and development services over time, which are generally invoiced on a time and materials basis and recognised over the period of rendering of service of the contract. From time to time, these services may be provided on a fixed price basis, which in that instance are accounted for using the percentage of completion method, including labour hours expended in the costs incurred input method.

4. *Hosting and managed services*

   Contracts with customers may contain the provision of hosting and/or managed services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

b) The Group has concluded its assessment of the impact upon adoption of AASB 15 which is detailed as follows:

1. *Incremental costs of obtaining a contract*

   The Group remunerates employees who actively participate in the sales process with commissions calculated based on revenues and contract margins where they have been involved in the successful contract execution. This typically includes revenues and contract margins which will be recognised in subsequent financial reporting periods.

   Under the current accounting policy, commissions related to sales are recognised as an expense on contract execution, which is the point at which a constructive obligation arises for the Company. Under AASB 15, these costs will be recognised as an asset on contract execution with the amortisation period being consistent with the period over which the associated revenue will be recognised.

   On transition at 1 July 2018, the application of AASB 15 results in an increase in the Company's assets by $722 thousand.

   Tax effect associated with these adjustments amount to $210 thousand as a charge to retained earnings.

2. *Revenue from embedded long-term licences in other fees*

   From time to time, the Group prices licences and maintenance services in a bundled annual fee. Under the current accounting policy, the delivery of the licence and provision of maintenance were considered non-separable and were rateably recognised over the term. Under AASB15, the licence element is considered a separate performance obligation satisfied at a point in time. Its stand-alone selling price is determined, to be recognised upfront 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 Solutions' incremental borrowing rate, with the discount being unwound through profit or loss over the period of the agreements and presented as interest income.

   On transition at 1 July 2018, the application of AASB 15 results in an increase in the Company's assets by $392 thousand.

   Tax effect associated with these adjustments amount to $54 thousand as a charge to retained earnings.

3. *Presentation and disclosure*

   The presentation and disclosure requirements in AASB 15 are more detailed than under current Australian Accounting Standards. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in AASB 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. Specifically, the Company expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made.

c) Tax effects from transition

Adjustments under AASB15 are subject to the above stated tax effect accounting and therefore the net deferred tax position will be impacted. Adopting AASB15 leads to an increase of the Group's deferred tax liabilities of $264 thousand, with a corresponding charge of $264 thousand to equity.

d) Impact on cash flows and guidance

Adjustments arising on application of AASB15 are not expected to have an impact on the cash flows to be derived by the Group.

In summary, the impact of AASB 15 adoption is expected to be, as follows: Impact on equity (increase/(decrease)) as of 01 July 2018

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

	Adjustments	$'000
Assets		
Trade and other receivables	(b1), (b2)	285
Non-current receivables	(b2)	829
Total assets		1,114
Liabilities		
Deferred tax liabilities	(c)	264
Total liabilities		264
Net impact on equity, Including		850
Retained earnings		850
Other components of equity		-

30 Dividends

Ordinary shares

A final FY18 dividend of 4.5c per share amounting to $9.6 million has been declared for FY18. A final FY17 dividend of 4.5c per share was paid on 28 September 2017. An interim dividend of 4.5c per share was paid to shareholders on 28 March 2018 (2017: Nil).

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

31 Key management personnel disclosures

(a) Directors

The following persons were the Directors of Bravura Solutions during the financial year:

Non-executive Directors

Brian Mitchell	Independent Chairman
Peter Mann	Independent
Alexa Henderson	Independent
Neil Broekhuizen	

Executive Directors

Tony Klim	CEO and Managing Director
Martin Deda	CFO and Executive Director

(b) Other key management personnel

Andy Chesterton	Chief Operating Officer - Funds Administration
Nick Parsons	Chief Technology Officer

Former member of key management personnel

Rama Velpuri	Global Head of Engineering – Wealth Management (Resigned 03 January 2018)

(c) Key management personnel compensation

	2018	2017
	$	$
Short-term employee benefits	**3,828,341**	3,817,700
Post-employment benefits	**32,949**	72,457
Share-based payments	**320,078**	-
	4,181,368	3,890,157

IPO transaction bonuses as well as short-term incentives were paid in the prior year and are disclosed in the Remuneration Report.

32 Contingencies

(a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 30 June 2018 in respect of:

Bank guarantees

Guarantees given in respect of office leases of subsidiaries amounting to $856,758 (2017: $856,758) are unsecured.

(b) Contingent assets

The Consolidated Entity had no contingent assets at 30 June 2018 (2017: $nil).

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

33 Commitments

Operating leases

	2018 $'000	2017 $'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	**6,569**	5,044
Later than one year but no later than five years	**30,297**	8,073
	36,866	13,117

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

Capital commitments

There were no capital commitments during the financial period (30 June 2017: $nil)

34 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 31.

(b) Subsidiaries and ordinary shares

Interests in subsidiaries are set out in Note 35. There are no remaining shares currently held by the management shareholders under voluntary escrow arrangement.

(c) Outstanding balances arising from transactions with related parties

	2018 $'000	2017 $'000
Current payables		
Payable to Ironbridge Capital Holdings Pty Ltd	-	11

(d) Transactions with related parties

	2018 $'000	2017 $'000
Management fee - Ironbridge Capital Management Pty Ltd[1]	-	200
IPO transaction costs - Ironbridge Capital Management Pty Ltd	-	4,000
	-	4,200

Disclosures relating to guarantees to related parties provided are set out in Note 37(b).

1. Applies to the date of the IPO. Ironbridge funds owned 101,127,033 shares which have subsequently been sold during FY18.

(e) 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.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

35 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, d):

Name of entity	Country of incorporation	Class of Shares	Equity holding 2018 %	Equity holding 2017 %
Bravura Solutions Investments Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Operations Pty Ltd	Australia	Ordinary	100	100
Bravura eCommerce Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Facility Pty Ltd	Australia	Ordinary	100	100
Bravura Portfolio Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions (Australia) Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions (HK) Ltd	Hong Kong	Ordinary	100	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100	100
Bravura Solutions (NZ) Ltd	New Zealand	Ordinary	100	100
Bravura Solutions (UK) Holdings Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Investments Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Ltd	United Kingdom	Ordinary	100	100
Garradin Pty Ltd	Australia	Ordinary	100	100
Real Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Software Solutions (SA) (Proprietary) Ltd	South Africa	Ordinary	100	100
Bravura Solutions Polska Holdings S.P. ZOO	Poland	Ordinary	100	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100	100
Mutual Fund Technologies Ltd	Bermuda	Ordinary	100	100
Bravura Solutions Services (UK) Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (Thailand) Company Ltd	Thailand	Ordinary	100	100
Bravura Solutions India LLP [1]	India	-	100	100

1. Partnership.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

36 Reconciliation of profit after income tax to net cash inflow from operating activities

	2018	2017
	$'000	$'000
Profit for the year	**27,030**	14,428
IPO transaction costs	**-**	2,755
Depreciation and amortisation	**8,724**	8,254
Financing costs	**580**	1,118
Share-based payments	**669**	-
Net unrealised exchange differences	**166**	761
Change in operating assets and liabilities		
(Increase)/decrease in trade and other debtors, accrued revenue	**(2,944)**	(17,855)
Increase/(decrease) in deferred revenue	**11,718**	1,292
(Increase)/decrease in prepayments	**(1,056)**	865
(Increase)/decrease in deferred tax assets	**(1,351)**	(692)
Increase/(decrease) in trade creditors	**(2,401)**	3,487
Increase/(decrease) in provision for income taxes payable	**818**	1,151
Increase/(decrease) in deferred tax liabilities	**1,572**	(422)
Increase/(decrease) in provisions and other liabilities	**2,693**	734
Net cash inflow from operating activities	**46,218**	15,876

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

37 Parent Entity financial information

(a) Summary financial information

The parent of the Group is Bravura Solutions Limited an ASX listed company limited by shares, incorporated in the State of Victoria, Australia.

The financial statements for the Parent Entity show the following aggregate amounts:

	2018	2017
	$'000	$'000
Balance sheet		
Current assets	**36,769**	55,380
Non-current assets	**641,991**	287,414
Total assets	**678,760**	342,794
Current liabilities	**-**	-
Non-current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**678,760**	342,794
Shareholders' equity		
Contributed equity	**184,990**	184,990
Reserves	**507,872**	151,738
Accumulated (loss)/profits	**(14,102)**	6,066
	678,760	342,794
Profit for the year	**1**	943
Total comprehensive profit	**1**	943

(b) Guarantees entered into by the Parent Entity

The Parent Entity has provided no financial guarantees in respect of bank overdrafts and loans of subsidiaries but is an obligor under the unsecured revolving credit facility with CBA (2017: nil).

(c) Contingent liabilities of the Parent Entity

The Parent Entity has provided letters of support to certain subsidiaries to assist in meeting liabilities as and when they fall due and allow them to continue operating on a going concern basis for the next 12 months from the date of a subsidiary's financial report.

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

As at 30 June 2018, the Parent Entity had no contractual commitments for the acquisition of property, plant or equipment (2017: $nil).

(e) Changing in accounting policy

During FY18, the Parent Entity changed its accounting policy for investments in subsidiaries from historical cost to fair value, as allowed under AASB139. The prior year has been restated accordingly.

For personal use only

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018 (continued)

38 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:

	2018	2017
	$	$
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the Entity and any other entity in the consolidated group	**618,553**	475,753
Other services in relation to the entity and any other entity in the consolidated group:		
Independent accountants report and advisory services	**48,370**	2,365,580
Tax compliance services	**90,200**	60,939
Taxation advice	**43,000**	78,280
	181,570	2,504,799
Amounts received or due and receivable by related practices of Ernst & Young for:		
An audit of any other entity in the consolidated group	**136,229**	88,893
Tax compliance services	**19,501**	41,816
	155,730	130,709
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Audit	**42,170**	18,027
Tax compliance services	**10,341**	7,913
Advisory services	**-**	13,482
	52,511	39,422

39 Events occurring after the reporting period

There have been no occurrences of matters or circumstances subsequent to 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 full-year dividend of 4.5c per share has been declared and will be paid on 28 September 2018.

For personal use only

Directors' Declaration

In the Directors' opinion:

The financial statements and notes of Bravura Solutions Limited for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Accounting Standards, the *Corporations Regulations 2001;*

(ii) Complying with International Financial Reporting Standards as disclosed in Note 1(a); and

(iii) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance and cash flows for the year ended on that date, and

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 has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018, in accordance with a resolution of the Directors.



BRIAN MITCHELL
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
28 August 2018

For personal use only

Independent Auditor's Report to the Shareholders

For personal use only

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Shareholders of Bravura Solutions Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bravura Solutions Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only

Building a better working world

1. Revenue recognition for multiple-element arrangements

Why significant	How our audit addressed the key audit matter
The majority of the Group's sales contracts involve multiple-element arrangements, for example a single software sales transaction that combines the delivery of a software license and rendering of maintenance and other professional services. As outlined in Note 1 (e) and 2(a), in determining how revenue is to be recognised, the sales consideration received from customers is allocated to the various products and services that comprise the arrangement, based upon their relative fair values. This process requires significant judgement by the Group to determine: - The value of the license and when to recognise the revenue; - The relative fair value of the individual elements of the contract, specifically concerning the cost to deliver, and the margin used to determine the stand-alone selling price of each element; and - The achievement of certain milestones. Due to the complexity of the multi-element contracts and the judgment required in determining the relative fair value elements, this was considered to be a key audit matter.	Our audit procedures included the following: ► An assessment of the appropriateness of the Group's revenue recognition accounting policies relating to multi-element arrangements in compliance with Australian Accounting Standards; ► For a sample of contracts , tested how the fair values had been allocated to separately identifiable revenue components of multiple-element arrangements by assessing the forecast costs of each element against management's budget and evaluating the margin applied against historical results; ► For a sample of contracts, assessed whether the revenue recognition criteria of each element in the multiple-element arrangements has been met which included the determination of whether the risks and awards associated with the relevant licensed software passed to the customer in the correct reporting period; and ► For a sample of contracts, assessed whether the accounting treatment adopted by management in relation to the variations to the contracts were appropriate by agreeing the details to supporting documentation and rechecking management's calculation.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only

Building a better working world

2. Capitalised software development costs

Why significant	How our audit addressed the key audit matter
Capitalised software development costs in relation to the development of the Sonata software represent 19% of the total assets. As outlined in Note 1 and Note 16, these costs are capitalised as they meet the applicable criteria set out in AASB 138 *Intangible Assets*, and are amortised over a period of 5 to 15 years. Judgement is exercised by the Group in determining the nature and amount of costs to be capitalised and in determining the useful lives over which costs are amortised. Given the value of these balances, the significant level of amounts capitalised during the year, and the judgements required to be made this was considered to be a key audit matter.	Our audit procedures included the following: ▸ An assessment of the Group's accounting policy for capitalisation of software development costs in compliance with Australian Accounting Standards; ▸ We tested the operating effectiveness of controls in respect of the processes and procedures to identify the eligibility of the development costs to be capitalised; ▸ For a sample of capitalised software development costs, determined whether costs were appropriately supported, authorised and attributed to the development phase; ▸ Assessed the appropriateness of useful life attributable to these costs by taking into consideration the economic life of the software and the terms of customer contracts; ▸ For a sample of capitalised software development costs, determined whether amortisation expenses were correctly calculated; and ▸ Evaluated the Group's assessment for the indicators of impairment of capitalised software development costs.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only

EY
Building a better working world

3. Carrying value of goodwill and intangible assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2018, the Group's consolidated statement of financial position included $73.2m of goodwill and $39.5m of software development costs and intellectual property. The goodwill and intangible assets is allocated to the Wealth Management ("WM") cash generating unit ("CGU"). Australian Accounting Standard AASB 136 *Impairment of Assets* requires indefinite life intangibles to be tested annually for impairment and finite life intangibles to be tested if indicators of impairment exist. The Group have prepared an impairment model to ascertain whether there has been any impairment within the Wealth Management ("WM") cash generating unit as it contains infinite life intangibles. As disclosed in Note 16 to the financial statements, the Group's assessment of goodwill for impairment, involves critical accounting estimates and assumptions, specifically concerning future discounted cash flows. These estimates and assumptions are impacted by future performance, market, regulatory and economic conditions. The magnitude of intangibles to the balance sheet position and the significant judgements and assumptions involved in the annual assessment process have resulted in us having considered this to be key audit matter.	Our audit procedures included the following: ► An assessment of whether the methodology and model used by the Group to test for impairment is in compliance with Australian Accounting Standards; ► Evaluated the Group's assessment for the indicators of impairment of intangible assets with limited useful lives including capitalised software development costs; ► Tested whether the impairment model used was mathematically accurate; ► Compared the cash flow used by the Group against its Board approved budget and five-year business plan; ► Considered the historical accuracy of the Group's cash flow forecasting; ► Assessed underlying assumptions used in the cash flow forecast relating to growth rates and discount rates; ► Considered the impact of a range of assumption sensitivities in the impairment model and assessed the sensitivity analysis performed by the Group; and ► Considered the adequacy of the financial report disclosures contained in Note 16, in particular those regarding the assumptions to which the outcome of the impairment test is most sensitive.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only



- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's Report to the Shareholders (continued)

For personal use only

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 48 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Bravura Solutions Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Gamini Martinus
Partner
Sydney
28 August 2018

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Shareholder Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 August 2018.

Distribution of equity securities

214,246,090 fully paid ordinary shares are held by 2,595 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, are:

Fully paid ordinary shares	Number of Shareholders
1 to 1,000	712
1,001 to 5,000	1,165
5,001 to 10,000	319
10,001 to 100,000	360
100,001 and Over	39
Total	**2,595**
Holding less than a marketable parcel	36

Substantial shareholders

Fully paid ordinary shares	Percentage %	Holding
Wellington Management Group LLP	13.06%	27,978,520
The Capital Group Companies, Inc	7.99%	17,125,000
VINVA Investment Management	5.07%	10,865,251
Mawer Investment Management	5.06%	10,831,298

For personal use only

Shareholder Information (continued)

Twenty largest holders of quoted equity securities

Fully paid ordinary shares	Number	Percentage
HSBC Custody Nominees (Australia) Limited	68,120,248	31.80
J P Morgan Nominees Australia Limited	48,227,573	22.51
HSBC Custody Nominees (Australia) Limited - A/C 2	19,328,783	9.02
National Nominees Limited	18,219,665	8.50
Citicorp Nominees Pty Limited	17,131,658	8.00
BNP Paribas Nominees Pty Ltd	4,881,205	2.28
BNP Paribas Noms Pty Ltd	3,872,390	1.81
Warbont Nominees Pty Ltd	2,942,906	1.37
HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,687,593	1.25
Catch 88 Pty Ltd	2,000,000	0.93
Anthony Brian Klim	1,890,000	0.88
UBS Nominees Pty Ltd	1,039,100	0.49
CS Fourth Nominees Pty Limited	792,919	0.37
Neweconomy Com Au Nominees Pty Limited	775,213	0.36
Deda Family Superannuation Fund Pty Ltd	656,102	0.31
Mr Jason Keith Tong & Ms Sharryn Catherine West	590,000	0.28
Nicholas Parsons	573,750	0.27
Geraldine Margaret Kaspers	573,750	0.27
BNP Paribas Nominees Pty Ltd	462,685	0.22
Moat Investments Pty Ltd	402,500	0.19
Rebel Stevens Pty Ltd	400,000	0.19
Total	**195,568,040**	**91.28**

For personal use only

Corporate Directory

Corporate information

ABN 54 164 391 128

Corporate and registered Office

Level 6, 345 George Street

Sydney NSW 2000

Phone: +61 2 9018 7800

Fax: +61 2 9018 7811

Website address

www.bravurasolutions.com

Board of Directors

Brian Mitchell

Independent Chairman

Peter Mann

Independent

Alexa Henderson

Independent

Neil Broekhuizen

Non-executive Director

Tony Klim

CEO and Managing Director

Martin Deda

CFO and Executive Director

Company Secretary

Martin Deda and Nigel Liddell

Auditors

Ernst & Young

200 George Street

Sydney NSW 2000

Phone: 61 2 9248 5555

Share Registry

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

For personal use only

For personal use only

