



Technology for Financial Markets



annual report 2008

GBST is a leading provider of securities transaction and fund administration software for the financial services industry.

GBST builds, owns and manages software products and we provide support for our customers who use these products. We are focused on earning our revenue from the financial services sector and aim to use technology applications to earn recurring revenue from areas such as transactions processing, reporting, account management, books and records, data and content.

GBST Broker Services division is Australia's leading provider of client accounting and securities transaction technology. Capital market participants such as banks, clearing houses, custodians, fund managers, margin lenders and institutional and retail stockbrokers use GBST's specialist market access and transaction solutions to process up to \$130 billion of ASX trades every month.

GBST doubled in size in August 2007 with the purchase of InfoComp, a specialist provider of wealth management software.

GBST Wealth Management division is now the leading provider of funds administration and registry software to the Australian wealth management industry. It offers an integrated system for the administration of wrap platforms, master trusts, superannuation, pensions, risk and debt. GBST's wealth management software administers funds valued at more than \$150 billion in Australia and the United Kingdom.

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NOTICE OF AGM

The Annual General Meeting of
GBST Holdings Limited will be held at:

McCullough Roberston
Level 11, Central Plaza Two
66 Eagle Street, Brisbane

on Thursday 23 October at 12.30pm.

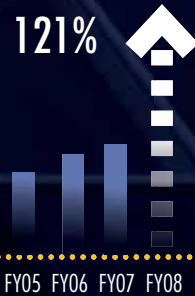
2007–2008

HIGHLIGHTS

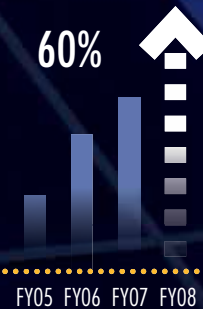
CASH EPS (cents)



OPERATING REVENUE (\$ million)



EBITDA (\$ million)



Progressed growth strategy with the acquisition and integration of InfoComp

Group operating revenue, including a full year's contribution from InfoComp, up to \$64.1 million, an increase of 120.5% on the prior year

Exceeded forecast with revenue of \$33.3 million for Wealth Management division for the full 12 months, with Broker Services division revenue of \$30.8 million, up 6%

Growing annuity licence income accounting for 65% of revenue

EBITDA based on 12 months earnings from InfoComp increased 60% to \$18.3 million

Fully-franked full year dividend of 9.5 cents

21.9% increase in cash earnings per share to 23.39 cents



CHAIRMAN'S and MANAGING DIRECTOR'S REPORT

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GBST HOLDINGS LIMITED Annual Report 2008

During the 2008 financial year, we made considerable progress in our objectives of broadening our business model and advancing our growth strategy, both organically and through acquisitions.

GBST achieved an operating EBITDA result of \$17.2 million for the year to 30 June 2008 on total Group revenue of \$60.7 million. This result includes a 10 month contribution by InfoComp and represents EBITDA growth of 50 percent and revenue growth of 99 percent.

The transformational acquisition of InfoComp during the period provided a major impetus for these results and has reinforced our determination to remain focussed on our strategy.

GBST has strategically invested in software provider IT&e Limited. While we continue to see the importance of risk management software in GBST's existing Broker Services business and offmarket and exchange traded securities, the global decline of listed companies has contributed to a reduction in the value of the Group's 16.2 percent shareholding. This has required a one-off, non-cash write-down of \$2.3 million over the financial year.

After taking this write-down to account, the Directors have declared a final dividend of 4.0 cents, bringing the full dividend for the year to 9.5 cents, fully franked.

During the financial year, we were challenged by issues arising from the knock-on effects in the sub-prime crisis in the United States, which impacted markets and their participants around the world. We have not been immune from the global decline of the financial sector, however, GBST's underlying performance has remained sound despite the shift in sentiment around equities and credit markets. This uncertainty has presented a number of strategic diversification opportunities for GBST.

ACQUISITIONS

The acquisition of InfoComp in August 2007 effectively doubled the size of our business. InfoComp extended our global reach into Europe and provided the foundations for GBST to become a significant player in the UK market.

InfoComp offers a complete system for the administration of wrap platforms, master trusts, retail and wholesale unit trusts and retirement products such as superannuation plans and pensions.



GBST's underlying performance has remained sound despite the shift in sentiment around equities and credit markets.



The purchase of InfoComp follows our successful acquisition and subsequent integration of the Palion broking business in December 2005.

Moving forward, we intend to continue to leverage the purchase of InfoComp to focus on building scale around our key operating divisions.

NEW PRODUCTS

This year, we are investing more than \$6 million in research and development to ensure we leverage all opportunities within the current market and drive contract wins for GBST in Australia and the United Kingdom.

In 2008 we released significant enhancements to GBST Clearview to further enhance our proven CHESLink application. GBST Clearview provides a solution for ASX participants that do not currently use GBST products. It is a high performance and feature-rich CHES gateway and holdings management system that allows multiple views of client holdings.

Additionally, we are currently enhancing ComposerWeb to support a flexible Wrap web portal capability for the financial advisor and investor.

BROKER SERVICES

GBST's share of ASX trade volumes increased from 42 percent at the start of the year to 44 percent in June 2008.

This year, our research and development expenditure in the broker services sector was invested to strengthen the way we cater for anticipated increases in market volumes.

Throughout the Australian and New Zealand markets, GBST Shares processed 79 million trades, and 8.8 million confirmations for the year without any significant system outages.

In July 2007 a total of 68 financial institutions, including brokers, financial intermediaries, and trading participants, relied on GBST for back office equities and derivatives processing. This number increased to 89 financial institutions by June 2008.



CHAIRMAN'S and MANAGING DIRECTOR'S REPORT continued

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Despite a challenging second half of the year, GBST's Broker Services business continued to provide a sound platform for our Group's operations, achieving a six percent increase in operating revenue to \$30.8 million for the full year. This is a solid result given the subdued retail broking market.

There are clear trends emerging within our industry, including some divergence between retail and institutional broking. While retail broking services remain focussed on the Australian market, institutional broking is increasingly demanding technology solutions to match the demands of regional and global businesses.

With the increasingly diverse income streams of broking houses, our clients require technology solutions enabling them to employ tighter client management practices across a broader range of asset classes. GBST will invest more research and development expenditure into this area in the coming year.

Additionally, our institutional clients require technology solutions to service their increased electronic and algorithmic trading needs. These trends are providing GBST with opportunities to continue to invest in the development of products and services, ensuring we retain our leadership position within the broker services sector.

WEALTH MANAGEMENT

A major achievement in 2008 was the successful integration of InfoComp into the GBST operating framework. InfoComp forms the basis for GBST's Wealth Management division. This division's full year results exceeded our revenue forecasts by \$3.3 million to deliver revenue of \$33.3 million for the full year.

The first two stages of the integration of InfoComp have been completed with the successful amalgamation of the HR and finance functions, and the rationalisation of operating systems. The third and final stage is underway and already producing extremely positive results as we start to extract full benefits from the two technology areas.

The Chief Executive of InfoComp, Robert De Dominicis, now leads GBST's Wealth Management division.

During the year, we achieved one of our key wealth management objectives – to build upon our presence in Europe and increase our number of clients.

Our flagship product Composer successfully went live in August 2008 with a substantial UK and European client.

During the year, we achieved one of our key wealth management objectives – to build upon our presence in Europe and increase our number of clients.



One of the UK's largest providers of Self Invested Personal Pensions (SIPP) and Wrap products now uses Composer to administer its products. This is GBST's first live client in the UK and confirms our readiness for the European market following four years of market and product development.

In May 2008, we secured our second UK client and in July 2008, our third client announced its entry into the UK Wrap market and commenced the implementation of Composer.

The size of UK 'wrappable' assets are estimated at some £2 trillion (AUD\$4.2 trillion). At present, only a small percentage – between one and five percent – are administered in Wrap Platforms.

GBST has entered the UK market at an early stage of the Wrap market development. With three anchor clients adopting the Composer Platform, we are in an excellent position to build market share.

FINANCIAL SERVICES

GBST Financial Services has been established to construct and distribute a range of aggregated and proprietary data services to financial advisor and wealth management professionals.

This new business unit has been established to capitalise on the convergence of the broking and wealth management industries.

Denis Orrock has been appointed the Chief Executive of this division. Denis previously ran the financial information service company InfoChoice.

Through our financial services division, GBST intends to focus on the distribution and independent display of financial products and services, and to provide a critical link between clients' front and back office functions.

OUR PEOPLE AND COMMUNITY

GBST now employs over 300 people across our Australian and UK bases and in our development centre in India.

CHAIRMAN'S and MANAGING DIRECTOR'S REPORT continued

We strive to employ the best people in the industry. GBST continues to ensure our global network comprises staff with the knowledge, capability and drive to steer our company and continue to deliver outstanding results for both customers and investors.

During the year, we welcomed David Adams to the Board as an independent non-executive director, bringing considerable expertise in the wealth management industry. We also thank outgoing director David Shirley for his dedication in guiding GBST through its past three years of growth.

GBST is proud of its established commitment to supporting community organisations and donates up to one percent of EBITDA in support of our communities.

This year, GBST provided financial support to organisations that provide long-term, socio-economic improvements for disadvantaged Australians. We also contributed to programs that support people with medical needs, or offer advice and comfort for patients and their families.

This year GBST supported:

- Lifeline Australia
- The Salvation Army
- Australian Red Cross
- Youngcare
- Hear and Say Centre
- Autism Queensland
- Boomerang project.

OUTLOOK

As we move into the 2009 financial year, GBST's performance will be linked to the ongoing instability of global markets and the outlook for economic growth, which will impact the broking and wealth management sectors internationally.

While global markets remain volatile, our approach to the year ahead is one of cautious optimism.

This cautious optimism derives from our commitment to continue to invest and innovate to maintain strong overall performance and future, sustainable growth. We believe we are well positioned to take advantage of market pressures and we are excited about the opportunities that lie ahead.

GBST's diversification strategy and the significant contribution of our wealth management and financial services operations have the potential to mitigate and capitalise on the impacts of current market conditions.

We will continue to manage our global GBST business closely against our strategic goals and will keep our stakeholders informed.

GBST is led by experienced people with a vision for the Company, who support the Board's commitment to working to deliver long-term value. We would like to thank our staff for their hard work and commitment and our customers for their continued support.



Dr John Puttick, Chairman



Mr Stephen Lake, Managing Director
and Chief Executive Officer

FINANCIAL REPORT

CORPORATE GOVERNANCE STATEMENT

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' ('Guidelines') applying to listed entities was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. The Board has made an assessment of the Company against the Guidelines. The Board has made decisions in relation to its operations and the operations of the company that mean that it does not fully comply with all of the Guidelines but are in place to provide better performance. The Board outlines its assessment against the Guidelines below. This statement on corporate governance reflects our charter, policies and procedures on 5 September 2008. The Company is reviewing its governance practices against the second edition of the Guidelines and will report against the second edition of the Guidelines in the 2009 Annual Report.

SCOPE OF RESPONSIBILITY OF BOARD

- a) Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of GBST's shareholders with a view to building sustainable value for them and the interests of employees and other stakeholders.
- b) The Board's broad function is to:
- (i) chart strategy and set financial targets for the Company
 - (ii) monitor the implementation and execution of strategy and performance against financial targets and

- (iii) oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.
- c) Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:
- (i) composition of the Board itself including the appointment and removal of Directors and the making of recommendations to shareholders concerning the appointment and removal of Directors
 - (ii) oversight of the Company including its control and accountability system
 - (iii) appointment and removal of the Chief Executive Officer and the Company Secretary
 - (iv) reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance
 - (v) monitoring senior management's performance and implementation of strategy and
 - (vi) approving and monitoring financial and other reporting and the operation of committees.

COMPOSITION OF BOARD

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- a) the Board should comprise at least five Directors
- b) the Board shall be constituted by members having an appropriate range of skills and expertise
- c) at least two Directors will be Non-Executive Directors independent from management.

BOARD CHARTER AND POLICY

- a) The Board has adopted a charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:
- (i) a detailed definition of 'independence'
 - (ii) a framework for the identification of candidates for appointment to the Board and their selection
 - (iii) a framework for individual performance review and evaluation
 - (iv) proper training to be made available to Directors both at the time of their appointment and on an on-going basis
 - (v) basic procedures for meetings of the Board and its committees – frequency, agenda, minutes and private discussion of management issues among non-executive Directors
 - (vi) ethical standards and values – formalised in a detailed code of ethics and values
 - (vii) dealings in securities – formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates and
 - (viii) communications with shareholders and the market.
- b) These initiatives, together with the other matters provided for in the Board's charter, are designed to 'institutionalise' good corporate governance and to build a culture of best practice in GBST's own internal practices and in its dealings with others.

AUDIT AND RISK MANAGEMENT COMMITTEE

- a) The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group. Its members are:
- (i) Mr Allan Brackin, Chairman
 - (ii) Dr John Puttick
 - (iii) Mr David Adams
- b) The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee is responsible are the following:
- (i) Board and committee structure to facilitate a proper review function by the Board
 - (ii) internal control framework including management information systems
 - (iii) corporate risk assessment and compliance with internal controls
 - (iv) internal audit function and management processes supporting external reporting
 - (v) review of financial statements and other financial information distributed externally
 - (vi) review of the effectiveness of the audit function
 - (vii) review of the performance and independence of the external auditors
 - (viii) review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls
 - (ix) assessing the adequacy of external reporting for the needs of shareholders and

CORPORATE GOVERNANCE STATEMENT

continued

(x) monitoring compliance with the Company's code of ethics.

c) Meetings are held at least four times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee invites the external auditors to attend each of its meetings.

NOMINATIONS AND REMUNERATION COMMITTEE

a) The purpose of this committee with regard to remuneration is to review and approve the remuneration of senior executives, the remuneration policies for the group and the structure of equity based remuneration programmes.

b) The purpose of this committee with regard to nominations is to consider the structure and membership of the Board, to review the performance of the Board, to set desirable criteria for future Board members and to assess candidates against those criteria.

c) Due to the importance of people to the business of the group each Director is a member of the committee. Committee meetings are held from time to time as required by the Board.

BEST PRACTICE COMMITMENT

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section, which are designed to achieve this objective. GBST's corporate governance charter is intended to 'institutionalise' good corporate governance and, to build a culture of best practice both in the Company's own internal practices and in its dealings with others.

The following are a tangible demonstration of the Company's corporate governance commitment.

a) Independent professional advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

b) Code of ethics and values

The Company has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties.

c) Code of conduct for transactions in securities

The Company has developed and adopted a formal code to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

d) Charter

The code of ethics and values and the code of conduct for transactions in securities (referred to above) both form part of the Company's corporate governance charter which has been formally adopted and is available for review on the Company's web site.

e) Substantial compliance with ASX corporate governance guidelines and best practice recommendations.

GBST BOARD ASSESSMENT AGAINST THE GUIDELINES

Principle 1 – Lay solid foundations for management and oversight

The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, in the light of practical experience gained in operating as a listed company. GBST complies with the Guidelines in this area.

Principle 2 – Structure the Board to add value

Together the Directors have a broad range of experience, skills, qualifications and contacts relevant to the business of the Company. The majority of the current Board is not independent. In particular, the Chairman is not independent in terms of the Guidelines. There are at least two independent Directors. GBST believes that the current board of five Directors has been appropriate for a company of GBST's size and the current Directors have been the best people to act in the interests of stakeholders and for this reason does not presently fully comply with the recommendations. The Board will consider increasing its size should suitable candidates be identified. The number of Independent Directors may be increased as a result of the additional appointments. The Board calls specific meetings of the Board as a Nominations and Remuneration Committee.

Principle 3 – Promote ethical and responsible decision making

The Board has adopted a detailed code of ethics and values and a detailed code of conduct for transactions in securities as referred to above. The purpose of these codes is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities. The Board will ensure that restrictions on dealings in securities are strictly enforced. Both codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Guidelines.

Principle 4 – Safeguard integrity in financial reporting

The Audit and Risk Management Committee has its own Charter. The Committee comprises three Directors, the majority of which are independent. All the members of the Audit Committee are financially literate.

Principle 5 – Make timely and balanced disclosure

Policies and procedures for compliance with ASX Listing Rule disclosure requirements are included in the Company's corporate governance charter.

CORPORATE GOVERNANCE STATEMENT continued

Principle 6 – Respect the rights of shareholders

The Board recognises the importance of this principle and strives to communicate with shareholders both regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. It is intended that the Company's auditors will always attend the annual general meeting and be available to answer shareholders' questions. The Company's policies comply with the Guidelines in relation to the rights of shareholders.

Principle 7 – Recognise and manage risks

The Board, together with management, has constantly sought to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible improved. The Company uses its quality management system and project management methodologies to identify, assess and manage risk. The whole issue of risk management is formalised in the Company's corporate governance charter (which complies with the Guidelines in relation to risk management) and will continue to be kept under regular review. Review takes place at both committee level (Audit and Risk Management Committee), with meetings at least four times each year, and at Board level. The Board requires the CEO and CFO to sign all statements required to be provided under the Guidelines and Corporations Act in relation to the Company's Financial Statements and risk management generally.

Principle 8 – Encourage enhanced performance

The corporate governance charter adopted by the Board requires individual performance review and evaluation to be conducted formally on an annual basis. The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further enhancing performance both individually and collectively. GBST's practice complies with the Guidelines in this area.

Principle 9 – Remunerate fairly and responsibly

Remuneration of Directors and executives will be fully disclosed in the annual report and any changes with respect to key executives announced in accordance with continuous disclosure principles. The Board from time to time calls a specific meeting of the Board as a Nominations and Remuneration Committee. Due to the importance of people within GBST's business all Board members considered they would have a contribution to make to the meeting and as a result the committee is not independent. The Chairman will lead a review of the Directors and the Independent Directors will lead a review of the Chairman. No individual will be directly involved in deciding his or her remuneration.

Principle 10 – Recognise the legitimate interests of stakeholders

The Board recognises the importance of this principle (which it believes represents not only sound ethics but also good business sense and commercial practice) and continues to develop and implement procedures to ensure compliance with legal and other obligations to legitimate stakeholders. The Company and its policies and practices comply with the Guidelines in this area.

DIRECTORS' REPORT

The directors of GBST Holdings Limited ('GBST') submit herewith the consolidated financial report for the year ended 30 June 2008.

DIRECTORS

The names of the directors of the Company in office during the year and to the date of this report are:

Dr John F Puttick
Mr Allan J Brackin
Mr Stephen M L Lake
Mr David C Shirley (resigned 29 April 2008)
Mr Joakim J Sundell
Mr David C Adams (appointed 1 April 2008)

COMPANY SECRETARIES

The following persons held the position of company secretary at the end of the financial year:

David M Doyle – Mr Doyle joined GBST in 1997 as an in house legal advisor and was appointed Company Secretary on 18 April 2005. Mr Doyle holds Bachelor degrees in Law and Business (Computing) from Queensland University of Technology.

John F Puttick – Dr Puttick was appointed Company Secretary in 1984. Information on Dr Puttick is set out in the section of this report dealing with information on directors.

PRINCIPAL ACTIVITIES

On 31 August 2007, GBST acquired InfoComp Pty Ltd, ICP Holdings Pty Ltd and its subsidiaries for \$36,784,002 in cash and an issue of 4,935,183 GBST shares.

The principal activities of GBST in the year, including this acquisition, were the provision of client accounting and securities transaction technology solutions for the finance, banking and securities industry in Australia and South East Asia; and funds administration and registry software for the wealth management industry in Australia and the United Kingdom.

No other significant change in the nature of these activities occurred during the year.

OPERATING RESULT AND DIVIDEND

The consolidated profit after income tax for the financial year amounted to \$6,131,695 (2007: \$8,021,396).

The directors recommend a final dividend of 4.0 cents per share be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked at 30% corporate tax rate and will be paid on 26 September 2008.

Dividends paid during the year were as follows:

2007 fully-franked ordinary dividend of 6 cents per share paid on 28 September 2007, as recommended in last year's report \$2,999,290.

2008 interim fully-franked ordinary dividend of 5.5 cents per share paid on 26 March 2008 \$2,765,515.

DIRECTORS' REPORT continued

REVIEW OF OPERATIONS

The consolidated group operates in two business segments:

GBST Broker Services provides client accounting and securities transaction technology. Capital market participants such as banks, clearing houses, custodians, fund managers, margin lenders and institutional and retail stockbrokers use GBST's specialist market access and transaction solutions to process approximately \$130 billion of ASX trades every month.

GBST Wealth Management provides funds administration and registry software to the Wealth Management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, master trusts, superannuation, pensions, risk and debt. GBST's Wealth Management software administers funds valued at more than \$150 billion in Australia and the United Kingdom.


The highlights for the current financial year are as follows:

- Group operating revenue up to \$60.7 million, an increase of 99.7% on the prior year;
- Revenue for GBST Broker Services was \$31.7 million (2007: \$30.4 million), up 4.0%, while GBST Wealth Management revenue was \$29 million;
- GBST Broker Services Research and Development (R&D) costs increased by \$1.5 million to \$4.5 million (2007: \$3.0 million); and

- Decline in the value of the 16.2% shareholding in IT&e Limited has been taken into account, in accordance with AASB 139. This one-off non-cash write down is \$2.3 million.

GBST Broker Services also incurred integration, and restructure costs during the year of approximately \$800k. The market place for equities and derivatives is going through a period of significant change, with new entrants into the Australian marketplace offering alternative models for settlement and clearing, as well as prospective changes to the capital liquidity requirements of all settlement participants in the market. Technology will play a critical role in this process and GBST is committed to the continuing investment in its products to meet the changing needs of our customers. The additional research & development (R&D) expenditure in Broker Services was incurred to increase the scale of the Shares platform, resulting in an extra \$1.5 million in costs in this financial year, over and above historical R&D expenditure of \$3 million pa. Our policy remains that all R&D is expensed as it is incurred.

GBST Wealth Management revenue growth was above management expectations but the performance of the United Kingdom operation was impacted by costs of building infrastructure to service the current project pipeline and by adverse foreign exchange movements. In May 2008, the business signed its second client, in the United Kingdom – Novia Financial Plc. GBST will supply the front and back office systems to Novia, and demonstrates the growing capabilities of the Composer software in the market in the United Kingdom.



GBST has strong operating cashflow and more than 65% of the Company's revenue is earned from annuity licence income. While this is below the Company's long term targets, this ratio is likely to remain while GBST Wealth Management delivers its major implementations in Australia and in the United Kingdom.

Growth in the future will be achieved through geographic expansion and exposure to a wider range of technology products in the financial services industry.

Further information on the operational performance of the Company is included in the Chairman's and Managing Director's Report.

FINANCIAL POSITION

The net assets of the consolidated entity increased by \$19.16 million during the year to \$39.37 million at 30 June 2008 as a result of the improved operating performance of the Group. Total assets increased from \$28.35 million at 2007 to \$73.4 million at 30 June 2008.

This increase has largely resulted from the following factors:

- Proceeds from share issues raising \$18.6 million; and
- Increase in software systems of \$13.4 million, customer contracts \$6.8 million and goodwill \$28.2 million arising from the acquisition of InfoComp. The acquisition correspondingly affected financial liabilities to the extent borrowings were required of \$20 million after utilising cash reserves for the acquisition.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Company issued 5,283,171 new shares, 1,205,894 new options and 357,400 options were exercised.

As previously noted, on 31 August 2007, GBST Holdings Limited acquired InfoComp Pty Ltd, ICP Holdings Pty Ltd and its subsidiaries for a cash payment of \$36.78 million and the issue of 4,935,183 shares. The cash component of the consideration was funded from existing cash reserves and a term loan facility of \$20 million, established with Suncorp Metway Ltd for the purpose of the acquisition. The term of the facility is six years. The facility limit will reduce by \$1 million at the end of each quarter, commencing December 2008.

No other significant changes in the state of affairs of the Company occurred during the financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company is actively pursuing opportunities to expand its sources of revenue from the delivery of technology to the financial services industry. The Company will continue to invest in the internal research and development of software products and the acquisition of businesses that expand its client base and range of software products and services.

These developments, together with the current business strategies within GBST's Broker Services and Wealth Management segments, are expected to assist in the achievement of GBST's long term goals.

DIRECTORS' REPORT continued

Disclosure of further information regarding future developments and financial results is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

AFTER BALANCE DATE EVENTS

Since balance date the group has incorporated three wholly owned subsidiaries in the UK.

Other than for the impact (if any) of the prospects referred to in the commentary above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of GBST, the results of those operations, or the state of affairs of GBST in future financial years.

ENVIRONMENTAL ISSUES

GBST's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS



John Puttick **Non-Executive Chairman**

John Puttick is the founder and Chairman of GBST and has 40 years' experience in the IT industry, over 20 of which developing financial services solutions at GBST. John serves as a member of the QUT Council and on University of Queensland and Queensland University of Technology Faculty Advisory Committees.

He is currently Adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland and Chair of Southbank Institute of Technology Business Council.

John is a member of GBST's Audit and Risk Management Committee and is Chairman of the Nominations and Remuneration Committee.

Interest in Shares and Options – 7,667,760 Ordinary Shares of GBST Holdings Limited held by Dr Puttick and associated entities.



Stephen Lake **Managing Director and** **Chief Executive Officer**

Stephen Lake joined GBST in September 2001 after an extensive career in the capital markets industry in

Australia, the United Kingdom and Asia. Stephen became a shareholder of GBST and was appointed Chief Executive Officer in 2001. Prior to joining GBST, he was Chief General Manager of Financial Markets at Adelaide Bank Limited.

Stephen was Managing Director of BZW's Capital Market's Division Australia and also Managing Director of the Fixed Interest Division at BZW (Asia) Ltd. Stephen is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options – 500,000 Options and 3,651,423 Ordinary Shares of GBST Holdings Limited held by Mr Lake.



Allan Brackin
Independent
Non-Executive Director

Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served

as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT services companies from November 2000 to October 2004. Prior to this, Allan founded a number of IT companies including Applied Micro Systems (Australia) Pty Ltd, Prion Pty Ltd and Netbridge Pty Ltd, all national organisations operating under the group company of AAG Technology Services Pty Ltd. Allan currently serves on the board of the New South Wales Heart Foundation and is Chairman of IT software company Emagine Pty Ltd. He is a former Director of Hutchisons Child Care Services Limited (November 2005 to September 2006). Allan is Chairman of GBST's Audit and Risk Management Committee and is a member of the Nominations and Remuneration Committee.

Interest in Shares and Options – 231,943 Ordinary Shares of GBST Holdings Limited held by Mr Brackin's associated entities.



Joakim Sundell
Non-Executive Director

Joakim Sundell was appointed to the board in 2001. Joakim has an extensive career in private equity finance,

merchant banking, and management both in Sydney and London.

He is Managing Director of Crown Financial Pty Ltd, a private investment company. He was a director of Infochoice Limited (13 December 2006 to 5 February 2008). Joakim is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options – 15,417,605 Ordinary shares held by Mr Sundell's associated entities.



David Adams
Independent
Non-Executive Director

David Adams was appointed to the board on 1 April 2008. David has an extensive career in the funds

management industry including the establishment of Australia's first cash management trust at Hill Samuel Australia in 1980 and Group Head of the Funds Management Group for Macquarie Bank. He was a director at Macquarie Bank from 1983 until 2001.

David was chairman of the Investment and Financial Services Association in 2000 and 2001. He was a Visiting Fellow (Management of Financial Institutions) at Macquarie University and holds a Bachelor of Science from the University of Sydney and a Masters in Business Administration from the University of New South Wales. David is a member of the Audit and Risk Committee and the Nominations and Remuneration Committee.

Interests in Shares and Options – Nil.

DIRECTORS' REPORT continued

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- Remuneration policies and practices
- Company performance and remuneration
- Service agreements
- Details of remuneration.

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have transferred from the financial report and have been audited.

Remuneration policies and practices

The policy for determining the nature and amount of remuneration of directors and specified executives is as follows:

Remuneration of non-executive directors is determined by the Board with reference to market rates for comparable companies and reflective of the responsibilities and commitment required of the director. The remuneration of directors is voted on annually at the Company's Annual General Meeting.

Executive remuneration packages are aligned with the market and properly reflect the person's duties, responsibilities and performance.

The current remuneration structure has three components: fixed remuneration, performance-related bonus and equity based remuneration. Executives are offered longer term incentives through an Employee Share Option Plan which seeks to align the executives' performance with the interests of shareholders.

The performance of executives is considered annually against agreed performance objectives relating to both individual performance goals and contribution to the achievement of broader company objectives. Executive remuneration packages are reviewed annually by reference to the Company's economic performance, executive performance and comparative information from industry sectors.

Remuneration paid to directors and executives is valued at the cost to the Company and expensed. The Company operates an Employee Option Scheme, comprising of two sub-schemes, being an Exempt Options Scheme for staff generally and a Deferred Options Scheme for select staff and eligible directors. Options are valued using a binomial model which includes variables such as time, volatility, risk and return. The value of equity based remuneration under the Deferred Option Scheme is recognised as an employee benefits expense.

The Board recognises that a key driver for shareholder value is the quality of the people employed by and attracted to the Company. In order to meet corporate objectives GBST must attract, motivate and retain highly skilled executives and talented employees.

Remuneration principles

- The Company will use competitive remuneration packages to attract, motivate and retain talented executives.
- The employees will be rewarded for sustained and sustainable improvement in the performance of the Company.
- Directors and senior executives are encouraged to make investments in the Company but only in accordance with the Company's share trading guidelines.

- Senior executive agreements will not allow for significant termination payments if an employment agreement has to be terminated for cause.
- The Company will make full disclosure of director and executive remuneration.

The Board recognises the significant role played by remuneration in attracting and retaining staff.

Remuneration structure – non-executive directors

Non-executive directors are paid fixed annual remuneration as set out in letters of appointment. Reviews of each individual director and directors as a whole occur annually. Non-executive directors may make investments in the Company in accordance with the Company's share trading guidelines but they do not participate in the Employee Share Ownership Plan. GBST does not operate a scheme for retirement benefits to directors.

Prior to the 2007 AGM, the Board commissioned a report and as a result the Board remuneration as an aggregate was increased after which time the Board implemented new remuneration levels consistent with the median range recommended by the advisor.

Remuneration structure – senior executives

Three elements make up the Company's remuneration structure for senior executives:

- Fixed remuneration of salary and superannuation.
- Bonus payments based upon company performance and the meeting of corporate objectives – Short Term Incentive (STI).
- Equity based remuneration – Long Term Incentive (LTI).

Fixed annual remuneration

The fixed remuneration consists of cash salary ('Base').

To ensure that fixed remuneration arrangements remain competitive, the fixed remuneration component of executive remuneration is reviewed annually based on performance and market data.

Benchmarking of executive remuneration is against executive remuneration practices for executive roles having similar scope, accountability and complexity to those being reviewed. Positions may be benchmarked against:

- Other positions within the Company so that internal relativities are maintained; and/or
- Roles situated in companies listed on the Australian Stock Exchange with market capitalisation similar to that of the Company's and/or within an industry sector in which the Company has operations.

Short Term Incentive remuneration (STI)

The Company operates a short term bonus scheme to provide competitive performance based remuneration incentives to both executives and staff.

Its objectives are to:

- Align the interests of the executives and staff with those of shareholders;
- Provide participants with the opportunity to be rewarded with at risk remuneration, where superior performance outcomes are achieved over the measurement period; and
- Reflect a strong commitment towards attracting and retaining high performing executives and staff who are committed to the ongoing success of the Company.

DIRECTORS' REPORT continued

Performance objectives are established for all executives and structured to reflect each executive's potential impact on and contribution to the business. The performance objectives comprise elements of total Company performance and individual performance and contain measures of financial, non-financial and strategic outcomes. Achievement of performance objectives would entitle an executive to a cash bonus.

Generally, bonus arrangements are capped at a maximum of 50% of Base, however when exceptional outcomes are delivered, or where warranted by special circumstances, it can exceed this amount.

All executive bonus amounts are determined based on the recommendation of the Managing Director, having regard to actual performance against the performance objectives. These recommendations are then put to the Remuneration Committee for approval.

Fixed remuneration levels are set with reference to commercial benchmark information and the individual's role, responsibility, experience and geographic location. The fixed component of executive remuneration is reviewed annually. The Company makes superannuation contributions on fixed remuneration amounts.

Bonus and equity based schemes are designed to motivate employees for the continuing benefit of shareholders. No employee has a continuous entitlement to bonus payments. Performance objectives for each executive are set on an annual basis and are reflective of the areas of responsibility of the executive and the broader objectives of the Company. Performance objectives include financial and non-financial goals.

Executive performance is reviewed annually with bonuses being awarded based on an assessment of performance against agreed criteria. The payment of performance bonuses is subject to a consideration of whether or not the overall performance of the Company warrants the payment of a bonus.

Long Term Incentive Remuneration (LTI)

The Company has an employee share ownership plan. The plan involves the use of options to acquire shares. The plan is designed to reward executives in a manner which aligns this element of remuneration with the financial performance of the Company and the interests of shareholders. Executives are also required to meet continued service conditions in order to exercise the options.

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholders' wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

LTI grants to executives are delivered in the form of share options under the Employee Share Options Plan. The share options generally vest over a period of three years subject to meeting performance hurdles, with no opportunity to retest. Executives are able to exercise the share option for up to two years after vesting, before the options lapse.

The Company uses Shareholder Return as a performance hurdle for the LTI plan, measured either by reference to growth in earnings before interest, tax and depreciation, or growth in earnings per share. Details of the plan are shown in Note 31 of the Financial Statements.

Company performance and remuneration

The table below shows the financial performance of the Company over the last four years. GBST's remuneration practices seek to align executive remuneration with growth in profitability and shareholder value, amongst other things.

	2005	2006	2007	2008
EBITDA	\$ 4.0m	\$ 9.0m	\$11.4m	\$18.3m
Growth	9%	127%	26%	60%
Less pre-acquisition earnings InfoComp	—	—	—	\$(1.1m)
EBITDA inclusive InfoComp earnings from 1/9/2007	—	—	—	\$17.2m
Less write down of IT&e investment	—	—	—	\$(2.3m)
EBITDA adjusted for IT&e write down	—	—	—	\$14.9m
EPS (cents)	16.73	13.96	18.11	12.44
Growth	—	(16%)	29%	(31%)
Net operating revenue	\$22.2m	\$26.7m	\$29.3m	\$59.8m
Growth	4%	21%	10%	104%
Net profit before tax	\$ 3.5m	\$ 8.6m	\$11.4m	\$ 9.8m
Growth	46%	144%	31%	(14%)
Closing share price	\$1.23*	\$2.37	\$4.00	\$1.89
Dividends paid (cents)	n/a*	0	9.0	11.5

*The Company listed on the Australian Stock Exchange on 28 June 2005.

Service agreements

Remuneration and other terms of employment for executive directors and executives are formalised in service contracts. All agreements with executives are subject to an annual review. Each of the agreements provide for base pay, leave entitlements, superannuation and performance-related bonus. The agreements also contain normal provisions relating to the protection of confidential information and intellectual property rights as well as post employment restraints.

Apart from Mr Lake's service agreements, the agreements are expressed to be open ended appointments but may generally be terminated by notice by either party or earlier in the event of certain breaches of terms and conditions.

Mr Lake's service agreement has a minimum term of two years ending in August 2009 and is able to be terminated at that time or after it by either party giving the other not less than six month's notice.

DIRECTORS' REPORT continued

Details of Remuneration

The remuneration for each director and executive officers (the key management personnel) of the Company and the consolidated entity receiving the highest remuneration during the year was as follows:

	Base salary & fees \$	Short-Term Benefits		Post Employment Benefits	Other Long-Term Benefits	Share-based Payment	Total \$	Performance Related
		Bonus \$	Other \$	Superannuation \$	Leave entitlement \$	Equity options \$		%
2008								
Directors								
J Puttick	87,500	—	—	—	—	—	87,500	—
D Adams (appointed 1/4/08)	15,000	—	—	—	—	—	15,000	—
A Brackin	50,000	—	—	—	—	—	50,000	—
S Lake	580,385	—	—	52,235	—	3,109	635,729	0.5
D Shirley (resigned 29/4/08)	50,000	—	—	—	—	—	50,000	—
J Sundell	50,000	—	—	—	—	—	50,000	—
Total Directors	832,885	—	—	52,235	—	3,109	888,229	—
Executives								
R De Dominicis (appointed 31/8/07)	321,688	—	—	13,014	—	—	334,702	—
P Fowler (resigned 7/2/08)	166,967	—	6,302	—	—	2,209	175,478	1.3
P Salis (appointed 1/10/07)	179,077	40,000	—	16,118	—	1,328	236,523	17.5
I Sanchez (appointed 3/3/08)	66,667	80,000	—	4,803	—	—	151,470	52.8
K Sprott	169,387	40,000	—	15,245	—	1,842	226,474	18.5
K Wallis (resigned 12/10/07)	83,744	—	60,000	5,850	32,308	—	181,902	—
Total Executives	987,530	160,000	66,302	55,030	32,308	5,379	1,306,549	—
Group Total	1,820,415	160,000	66,302	107,265	32,308	8,488	2,194,778	—
2007								
Directors								
J Puttick	80,000	—	—	—	—	—	80,000	—
A Brackin	40,000	—	—	—	—	—	40,000	—
S Lake	490,000	—	—	44,100	—	—	534,100	—
D Shirley	40,000	—	—	—	—	—	40,000	—
J Sundell	40,000	—	—	—	—	—	40,000	—
Total Directors	690,000	—	—	44,100	—	—	734,100	—
Executives								
C Apps (resigned 16/3/07)	134,470	13,761	—	13,274	28,802	—	190,307	7.0
P Ferguson	204,231	22,936	—	20,445	—	—	247,612	9.0
P Fowler	218,333	35,000	8,259	—	—	—	261,592	13.0
S Hayhoe (resigned 8/6/07)	186,899	13,761	—	17,257	—	—	217,917	6.0
K Sprott (appointed 21/8/06)	98,237	5,000	—	9,291	—	—	112,528	4.0
K Wallis	181,346	32,110	—	19,211	—	—	232,667	13.0
Total Executives	1,023,516	122,568	8,259	79,478	28,802	—	1,262,623	—
Group Total	1,713,516	122,568	8,259	123,578	28,802	—	1,996,723	—

Summary at 30 June 2008 of options issued as part of remuneration.

	Granted number	Options granted as part of remuneration \$	Total remuneration represented by Options %	Options exercised and sold \$	Options lapsed/forfeited (\$)	Total \$
Directors						
J Puttick	—	—	—	—	—	—
D Adams	—	—	—	—	—	—
A Brackin	—	—	—	—	—	—
S Lake	500,000	3,109	0.5	—	—	3,109
D Shirley	—	—	—	—	—	—
J Sundell	—	—	—	—	—	—
Total Directors	500,000	3,109	—	—	—	3,109
Executives						
R De Dominicis	—	—	—	—	—	—
P Fowler (i)	100,000	2,209	1.3	—	(2,209)	—
P Salis	100,000	1,328	0.6	—	—	1,328
I Sanchez	—	—	—	—	—	—
K Sprott	100,000	1,842	0.8	—	—	1,842
K Wallis (i)	120,000	—	—	—	—	—
Total Executives	420,000	5,379	—	—	(2,209)	3,170
Group Total	920,000	8,488	—	—	(2,209)	6,279

(i) These executives resigned during the year and these options were forfeited.

(ii) In addition to the above balances, Mr P Fowler held 100,000 options from a prior year which remain exercisable.

(iii) In addition to the above balances, Mr K Wallis held 1,332 options from a prior year which were exercised in the current year.

DIRECTORS' REPORT continued

Options granted as remuneration to key management personnel in the year ended 30 June 2008.

	Vested No. (i)	Granted No. (ii)	Grant Date	Average Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
Directors							
J Puttick	—	—	—	—	—	—	—
D Adams	—	—	—	—	—	—	—
A Brackin	—	—	—	—	—	—	—
S Lake	—	500,000	19.12.07	0.43	3.85	18.06.09	18.12.09
D Shirley	—	—	—	—	—	—	—
J Sundell	—	—	—	—	—	—	—
Total Directors	—	500,000					
Executives							
R De Dominicis	—	—	—	—	—	—	—
P Fowler (iii)	50,000	100,000	31.07.07	1.09	3.92	30.07.08	30.07.12
P Salis	—	100,000	24.10.07	1.05	3.92	23.10.08	23.10.12
I Sanchez	—	—	—	—	—	—	—
K Sprott	—	100,000	31.07.07	1.09	3.92	30.07.08	30.07.12
K Wallis (iii)	1,332	120,000	31.07.07	1.09	3.92	30.07.08	30.07.12
Total Executives	51,332	420,000					
Group Total	51,332	920,000					

Details of the total holdings of options granted as remuneration in previous financial years are set out in Note 29 in the financial statements. Details of these options are set out in Note 31 in the financial statements.

(i) These are in respect of options granted in prior years which vested in the current year.

(ii) Options granted in current year.

(iii) Options granted and subsequently forfeited in current year.

Shares issued on exercise of compensation options in the year ended 30 June 2008.

Options exercised during the year that were granted as compensation in previous financial years:

	No. of ordinary shares issued	Amounts paid per share \$	Amounts unpaid per share \$
Directors			
J Puttick	—	—	—
D Adams	—	—	—
A Brackin	—	—	—
S Lake	—	—	—
D Shirley	—	—	—
J Sundell	—	—	—
Total Directors	—		
Executives			
R De Dominicis	—	—	—
P Fowler	—	—	—
P Salis	—	—	—
I Sanchez	—	—	—
K Sprott	—	—	—
K Wallis	1,332	0.00	—
Total Executives	1,332		
Group Total	1,332		

DIRECTORS' REPORT continued

Meetings of Directors

During the financial year, 19 meetings of Directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Directors' Names	Directors' Meetings		Audit And Risk Committee		Remuneration And Nominations	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Puttick	14	12	4	3	1	1
D Adams	3	2	1	—	—	—
A Brackin	14	14	4	4	1	1
S Lake	14	13	—	4*	1	1
D Shirley	12	12	3	3	1	1
J Sundell	14	9	—	—	1	1

*At the request of the Audit and Risk Committee Mr S Lake (CEO) attends the Audit and Risk Committee meetings even though not a member of the committee.

Indemnifying Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretaries and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The total amount of the premium paid for this cover was \$46,390.

In addition, the Company has entered into a Deed of Indemnity which ensures that generally the Directors and Officers of the Company will incur no monetary loss as a result of defending the actions taken against them as Directors and Officers.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or auditor of the Company against a liability incurred as such an Officer or auditor.

Options

The number of options over ordinary shares outstanding at 30 June 2008 are as follows:

Grant date	Expiry and exercise Date	Exercise price	Number
09.03.05	08.03.10	\$0.00	23,976
18.07.06	19.07.08	\$1.25	100,000
25.07.07	24.07.10	\$3.90	78,202
31.07.07	30.07.10	\$3.92	100,000
24.10.07	23.10.10	\$3.92	100,000
24.10.07	23.10.10	\$3.80	100,000
19.12.07	18.12.09	\$3.85	500,000
			1,002,178

The Company established an employee share trust on 9 March 2005 to hold shares in GBST for subsequent allocation under the GBST Share Employee Option Plan (ESOP). During the year ended 30 June 2008, 36,844 shares were issued from the trust to meet the exercise of employee options (grant date 09.03.05 and exercise price was \$.7505). GBST ESOP Pty Ltd held nil shares in GBST at reporting date. The Trust is treated as a special purpose entity and consolidated. The Trust's shareholding in the Company is disclosed as treasury shares and deducted from equity.

In addition, 210,000 new shares were issued to meet the exercise of employee options (no amounts are unpaid on any of the shares).

Grant Date	Number
25.08.05	50,000
05.12.05	70,000
03.01.06	90,000
	210,000

No further shares or options have been issued since 30 June 2008.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

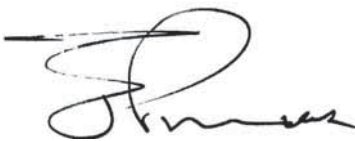
The Board, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Refer to Note 22 in the financial report for details of fees for non-audit services paid/payable to the external auditors during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on the page following this Directors' report.

Signed in accordance with a resolution of the Board of Directors.



Dr J F Puttick
Chairman



S M L Lake
Managing Director and Chief Executive Officer

Brisbane

Dated this 29th day of August 2008

**Lead Auditor's Independence Declaration
Under Section 307C of the *Corporations Act 2001***

To the Directors of GBST Holdings Limited

As lead auditor for the audit of GBST Holdings Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GBST Holdings Limited and the entities it controlled during the period.



Hayes Knight Audit (Qld) Pty Ltd



N D Bamford
Director

Date: 29 August 2008

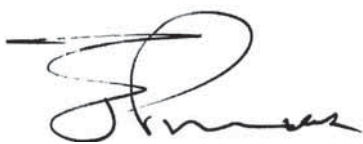
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a) Comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) Give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and consolidated group.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and its subsidiaries identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

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



.....
Dr J F Puttick
Chairman



.....
S M L Lake
Managing Director and
Chief Executive Officer

Brisbane

Dated this 29th day of August 2008

Financial Report for the year ended 30 June 2008**INCOME STATEMENT**

	Note	GBST Group		GBST Holdings	
		30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$
Revenue	2	60,739,931	30,410,971	31,741,200	30,410,971
Other income	2	452,981	876,156	3,024,692	944,955
		61,192,912	31,287,127	34,765,892	31,355,926
Product delivery and support expenses		(32,902,128)	(12,139,888)	(14,379,475)	(12,139,888)
Cost of third party product sold		(901,192)	(1,134,720)	(778,636)	(1,134,720)
Property and equipment expenses		(5,291,671)	(3,013,076)	(3,223,657)	(3,013,076)
Corporate and administrative expenses		(10,811,959)	(3,641,934)	(6,979,419)	(3,604,248)
Finance costs		(1,533,216)	(19,682)	(2,017,314)	(19,682)
Profit before income tax	3	9,752,746	11,337,827	7,387,391	11,444,312
Income tax expense	4	(3,621,051)	(3,316,431)	(2,721,443)	(3,316,431)
Profit for the year		6,131,695	8,021,396	4,665,948	8,127,881
Profit attributable to members of the parent company		6,131,695	8,021,396	4,665,948	8,127,881
Basic earnings per share (cents)	32	12.44	18.11		
Diluted earnings per share (cents)	32	12.37	17.77		
Dividends per share (cents)	5	11.50	9.00		

The accompanying notes form part of these financial statements.

BALANCE SHEET

	Note	GBST Group		GBST Holdings	
		30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$
CURRENT ASSETS					
Cash and cash equivalents	6	1,491,521	15,454,992	228,139	15,454,992
Trade and other receivables	7	9,711,532	3,797,888	3,835,494	3,849,344
Inventories	8	471,083	—	419,145	—
Other assets	12	711,455	513,605	630,566	513,605
TOTAL CURRENT ASSETS		12,385,591	19,766,485	5,113,344	19,817,941
NON-CURRENT ASSETS					
Trade and other receivables	7	—	16,027	60,650,363	16,027
Financial assets	9	1,621,543	781,937	1,621,645	782,039
Property, plant and equipment	10	2,518,022	1,289,967	1,362,880	1,289,967
Intangible assets	11	53,808,072	5,339,012	4,944,389	5,339,012
Deferred tax assets	15	2,835,470	1,138,404	1,178,511	1,138,404
Other assets	12	230,685	13,453	230,590	13,453
TOTAL NON-CURRENT ASSETS		61,013,792	8,578,800	69,988,378	8,578,902
TOTAL ASSETS		73,399,383	28,345,285	75,101,722	28,396,843
CURRENT LIABILITIES					
Trade and other payables	13	7,033,699	2,186,566	4,248,981	2,178,571
Financial liabilities	14	4,485,755	—	4,422,372	—
Current tax liabilities	15	367,556	2,080,532	791,395	2,080,532
Other liabilities	17	4,049,311	2,260,754	2,500,673	2,260,754
TOTAL CURRENT LIABILITIES		15,936,321	6,527,852	11,963,421	6,519,857
NON-CURRENT LIABILITIES					
Trade and other payables	13	—	—	7,748,021	—
Financial liabilities	14	16,259,896	—	16,135,545	—
Deferred tax liabilities	15	175,732	174,492	143,395	174,492
Long-term provisions	16	1,467,339	1,128,406	1,045,643	1,128,406
Other liabilities	17	192,367	305,611	192,367	305,611
TOTAL NON-CURRENT LIABILITIES		18,095,334	1,608,509	25,264,971	1,608,509
TOTAL LIABILITIES		34,031,655	8,136,361	37,228,392	8,128,366
NET ASSETS		39,367,728	20,208,924	37,873,330	20,268,477
EQUITY					
Issued capital	18	25,499,241	6,807,508	25,499,241	6,807,508
Treasury shares	19	—	(31,253)	—	—
Reserves	20	135,666	67,788	79,765	67,788
Retained earnings		13,732,821	13,364,881	12,294,324	13,393,181
TOTAL EQUITY		39,367,728	20,208,924	37,873,330	20,268,477

The accompanying notes form part of these financial statements.

Financial Report for the year ended 30 June 2008**STATEMENT OF CHANGES IN EQUITY**

	Issued capital	Treasury shares (a)	Retained earnings	Foreign currency translation	Equity remuneration reserve (b)	Total
GBST Group	\$	\$	\$	\$	\$	\$
Balance at 1 July 2006	5,722,015	(1,778,071)	9,274,432	—	298,816	13,517,192
Profit for the year	—	—	8,021,396	—	—	8,021,396
Share based payments	—	—	—	—	73,769	73,769
Share Issues	780,696	—	—	—	—	780,696
Exercise of options	—	1,746,818	—	—	—	1,746,818
Transfer to/from ordinary capital	304,797	—	—	—	(304,797)	—
Subtotal	6,807,508	(31,253)	17,295,828	—	67,788	24,139,871
Dividends paid	—	—	(3,930,947)	—	—	(3,930,947)
Balance at 30 June 2007	6,807,508	(31,253)	13,364,881	—	67,788	20,208,924
Balance at 1 July 2007	6,807,508	(31,253)	13,364,881	—	67,788	20,208,924
Profit for the year	—	—	6,131,695	—	—	6,131,695
Share based payments—exempt shares	107,808	—	—	—	(63,775)	44,033
Share based payments—options	—	—	—	—	127,000	127,000
Share Issues	18,260,177	—	—	—	—	18,260,177
Exercise of options	272,500	31,253	—	—	—	303,753
Translation of foreign controlled subsidiary	—	—	—	55,901	—	55,901
Transfer to/from ordinary capital	51,248	—	—	—	(51,248)	—
Subtotal	25,499,241	—	19,496,576	55,901	79,765	45,131,483
Dividends paid (Note 5)	—	—	(5,763,755)	—	—	(5,763,755)
Balance at 30 June 2008	25,499,241	—	13,732,821	55,901	79,765	39,367,728
GBST Holdings						
Balance at 1 July 2006	5,722,015	—	9,274,432	—	298,816	15,295,263
Profit for the year	—	—	8,127,881	—	—	8,127,881
Share based payments	—	—	—	—	73,769	73,769
Share Issues	780,696	—	—	—	—	780,696
Transfer to ordinary capital	304,797	—	—	—	(304,797)	—
Subtotal	6,807,508	—	17,402,313	—	67,788	24,277,609
Dividends paid	—	—	(4,009,132)	—	—	(4,009,132)
Balance at 30 June 2007	6,807,508	—	13,393,181	—	67,788	20,268,477
Balance at 1 July 2007	6,807,508	—	13,393,181	—	67,788	20,268,477
Profit for the year	—	—	4,665,948	—	—	4,665,948
Share based payments—exempt shares	107,808	—	—	—	(63,775)	44,033
Share based payments—options	—	—	—	—	127,000	127,000
Share Issues	18,260,177	—	—	—	—	18,260,177
Exercise of options	272,500	—	—	—	—	272,500
Transfer to financial asset reserve	—	—	—	—	—	—
Transfer to ordinary capital	51,248	—	—	—	(51,248)	—
Subtotal	25,499,241	—	18,059,129	—	79,765	43,638,135
Net Dividends paid (Note 5)	—	—	(5,764,805)	—	—	(5,764,805)
Balance at 30 June 2008	25,499,241	—	12,294,324	—	79,765	37,873,330

(a) During the year ended 30 June 2008, 36,844 (2007: 2,332,336) shares were issued from the Trust to meet the exercise of employee options. GBST ESOP Pty Ltd held nil shares in GBST at 30 June 2008 (2007: 36,844). The Trust is treated as a special purpose entity and consolidated. The Trust's shareholding in the Company is disclosed as treasury shares and deducted from equity.

(b) The equity remuneration reserve records items recognised as expenses on valuation of employee share/options granted. When options are exercised, the amount in the reserve relating to those options is transferred to issued capital.

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

	Note	GBST Group		GBST Holdings	
		30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		49,928,924	32,342,988	36,579,315	32,342,988
Payments to suppliers and employees		(37,014,835)	(22,068,505)	(23,585,094)	(22,058,056)
Interest received		452,981	775,697	234,680	775,697
Finance costs		(1,533,216)	(9,874)	(1,665,314)	(9,874)
Income tax paid		(5,450,585)	(3,409,002)	(5,563,287)	(3,409,002)
Net cash provided by/(used in) operating activities	25(a)	6,383,269	7,631,304	6,000,300	7,641,753
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant & equipment		4,108	31,801	1,976	31,801
Purchase of plant & equipment		(680,151)	(625,286)	(405,779)	(625,286)
Purchase of intangibles		(168,434)	(82,974)	(50,339)	(82,974)
Acquisition of business (net of cash acquired)	25(d)	(31,234,921)	–	–	–
Proceeds/(payments) of related entity receivables		–	–	(32,527,862)	1,895,751
Proceeds from other entity receivables		21,129	21,527	21,129	21,527
Purchase of investments		(3,127,499)	(781,937)	(3,127,499)	(781,937)
Net cash provided by/(used in) investing activities		(35,185,768)	(1,436,869)	(36,088,374)	458,882
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance leases		(63,858)	(35,276)	(9,362)	(35,276)
Exercise of options/sale of treasury shares		31,253	1,828,015	–	–
Proceeds from issue of ordinary shares		272,500	780,696	272,500	780,696
Proceeds from borrowings		19,000,000	–	19,000,000	–
Dividends paid		(5,763,755)	(3,930,947)	(5,764,805)	(4,009,132)
Net cash provided by/(used in) financing activities		13,476,140	(1,357,512)	13,498,333	(3,263,712)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(15,326,359)	4,836,923	(16,589,741)	4,836,923
Cash at beginning of the financial year		15,454,992	10,618,069	15,454,992	10,618,069
Cash at end of the financial year	25(b)	128,633	15,454,992	(1,134,749)	15,454,992

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GBST Holdings Limited is a public company limited by shares, incorporated and domiciled in Australia. The financial report covers the consolidated entity of GBST Holdings Limited and its controlled entities, and GBST Holdings Limited as an individual parent entity.

Basis of preparation

The financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of consolidation

A controlled entity is any entity over which GBST Holdings Limited has the power to control the financial and operating policies, so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 23 of the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control, together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially as the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is GBST Holdings Limited. The implementation date of the tax-consolidation group was 1 July 2003.

The current and deferred tax amounts for the tax-consolidated group are allocated among the entities in the group using a 'stand-alone taxpayer' approach whereby each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses assumed by the head entity from the subsidiaries in the tax-consolidated group are recognised in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution to or distribution from the subsidiary. Distributions firstly reduce the carrying amount of the investment in the subsidiary are then recognised as revenue.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

The members of the tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity. The members of the tax-consolidated group have also entered into a valid Tax Sharing Agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and the treatment of entities leaving the tax consolidated group.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities on the balance sheet.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Work in progress is stated at the aggregate of long term project development contract costs incurred to date, plus recognised profits, less any recognised losses and progress billings.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's activities in general.

Plant and equipment

Plant and equipment are carried at cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount of an asset is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of fixed Asset	Depreciation rate	Basis
Owned plant, equipment	5–67%	Straight-Line/ Diminishing Value
Leased plant, equipment	10–40%	Straight-Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset retirement obligations

The cost of plant and equipment includes an initial estimate of the cost of make good allowances, and a corresponding provision for these future costs is raised. The Company has a number of lease agreements over office premises which include an obligation to make good the premises at the conclusion of the lease term. The Company recognises a liability and an asset for the estimated cost of making good at the time of entering a lease agreement. The resulting asset is amortised over the term of the premises lease.

Leases and hire purchase

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Intangible assets

The Group's major intangible assets are software systems, customer contracts and goodwill.

Acquired both separately and from a business combination

Intangible assets acquired are capitalised at cost. Intangible assets acquired from a business combination are recognised separately from goodwill and capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed and the asset is amortised over its useful life on a straight-line basis, ranging from five to 10 years.

Intangible assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Internally developed

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are expensed in the year in which they are incurred when future economic benefits are uncertain or the future economic benefits cannot be measured reliably.

Externally acquired

Software systems externally acquired are recognised at cost of acquisition. Software systems have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Software systems are amortised over their useful life on a straight-line basis.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business acquisition exceeds the fair value attributed to its net assets at date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested annually for any indication of impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets (investments) are reflected at fair value or cost. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Fair value is determined with reference to market prices. Unrealised gains and losses arising from changes in fair value are taken directly to equity other than for impairment (see below).

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost, using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cashflows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

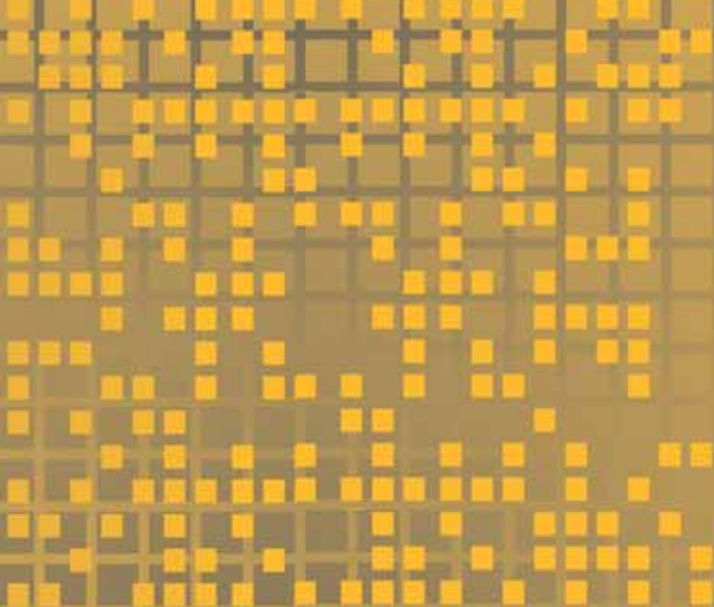
Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received, as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.



Revenue received in advance for software usage rental is recognised over the period of the usage.

Revenue received in advance for long term project development contracts (depending on the terms of individual contracts) is deferred. This revenue is recognised over the period in which expenditure is incurred in relation to the development of the project.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cashflows are presented in the cashflow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions and balances (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. The key estimates and judgements made in this financial report concern the assessment of the fair value of assets and liabilities acquired in the InfoComp acquisition (Note 25 (d)) and carrying value of the consolidated entity's intangible assets (Note 11).

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial period. Details of any such changes are included in the financial report.

NOTE 2: REVENUE

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(a) Revenue:				
Sales revenue:				
Revenue from licence and service sales	59,690,794	29,086,199	30,827,555	29,086,199
Revenue from sale of third party product	1,049,137	1,324,772	913,645	1,324,772
	60,739,931	30,410,971	31,741,200	30,410,971
(b) Other income:				
Interest revenue (c)	364,328	866,046	1,735,128	934,845
Profit on sale of plant & equipment	–	9,280	709	9,280
Other revenue	88,653	830	62,219	830
Management fee income from controlled entity	–	–	1,226,636	–
	452,981	876,156	3,024,692	944,955
(c) Interest revenue:				
Other entities	364,328	866,046	233,635	866,046
Controlled entities	–	–	1,501,493	68,799
	364,328	866,046	1,735,128	934,845

NOTE 3: PROFIT FOR THE YEAR

Profit before income tax expense includes the following items of revenue and expense:

(a) Expenses:				
Cost of third party product sold	901,192	1,134,720	778,636	1,134,720
Impairment charge on investment in listed shares	2,287,893	–	2,287,893	–
Loss on sale of plant & equipment	4,492	–	–	–
Finance costs (b)	1,533,216	19,682	2,017,314	19,682
Depreciation & amortisation (c)	4,055,438	942,374	940,481	942,374
Foreign currency translation losses/(gains)	291,667	–	384	–
Operating lease rentals	1,912,665	1,262,612	1,277,276	1,262,612
Research & developments costs	8,045,210	2,915,214	4,522,040	2,915,214
Employee benefits expense (d)	24,617,695	11,305,179	13,057,298	11,305,179

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 3: PROFIT FOR THE YEAR (CONTINUED)**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(b) Finance costs:				
Interest paid to other entities	1,438,048	–	1,408,412	–
Interest paid to controlled entities	–	–	528,639	–
Finance lease charges	18,100	974	3,195	974
Facility fees	77,068	18,708	77,068	18,708
	1,533,216	19,682	2,017,314	19,682
(c) Depreciation & amortisation:				
Depreciation of plant & equipment	932,500	442,791	455,104	442,791
Amortisation of leased assets	9,538	23,530	8,790	23,530
Amortisation of intangibles	3,113,400	476,053	476,587	476,053
	4,055,438	942,374	940,481	942,374
(d) Employee benefits expense:				
Monetary based expense (i)	24,446,662	11,231,410	12,886,265	11,231,410
Share based payments expense (ii)	171,033	73,769	171,033	73,769
	24,617,695	11,305,179	13,057,298	11,305,179
(i) Monetary based expense includes salary and fees, bonus payments, superannuation and other benefits.				
(ii) Share based payments expense is calculated in accordance with AASB 2 "Share-based payments".				
(e) Significant Items:				
The following significant expense items are relevant in explaining the financial performance:				
Impairment charge on investment in listed shares	2,287,893	–	2,287,893	–
Amortisation of intangibles	3,116,005	–	479,192	–
	5,403,898	–	2,767,085	–

NOTE 4: INCOME TAX EXPENSE

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(a) The components of tax expense comprise:				
Current Tax	4,713,161	3,441,241	2,778,555	3,441,241
Deferred tax (Note 15)	(1,134,888)	(104,888)	(118,938)	(104,888)
Under provision in respect of prior years	42,778	(19,922)	61,826	(19,922)
	3,621,051	3,316,431	2,721,443	3,316,431
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:				
Operating profit	9,752,746	11,337,827	7,387,391	11,444,312
Prima facie tax payable at 30%	2,925,824	3,401,348	2,216,217	3,433,294
Adjust for tax effect of:				
Amortisation of customer contracts	405,000	—	—	—
Impairment charge on investment in listed shares	686,368	—	686,368	—
Other non-allowable items (net)	29,079	41,072	13,056	9,126
Research & development expenditure claim	(488,524)	(106,067)	(256,024)	(106,067)
Under provision in respect of prior years	42,778	(19,922)	61,826	(19,922)
Effect of different tax rates of subsidiaries operating in other jurisdictions	20,526	—	—	—
Income tax attributable to entity	3,621,051	3,316,431	2,721,443	3,316,431
Weighted average effective tax rates:	37%	29%	37%	29%

The 8% increase compared to 2007 in the weighted average effective consolidated tax rate has resulted primarily from the non-allowable amortisation of customer contracts (\$1,350,000 : tax effect \$405,000) and non-allowable impairment of investment in listed shares (\$2,287,893 : tax effect \$686,368 – refer note (i) below).

The 8% increase compared to 2007 in the weighted average effective company rate has resulted primarily from the non-allowable impairment of investment in listed shares (\$2,287,893 : tax effect \$686,368 – refer note (i) below).

(i) The consolidated group and the company have not brought to account a deferred tax asset relating to the tax benefit on the impairment of the investment in listed shares due to the uncertainty of realisation of this capital loss.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 5: DIVIDENDS**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Provision for dividend on ordinary shares	—	—	—	—
Dividend paid in the period:				
Interim fully franked ordinary dividend of 5.5 cents (2007: 5 cents) per share	2,765,515	2,250,412	2,765,515	2,250,412
2007 final fully franked ordinary dividend of 6 cents (2006: 4 cents) per share paid in 2008	2,999,290	1,758,720	2,999,290	1,758,720
Total dividends paid	5,764,805	4,009,132	5,764,805	4,009,132
Dividend received on Treasury Shares	(1,050)	(78,185)	—	—
Net Dividend paid	5,763,755	3,930,947	5,764,805	4,009,132
Franking credit balance:				
Balance of franking account at year end	6,643,839	2,033,928	6,643,839	2,033,928
Franking credits arising from payment of provision for income tax as at the end of the financial year	367,556	2,080,532	367,556	2,080,532
Impact of estimated final dividend not recognised during the period (see Note 33)	(862,230)	(1,285,000)	(862,230)	(1,285,000)
Franking credits available for future reporting periods	6,149,165	2,829,460	6,149,165	2,829,460

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,491,521	854,992	228,139	854,992
Short term bank deposits (a)	—	14,600,000	—	14,600,000
	1,491,521	15,454,992	228,139	15,454,992

(a) The effective interest rate on short-term bank deposits was 6.3% in 2007; these deposits had an average maturity of 30 days.

NOTE 7: TRADE AND OTHER RECEIVABLES

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Current				
Trade receivables (a)	9,206,473	3,439,457	3,231,051	3,439,457
Controlled entities (c)	—	—	210,191	42,960
Other amounts receivable	505,059	358,431	394,252	366,927
	9,711,532	3,797,888	3,835,494	3,849,344

NOTE 7: TRADE AND OTHER RECEIVABLES (CONTINUED)

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Non-Current receivables				
Controlled entities (d)	–	–	60,650,363	–
Other amounts receivable	–	16,027	–	16,027
	–	16,027	60,650,363	16,027

(a) Trade debtor terms range between 14 to 30 days. Included in the Group's trade receivable balance are debtors with a carrying amount of \$1,980,797 (2007: \$89,075) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in the credit quality and the Group believes that the amounts are still considered recoverable. The average age of these receivables is 86 days (2007: 39 days).

Included in the Company's trade receivable balance are debtors with a carrying amount of \$200,164 (2007: \$89,075) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in the credit quality and the Group believes that the amounts are still considered recoverable. The average age of these receivables is 42 days (2007: 39 days).

(b) There are no balances within trade and other receivables that are impaired. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired.

(c) The current year amount represents the net balance arising from the tax consolidation.

(d) Intercompany balances are long term and interest bearing using the average overdraft rate of 8.94% p.a. (2007: Nil) except for one short term balance which is non-interest bearing and repayable on demand.

NOTE 8: INVENTORIES

Current – at cost

Inventory on hand	24,665	–	24,665	–
Work in progress	446,418	–	394,480	–
	471,083	–	419,145	–

NOTE 9: FINANCIAL ASSETS

Non-Current

Available for sale financial assets:

Investment in controlled entities at cost (a) (Note 23)	–	–	102	102
Investment in listed shares at fair value (b)	1,621,543	781,937	1,621,543	781,937
	1,621,543	781,937	1,621,645	782,039

(a) The fair value of these investments is estimated to be at least \$56 million.

(b) During the year the Company increased its shareholding in IT&e to approximately 16%. At 30 June fair valuing this investment resulted in an impairment charge of \$2,287,893 to the profit and loss.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 10: PLANT AND EQUIPMENT**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Owned plant and equipment at cost	7,643,952	3,097,181	3,441,156	3,097,181
Provision for depreciation	(5,287,263)	(1,807,214)	(2,220,524)	(1,807,214)
	2,356,689	1,289,967	1,220,632	1,289,967
Leased plant and equipment at cost	168,266	–	148,433	–
Provision for amortisation	(6,933)	–	(6,185)	–
	161,333	–	142,248	–
Total plant and equipment	2,518,022	1,289,967	1,362,880	1,289,967

(a) Movement in plant and equipment

	Owned	Leased	Total
	\$	\$	\$
Consolidated			
Year ended 30 June 2007			
Balance at the beginning of the year	1,133,513	23,530	1,157,043
Additions	641,765	–	641,765
Disposals	(42,520)	–	(42,520)
Depreciation expense	(442,791)	(23,530)	(466,321)
Reclassification to owned assets – cost	120,963	(120,963)	–
Reclassification to owned assets – accumulated depreciation	(120,963)	120,963	–
Carrying amount at the end of the year	1,289,967	–	1,289,967

Year ended 30 June 2008

Balance at the beginning of the year	1,289,967	–	1,289,967
Additions	849,315	168,266	1,017,581
Additions through the acquisition of controlled entities	1,192,595	–	1,192,595
Disposals	(42,688)	–	(42,688)
Depreciation expense	(932,500)	(6,933)	(939,433)
Carrying amount at the end of the year	2,356,689	161,333	2,518,022

Parent Company	Owned	Leased	Total
	\$	\$	\$
Year ended 30 June 2007			
Balance at the beginning of the year	1,133,513	23,530	1,157,043
Additions	641,765	–	641,765
Disposals	(42,520)	–	(42,520)
Depreciation expense	(442,791)	(23,530)	(466,321)
Reclassification to owned assets – cost	120,963	(120,963)	–
Reclassification to owned assets – accumulated depreciation	(120,963)	120,963	–
Carrying amount at the end of the year	1,289,967	–	1,289,967

NOTE 10: PLANT AND EQUIPMENT (CONTINUED)

	Owned \$	Leased \$	Total \$
Parent Company			
Year ended 30 June 2008			
Balance at the beginning of the year	1,289,967	—	1,289,967
Additions	419,246	148,433	567,679
Disposals	(33,477)	—	(33,477)
Depreciation expense	(455,104)	(6,185)	(461,289)
Carrying amount at the end of the year	1,220,632	142,248	1,362,880

NOTE 11: INTANGIBLE ASSETS

	GBST Group		GBST Holdings	
	30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$
At Cost				
Software systems	18,190,201	2,985,455	3,026,381	2,985,455
Accumulated amortisation	(2,756,823)	(996,504)	(1,468,521)	(996,504)
Net carrying value	15,433,378	1,988,951	1,557,860	1,988,951
Leased software	39,073	—	39,073	—
Provision for amortisation	(2,605)	—	(2,605)	—
	36,468	—	36,468	—
Customer contracts	8,100,000	—	—	—
Accumulated amortisation	(1,350,000)	—	—	—
Net carrying value	6,750,000	—	—	—
Goodwill	31,588,226	3,350,061	3,350,061	3,350,061
Net carrying value	31,588,226	3,350,061	3,350,061	3,350,061
Total intangibles	53,808,072	5,339,012	4,944,389	5,339,012

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 11: INTANGIBLE ASSETS (CONTINUED)****(a) Movement in intangibles**

	Software Systems \$	Leased Software \$	Computer Contracts \$	Goodwill \$	Total \$
Consolidated					
Year ended 30 June 2007					
Balance at the beginning of the year	2,382,318	—	—	3,350,061	5,732,379
Additions	82,974	—	—	—	82,974
Disposals	(288)	—	—	—	(288)
Amortisation charge	(476,053)	—	—	—	(476,053)
Carrying amount at the end of the year	1,988,951	—	—	3,350,061	5,339,012
Year ended 30 June 2008					
Balance at the beginning of the year	1,988,951	—	—	3,350,061	5,339,012
Additions	168,434	39,073	—	—	207,507
Additions through the acquisition of controlled entities	15,044,227	—	8,100,000	28,238,165	51,382,392
Disposals	(4,834)	—	—	—	(4,834)
Amortisation charge	(1,763,400)	(2,605)	(1,350,000)	—	(3,116,005)
Carrying amount at the end of the year	15,433,378	36,468	6,750,000	31,588,226	53,808,072
Parent Company					
Year ended 30 June 2007					
Balance at the beginning of the year	2,382,318	—	—	3,350,061	5,732,379
Additions	82,974	—	—	—	82,974
Disposals	(288)	—	—	—	(288)
Amortisation charge	(476,053)	—	—	—	(476,053)
Carrying amount at the end of the year	1,988,951	—	—	3,350,061	5,339,012
Year ended 30 June 2008					
Balance at the beginning of the year	1,988,951	—	—	3,350,061	5,339,012
Additions	50,339	39,073	—	—	89,412
Disposals	(4,843)	—	—	—	(4,843)
Amortisation charge	(476,587)	(2,605)	—	—	(479,192)
Carrying amount at the end of the year	1,557,860	36,468	—	3,350,061	4,944,389

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life.

NOTE 11: INTANGIBLE ASSETS (CONTINUED)

Impairment disclosures

Goodwill is allocated to cash-generating (CGU) units which are based on the Group's reporting segments.

	30 Jun 2008 \$	30 Jun 2007 \$
Broker segment	3,350,061	3,350,061
Wealth Management segment	28,238,165	–
Total	31,588,226	3,350,061

Broker Services segment goodwill relates to the 2005 Palion acquisition which has been fully integrated within the Broker segment.

The Wealth Management segment goodwill relates to the InfoComp acquisition – see Note 25 (d).

The recoverable amount of goodwill has been assessed using value in use calculations for each CGU.

Key assumptions used for value-in-use calculations

Value-in-use

The cash-generating unit impairment tests are based on value in use calculations, using discounted cash flow projections based on actual operating results, the budgets and five-year strategic plans, approved by the Board and updated where appropriate and cash forecasts extrapolated for a further five years. For the financial year ending 2009, management has used the 2009 financial budget approved by the Board. For future financial years, forecast projections or the current business strategic plan have been used. The assumptions are generally consistent with past performance or are based upon the Group's view of future market activity.

Growth and discount rates

Growth rates used were generally determined by factors such as industry sector, the market to which

the CGU is dedicated, the size of the business, geographic location, past performance and other industry factors. In particular for the emerging UK market for Wealth Management segment's existing products, successful penetration into the market is assumed. The long term growth rate used to extrapolate the cash forecasts beyond the five year period range from 5% to 8%. Discount rates are pre-tax and are adjusted to incorporate the risks associated with the industries and countries the business operates in. A pre-tax discount rate of 15% has been used.

Impact of possible changes to assumptions

With regard to the assessment of the value-in-use of the CGUs, management has conducted sensitivity analysis on the effect of a change in the respective key assumptions on the carrying value of each CGU. For all the CGUs, the Management believe that as the excess of the recoverable amount over the carrying amount of the goodwill is significant, any reasonable possible change in the assumptions would not have a material impact on the recoverable amount of the goodwill.

Impairment

There is no impairment loss to any of the cash generating units containing goodwill in the 2008 financial year.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 12: OTHER ASSETS**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Current				
Prepaid expenditure	711,455	513,605	630,566	513,605
Non-Current				
Prepaid expenditure	230,685	13,453	230,590	13,453
	230,685	13,453	230,590	13,453

NOTE 13: TRADE AND OTHER PAYABLES

Current (unsecured)				
Trade payables & accruals	6,283,699	2,186,566	2,268,043	2,178,571
Controlled entities	–	–	1,980,938	–
Amount owing to vendors in respect of InfoComp acquisition	750,000	–	–	–
	7,033,699	2,186,566	4,248,981	2,178,571
Non-Current (unsecured)				
Controlled entities	–	–	7,748,021	–
	–	–	7,748,021	–

NOTE 14: FINANCIAL LIABILITIES

Current				
Bank overdraft (secured)	1,362,888	–	1,362,888	–
Bank loan facility (secured)	3,000,000	–	3,000,000	–
Finance lease liability (Note 21)	122,867	–	59,484	–
	4,485,755	–	4,422,372	–
Non-Current				
Bank loan facility (secured)	16,000,000	–	16,000,000	–
Finance lease liability (Note 21)	259,896	–	135,545	–
	16,259,896	–	16,135,545	–
Total secured liabilities	20,362,888	–	20,362,888	–

The bank facilities are secured by a registered charge over the assets of the Group. The facility has a six year term, with the first principal repayment due on 31 December 2008. Interest rates under the facility are variable. The facility has a number of other commercial terms and conditions.

The covenants within the bank borrowings require that the debt to earnings before interest and tax is not greater than 2 to 1, dividend payout is 70% or less and debt service cost to earnings before interest and

tax is 6 to 1 in the first twelve months of the facility and not less than two to one going forward. In respect of the bank facilities, totalling \$20,362,888 at 30 June 2008, the company failed to meet the Dividend Payout Ratio for the period ended 30 June 2008 and therefore has a breach of the covenant. The bank has indicated no action will be taken at this time other than to adjust the borrowing rate in the facilities.

The carrying amount of group non current assets secured is \$61,013,792.

NOTE 15: TAX

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(a) Liabilities				
Current				
Income tax	367,556	2,080,532	791,395	2,080,532
Non-Current				
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	175,732	174,492	143,395	174,492
	175,732	174,492	143,395	174,492
(b) Assets				
Deferred tax assets comprise:				
Unused tax losses	588,146	—	—	—
Provisions and prepaid income	2,139,678	902,584	1,070,865	902,584
Other items	59,913	140,353	59,913	140,353
Transaction costs on equity issue	47,733	95,467	47,733	95,467
	2,835,470	1,138,404	1,178,511	1,138,404
(c) Reconciliations				
(i) Gross movement				
The overall movement in the deferred tax account is as follows:				
Opening balance	963,912	906,758	963,912	906,758
Additions through the acquisition of controlled entities	608,672	—	—	—
(Charge)/credit to income statement	1,134,888	104,888	118,938	104,888
Charge to equity	(47,734)	(47,734)	(47,734)	(47,734)
Closing balance	2,659,738	963,912	1,035,116	963,912
(ii) Deferred tax liability				
(a) The movement in deferred tax liability for each temporary difference during the year is as follows:				
Tax allowances relating to property, plant and equipment				
Opening balance	174,492	144,765	174,492	144,765
Charged to income statement	1,240	29,727	(31,097)	29,727
Closing balance	175,732	174,492	143,395	174,492

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS**

NOTE 15: TAX (CONTINUED)

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(c) Reconciliations (continued)				
(iii) Deferred tax assets				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
Provisions and prepaid income				
Opening balance	902,584	853,259	902,584	853,259
Additions through the acquisition of controlled entities	307,894	–	–	–
Credited to income statement	929,200	49,325	168,281	49,325
Closing balance	2,139,678	902,584	1,070,865	902,584
Other Items				
Opening balance	140,353	55,063	140,353	55,063
Credited/(charged) to income statement	(80,440)	85,290	(80,440)	85,290
Closing balance	59,913	140,353	59,913	140,353
Transaction costs on equity issue				
Opening balance	95,467	143,201	95,467	143,201
Charged directly to equity	(47,734)	(47,734)	(47,734)	(47,734)
Closing balance	47,733	95,467	47,733	95,467
Unused tax losses				
Opening balance	–	–	–	–
Additions through the acquisition of controlled entities	300,778	–	–	–
Credited/(charged) to income statement	287,368	–	–	–
Closing balance	588,146	–	–	–
(a) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1: Income Tax occur:				
– tax losses : operating losses	–	–	–	–
– tax losses : capital losses	1,029,157	–	686,368	–
– temporary differences	–	–	–	–

NOTE 16: PROVISIONS

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Long-Term				
Employee benefits (a)	1,000,173	770,414	737,184	770,414
Asset retirement provision (b)	467,166	357,992	308,459	357,992
	1,467,339	1,128,406	1,045,643	1,128,406

	Long-term		Total
	Employee benefits	Asset Retirement	
	\$	\$	\$
Consolidated			
Balance at the beginning of the year	770,414	357,992	1,128,406
Additional provisions	379,639	172,174	551,813
Amounts used	(149,880)	(37,046)	(186,926)
Unused amounts reversed	–	(25,954)	(25,954)
Balance at 30 June 2008	1,000,173	467,166	1,467,339
Parent Company			
Balance at the beginning of the year	770,414	357,992	1,128,406
Additional provisions	35,782	13,467	49,249
Amounts used	(69,012)	(37,046)	(106,058)
Unused amounts reversed	–	(25,954)	(25,954)
Balance at 30 June 2008	737,184	308,459	1,045,643

(a) The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

(b) An asset retirement provision has been recognised for expected future refurbishment costs of office premises.

NOTE 17: OTHER LIABILITIES

Current				
Revenue received in advance for software usage and support services	4,049,311	2,260,754	2,500,673	2,260,754
	4,049,311	2,260,754	2,500,673	2,260,754
Non-Current				
Revenue received in advance for software usage and support services	192,367	305,611	192,367	305,611
	192,367	305,611	192,367	305,611

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 18: ISSUED CAPITAL**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
50,296,733 (June 2007: 45,013,562) fully paid ordinary shares	25,499,241	6,807,508	25,499,241	6,807,508
	25,499,241	6,807,508	25,499,241	6,807,508
Movements in issued capital:				
Opening balance	6,807,508	5,722,015	6,807,508	5,722,015
Transfer from options reserve (Note 20)	51,248	304,797	51,248	304,797
Share issues during the year:				
31 July 2007 Employee exempt share scheme	107,808	–	107,808	–
31 August 2007 Acquisition of InfoComp	18,260,177	–	18,260,177	–
*Various dates Employee deferred options scheme	272,500	780,696	272,500	780,696
*Various dates Employee exempt options scheme	–	–	–	–
	25,499,241	6,807,508	25,499,241	6,807,508
Ordinary Shares	No.	No.	No.	No.
Opening balance	45,013,562	43,968,000	45,013,562	43,968,000
Share issues during the year:				
31 July 2007 Employee exempt share scheme	27,432	–	27,432	–
31 August 2007 Acquisition of InfoComp	4,935,183	–	4,935,183	–
*Various dates Employee deferred options scheme	210,000	1,045,562	210,000	1,045,562
*Various dates Employee exempt options scheme	110,556	–	110,556	–
	50,296,733	45,013,562	50,296,733	45,013,562

* There were numerous share issues during the year as employees exercised options.

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote.

The company does not have an amount of authorised capital.

Options

For details on options over ordinary shares, see Note 31.

Capital Management

The Board and Management controls the capital of the group in order to ensure that the Group can fund its operations and continue as a going concern as well as provide the shareholders with optimal returns. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Board's policy is to build and maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the capital mix, share price, as well as the return on capital.

The Group's capital includes ordinary share capital, reserves and retained earnings, bank facilities, other financial liabilities; supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. During the 2008, the Group paid dividends of \$5,763,755 (2007: \$3,930,947). The entity currently has as a target a dividend payout ratio of 60–70%. This is subject to regular review depending on the current circumstances of the entity.

The Company took on debt in the current year to finance its acquisition activity and the current gearing ratio (net debt / total debt and equity) of 33% is within the target range of between 30% and 50%. The gearing ratio's for the year ended 30 June 2008 and 30 June 2007 are as follows:

	GBST Holdings		GBST Group	
	30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$
Total borrowings	20,745,651	—	20,557,917	—
Less cash and cash equivalents	1,491,521	15,454,992	228,139	15,454,992
Net debt	19,254,130	(15,454,992)	20,329,778	(15,454,992)
Total equity	39,367,728	20,208,924	37,873,330	20,268,477
Total debt and equity	58,621,858	4,753,932	58,203,108	4,813,485
Gearing ratio	33%	In funds	35%	In funds

The Group is not subject to any externally imposed capital requirements, other than the facility covenants set out in Note 14.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 19: TREASURY SHARES**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Treasury Shares (Note 31)	—	31,253	—	—
	—	31,253	—	—

NOTE 20: RESERVES

Equity Remuneration Reserve	79,765	67,788	79,765	67,788
Foreign Currency Translation Reserve	55,901	—	—	—
	135,666	67,788	79,765	67,788

- (a) The option reserve records the amount recognised as an expense on valuation of employee share options granted. When options are exercised, the amount in the reserve relating to those options is transferred to issued capital.
- (b) The share remuneration reserve records total cost of share issues less amortisation expense, based on a vesting period of three years and employee employment status. The actual shares were issued at grant date.
- (c) The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 21: CAPITAL, LEASING AND OTHER COMMITMENTS**(a) Finance leasing commitments**

Payable on leases:				
Not later than one year	150,167	—	75,341	—
Later than one year but not later than five years	280,892	—	148,345	—
	431,059	—	223,686	—
Less future finance charges	(48,296)	—	(28,657)	—
Total liability	382,763	—	195,029	—

Lease liabilities are included in the Balance Sheet as:

Current (Note 14)	122,867	—	59,484	—
Non-current (Note 14)	259,896	—	135,545	—
	382,763	—	195,029	—

Finance leases relate to items of plant and equipment and have options to acquire the items on termination.

NOTE 21: CAPITAL, LEASING AND OTHER COMMITMENTS (CONTINUED)

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(b) Non-cancellable operating leases				
Lease amounts are payable:				
Not later than one year	1,758,991	1,252,771	1,268,223	1,252,771
Later than one year but not later than five years	5,293,464	4,800,307	4,865,081	4,800,307
Later than five years	1,007,907	2,262,742	1,007,907	2,262,742
	8,060,362	8,315,820	7,141,211	8,315,820

Non-cancellable leases include rental premises with lease terms up to eight years. The lease agreements require that the minimum lease payments shall be increased by incremental contingent rentals based on market or CPI. Certain leases contain options to renew at the end of their term.

(c) Capital and other expenditure commitments

Contracted for:				
Capital and other operating purchases	495,008	29,680	495,008	29,680
Payable				
Not later than one year	495,008	29,680	495,008	29,680
	495,008	29,680	495,008	29,680

NOTE 22: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	149,616	60,350	73,183	60,350
Other taxation and statutory compliance assistance	7,320	4,250	6,120	4,250
	156,936	64,600	79,303	64,600

Remuneration of other auditors of subsidiaries for:

Auditing the financial report	23,217	5,985	–	–
Other taxation and statutory compliance assistance	2,039	2,721	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 23: OTHER GROUP ENTITIES

(a) Controlled entities consolidated

Group entity: GBST Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (June 2007: 100%)

Group entity: GBST ESOP Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (June 2007: 100%)

Group entity: GBST Australia Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (June 2007: 100%)

Subsidiaries of GBST Australia Pty Ltd:

Group entity: GBST Hong Kong Limited
Country of Incorporation: Hong Kong
Percentage owned: 100% (June 2007: 100%)

Group entity: InfoComp Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (June 2007: nil)

Group entity: ICP Holdings Pty Ltd
Country of Incorporation: Australia
Percentage owned: 100% (June 2007: nil)

Subsidiaries of ICP Holdings Pty Ltd:

Group entity: InfoComp UK Limited
Country of Incorporation: Australia
Percentage owned: 95.9% (June 2007: nil)

(b) Acquisition of controlled entities

On 31 August 2007 GBST Australia Pty Ltd acquired 100% of 'InfoComp Pty Ltd and ICP Holdings Pty Ltd', with GBST Australia Pty Ltd entitled to all profits earned from purchase date, for a purchase consideration of \$55,794,179. As at 30 June 2008 a 4.1% interest in ICP UK still remained to be settled. That settlement is to be recovered from the deferred consideration payable to the vendors (Note 13). Consequently no minority interest has been accounted for in the consolidated accounts.

(c) Disposal of controlled entities

One of the subsidiaries of InfoComp which was a dormant entity was liquidated on 27 November 2007.

(d) Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended), a number of wholly-owned controlled entities as listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and Directors' Report.

It is a condition of the class order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the *Corporations Act 2001*, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

The controlled entities subject to the Deed are:

GBST Pty Ltd	ICP Holdings Pty Ltd
GBST ESOP Pty Ltd	InfoComp Pty Ltd
GBST Australia Pty Ltd	

NOTE 23: OTHER GROUP ENTITIES (CONTINUED)

	Closed Group 30 Jun 2008 \$	Parties to deed of cross guarantee 30 Jun 2008 \$
Financial information in relation to:		
i. Income Statement		
Profit before income tax	6,860,385	6,860,385
Income tax expense	(4,111,094)	(4,111,094)
Profit after income tax	2,749,291	2,749,291
Profit attributable to members of the parent entity	2,749,291	2,749,291
ii. Retained Earnings		
Retained profits at the beginning of the year	13,364,881	13,364,881
Retained profits of subsidiaries acquired	1,745,767	1,745,767
Profit after income tax	2,749,291	2,749,291
Dividends provided for or paid	(5,763,755)	(5,763,755)
Retained earnings at the end of the year	12,096,184	12,096,184
iii. Balance Sheet		
CURRENT ASSETS		
Cash and cash equivalents	1,045,096	1,045,096
Trade and other receivables	8,828,767	8,828,767
Inventories	419,145	419,145
Other assets	673,646	673,646
TOTAL CURRENT ASSETS	10,966,654	10,966,654
NON-CURRENT ASSETS		
Financial assets	1,644,830	1,644,830
Property, plant and equipment	2,512,896	2,512,896
Intangible assets	53,603,575	53,603,575
Deferred tax assets	2,247,324	2,247,324
Other assets	230,685	230,685
TOTAL NON-CURRENT ASSETS	60,239,310	60,239,310
TOTAL ASSETS	71,205,964	71,205,964
CURRENT LIABILITIES		
Trade and other payables	6,389,945	6,389,945
Financial liabilities	4,485,755	4,485,755
Current tax liabilities	367,556	367,556
Other liabilities	4,049,311	4,049,311
TOTAL CURRENT LIABILITIES	15,292,567	15,292,567

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 23: OTHER GROUP ENTITIES (CONTINUED)**

	Closed Group	Parties to Deed of Cross Guarantee
	30 Jun 2008	30 Jun 2008
	\$	\$
NON-CURRENT LIABILITIES		
Financial liabilities	16,259,896	16,259,896
Deferred tax liabilities	175,732	175,732
Long-term provisions	1,467,339	1,467,339
Other liabilities	192,367	192,367
TOTAL NON-CURRENT LIABILITIES	18,095,334	18,095,334
TOTAL LIABILITIES	33,387,901	33,387,901
NET ASSETS	37,818,063	37,818,063
EQUITY		
Issued capital	25,499,241	25,499,241
Reserves	222,638	222,638
Retained earnings	12,096,184	12,096,184
	37,818,063	37,818,063

NOTE 24: FINANCING ARRANGEMENTS

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
Other financing facilities (a)	23,668,799	2,625,000	23,467,198	2,625,000
Amount utilised	(21,048,518)	(319,709)	(20,846,916)	(319,709)
Unused credit facilities	2,620,281	2,305,291	2,620,282	2,305,291

(a) This amount comprises bank facilities and lease facilities. The bank overdraft and loan facility are secured by a registered charge over the assets of the Group. The facility has a six year term, with the first principal repayment due on 31 December 2008 and the end of each quarter after that. Interest rates under the facility are variable. The facility has a number of other commercial terms and conditions. The lease facility is a "revolving asset finance facility" to enable equipment financing, required for business operations. Each draw on the lease facility creates a rental agreement for a 36 month period. The facility is subject to annual review. There are no conditions/covenants in place and drawdown is subject to the bank's acceptance of assets proposed for financing under the facility.

NOTE 25: CASH FLOW INFORMATION

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(a) Reconciliation of net cash provided by operating activities to profit after income tax				
Profit after income tax	6,131,695	8,021,396	4,665,948	8,127,881
Non-cash flows in operating profit:				
Depreciation and amortisation	4,055,438	942,374	940,481	942,374
Write down on investments	2,287,893	–	2,287,893	–
(Profit)/loss on sale of plant & equipment	4,492	(9,280)	(709)	(9,280)
Share based payments expensed	171,033	73,769	171,033	73,769
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(2,994,900)	(647,460)	(84,146)	(743,496)
(Increase)/decrease in other assets	(111,809)	(215,756)	(334,098)	(215,756)
Increase/(decrease) in other liabilities	(2,560,120)	(526,228)	126,675	(526,228)
(Increase)/decrease in inventories	439,859	2,572	(419,145)	2,572
(Increase)/decrease in deferred tax balances	763,219	(57,154)	(71,204)	(57,154)
Increase/(decrease) in tax provision	(2,609,019)	(35,416)	(1,289,137)	(35,416)
Increase/(decrease) in trade and other payables	737,525	148,114	89,472	148,114
Increase/(decrease) in provisions	67,963	(65,627)	(82,763)	(65,627)
Cash flow from operations	6,383,269	7,631,304	6,000,300	7,641,753
(b) Reconciliation of cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:				
Cash at bank (Note 6)	1,491,521	854,992	228,139	854,992
Short term deposit (Note 6)	–	14,600,000	–	14,600,000
Bank overdraft (Note 14)	(1,362,888)	–	(1,362,888)	–
	128,633	15,454,992	(1,134,749)	15,454,992
(c) Non cash financing activities				
During the 2008 financial year the group acquired plant and equipment with an aggregate value of \$207,339 (2007: \$nil) by means of finance leases and the company acquired plant and equipment with an aggregate value of \$187,506 (2007: \$nil) by means of finance leases.				
During the year the following ordinary shares were issued as non cash consideration:				
		Number	Issue Price	
– InfoComp acquisition		4,935,183	\$3.7000	
– Employee exempt share plan		27,432	\$3.9300	
– Employee exempt options scheme		110,556	\$0.7505	
These items are not reflected in the Statement of Cash Flows.				

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 25: CASH FLOW INFORMATION (CONTINUED)**

	GBST Group		GBST Holdings	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$
(d) Acquisition of business				
The Group acquired 'InfoComp Pty Ltd, ICP Holdings Pty Ltd and its subsidiaries', a software developer of highly regarded and advanced funds administration and registry software for the wealth management industry, and the dominant provider to Australian wrap and master trusts, on 31 August 2007.				
The purchase was allocated as follows:				
Purchase consideration	54,848,640	—	—	—
Transaction costs	945,539	—	—	—
Total purchase consideration	55,794,179	—	—	—
This was funded by:				
4,935,183 ordinary shares (a)	18,260,177	—	—	—
Cash consideration	36,784,002	—	—	—
Consideration paid at 31 August 2007	55,044,179	—	—	—
Amounts yet to be paid	750,000	—	—	—
	55,794,179	—	—	—
(a) Market price at purchase date \$3.70				
Assets and liabilities acquired at acquisition date:				
Intellectual Property – Software Systems	15,000,000	—	—	—
Intellectual Property – Customer Contracts	8,100,000	—	—	—
Cash	5,549,081	—	—	—
Future Income Tax Benefit	608,672	—	—	—
Other Assets	6,642,914	—	—	—
Payables and Provisions	(8,131,201)	—	—	—
Borrowings	(213,452)	—	—	—
	27,556,014	—	—	—
Goodwill	28,238,165	—	—	—
Total	55,794,179	—	—	—

The goodwill is attributable to the high profitability of the acquired business and significant synergies expected to arise after the acquisition of software systems.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to their carrying value.

Profit before tax amounting to \$2,333,966 is included in the consolidated income statement for the year. Had the results of InfoComp been consolidated for the full year, consolidated revenue would have been \$65,682,152 and consolidated profit \$9,794,444.

NOTE 26: SEGMENT REPORTING

The Broker Services division supports and provides software solutions to stockbrokers and banks in connection with share trading, margin lending and option trading in Australia, Hong Kong and New Zealand.

The Wealth Management division supports and provides software solutions to fund managers, superannuation providers and wrap account providers in connection with client and investment management in Australia and the United Kingdom. The Wealth Management division also provides a Union membership management system for use in Australia and New Zealand.

Primary reporting – business segments

	Broker Services		Wealth Management		Eliminations		GBST Group	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Sales to external customers	31,741,200	30,410,971	28,998,731	–	–	–	60,739,931	30,410,971
Inter-segment revenues	–	–	42,169	–	(42,169)	–	–	–
Total segment revenue	31,741,200	30,410,971	29,040,900	–	(42,169)	–	60,739,931	30,410,971
RESULT								
Segment result	7,421,975	11,357,509	3,863,987	–	–	–	11,285,962	11,357,509
Unallocated expenses net of unallocated revenue							–	–
Finance costs							(1,533,216)	(19,682)
Profit before income tax							9,752,746	11,337,827
Income tax expense							(3,621,051)	(3,316,431)
Profit after income tax							6,131,695	8,021,396
ASSETS								
Segment assets	14,506,534	28,345,285	58,892,849	–	–	–	73,399,383	28,345,285
Unallocated assets							–	–
Total Assets							73,399,383	28,345,285
LIABILITIES								
Segment liabilities	8,921,640	8,136,361	25,110,015	–	–	–	34,031,655	8,136,361
Unallocated liabilities							–	–
Total Liabilities							34,031,655	8,136,361
OTHER								
Investments accounted for using the equity method	–	–	–	–	–	–	–	–
Acquisitions of non-current segment assets	759,113	724,739	51,675,879	–	–	–	52,434,992	724,739
Depreciation and amortisation of segment assets	940,481	942,374	3,114,957	–	–	–	4,055,438	942,374
Other non-cash segment expenses	2,458,926	73,769	–	–	–	–	2,458,926	73,769

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 26: SEGMENT REPORTING (CONSOLIDATED)****Secondary reporting – geographical segments**

Geographical Location:	Segment revenues from external customers		Carrying amount of segment assets		Acquisitions of non-current segment assets	
	30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$	30 Jun 2008 \$	30 Jun 2007 \$
Australia	49,145,990	30,410,971	70,547,557	28,345,285	51,002,103	724,739
United Kingdom	11,593,941	–	2,851,826	–	1,432,889	–
	60,739,931	30,410,971	73,399,383	28,345,285	52,434,992	724,739

Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do include deferred income taxes.

Intersegment transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Business and geographical segments

The consolidated Group has the following two business segments:

Broker Services division provides client accounting and securities transaction technology solutions for the finance, banking and securities industry in Australia and South East Asia. Major product lines of the division include: Shares, Palion, Margin Lending, Business Continuity Service, Business Interface and CMT.

Wealth Management division provides funds administration and registry software for the wealth management industry in Australia and the United Kingdom. Major product lines of the division include: Composer, Unison and ASP Access. A controlled entity within the division, which is a dormant entity was liquidated during the year.

Geographical segments

The consolidated Group's business segments are located in Australia with the Wealth Management division also having operations in the United Kingdom.

The Broker Services division has a customer base in South East Asia from sales to Australian entities.

Impairment losses

An impairment loss amounting to \$2,287,893 relating to Investment in listed shares within the broker services segment was recognised as an expense for the year ended 30 June 2008.

NOTE 27: FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group's principal financial instruments comprise of accounts receivable and payable, bank accounts, loans and overdrafts, investments and finance leases. The Company's principal financial instruments include these items and intercompany receivables/payables.

The main purpose of these financial instruments is to provide operating finance to the Group.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Company and the Group have exposure to the following risks from their use of financial instruments – credit risk, liquidity risk and market risk. This note presents information about the exposure to each of the above risks. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company and the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies, and reports to the Board.

The risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

A finance committee consisting of senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Executive Management Team's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, share prices and interest rates will affect income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)****Interest rate risk**

The exposure to market risk for the changes in interest rates relates primarily to borrowing obligations. The policy at the present is to manage interest cost using fixed and variable rate debt.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk.

	GBST Group		GBST Holdings	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash	1,491,521	15,454,992	228,139	15,454,992
Loans Other Entities	16,074	33,828	16,074	33,828
Loans Controlled Entities	–	–	60,650,363	–
	1,507,595	15,488,820	60,894,576	15,488,820
Financial Liabilities				
Bank Overdraft	1,362,888	–	1,362,888	–
Bank Loan	19,000,000	–	19,000,000	–
Loans Controlled Entities	–	–	9,728,959	–
	20,362,888	–	30,091,847	–

Lease liabilities have fixed rates, all other items are variable rate. The exposure to market interest rates relates primarily to long and short term debt obligations.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency.

The Group constantly monitors its foreign currency exposure, and consideration is given to alternative hedging positions.

At balance sheet date the Group had exposure to movements in the exchange rate for Great Britain Pounds in cash and receivables of \$2,505,571 (2007: \$nil) and payables of \$643,755 (2007: \$nil).

The Company's only exposure is for intercompany payables of \$1,980,938 (2007: \$nil).

Share price risk

The Company and Group have an investment in an ASX listed company, IT&e Limited (see Note 9). This is a long term shareholding, however exposure exists to movements in the market price.

(c) Liquidity risk

Liquidity risk is the risk that the Company and the Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company and the Group's reputation.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and finance leases. The liquidity risk is managed by monitoring forecast cash flows, the collection of trade receivables and payment of trade payables, use of borrowing facilities and ensuring that adequate unutilised borrowing facilities are maintained.

(d) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Company's and Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk arises primarily from exposures to customers. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other

receivables. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

In respect of the parent entity, credit risk also incorporates the exposure of GBST Holdings Limited to the liabilities of all members of the closed Group under the deed of cross-guarantee. Refer to Note 23 for further information.

Except for the following concentrations of credit risks, the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into. Approximately 46% (2007: 50%) of the Group's revenue is derived from five customers. Approximately 57% (2007: 50%) of the company's revenue is derived from five customers.

The carrying amount of the financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	GBST Group carrying amount		GBST Holdings carrying amount	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash and cash equivalents	1,491,521	15,454,992	228,139	15,454,992
Trade and other receivables	9,711,532	3,813,915	64,485,857	3,865,371
Other financial assets	1,621,543	781,937	1,621,645	782,039
	12,824,596	20,050,844	66,335,641	20,102,402
The maximum exposure to credit risk for trade and other receivables at reporting date by geographic region was:				
Australia	7,856,394	3,813,915	66,335,641	3,865,371
UK	1,855,138	—	—	—
	9,711,532	3,813,915	66,335,641	3,865,371

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Financial Instruments****(i) Financial instrument composition and maturity analysis:**

The table below reflects the undiscounted contractual settlement terms for Group financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

GBST Group	0–1 Years		1–2 Years		2–5 Years		Over 5 Years		Total	
	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$
FINANCIAL ASSETS										
Cash (i)	1,491,521	15,454,992	–	–	–	–	–	–	1,491,521	15,454,992
Trade and other receivables	9,711,532	3,797,888	–	16,027	–	–	–	–	9,711,532	3,813,915
Available for sale financial assets	1,621,543	781,937	–	–	–	–	–	–	1,621,543	781,937
TOTAL FINANCIAL ASSETS	12,824,596	20,034,817	–	16,027	–	–	–	–	12,824,596	20,050,844
FINANCIAL LIABILITIES										
Bank loan and overdraft (i)	4,362,888	–	4,000,000	–	12,000,000	–	–	–	20,362,888	–
Lease facilities (ii)	150,167	–	150,167	–	130,725	–	–	–	431,059	–
Trade & other payables	7,033,699	2,186,566	–	–	–	–	–	–	7,033,699	2,186,566
TOTAL FINANCIAL LIABILITIES	11,546,754	2,186,566	4,150,167	–	12,130,725	–	–	–	27,827,646	2,186,566

(i) These items have variable interest rates.

(ii) These items have fixed interest rates. All other items are non-interest bearing.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below reflects the undiscounted contractual settlement terms for Parent Entity financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

GBST Holdings	0–1 Years		1–2 Years		2–5 Years		Over 5 Years		Total	
	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$	08 \$	07 \$
FINANCIAL ASSETS										
Cash (i)	228,139	15,454,992	–	–	–	–	–	–	228,139	15,454,992
Trade and Other Receivables	3,625,303	3,806,384	–	16,027	–	–	–	–	3,625,303	3,822,411
Amounts Receivable Related Parties	210,191	42,960	–	–	–	–	60,650,363	–	60,860,554	42,960
Available for Sale Financial Assets	1,621,645	782,039	–	–	–	–	–	–	1,621,645	782,039
TOTAL FINANCIAL ASSETS	5,685,278	20,086,375	–	16,027	–	–	60,650,363	–	66,335,641	20,102,402
FINANCIAL LIABILITIES										
Bank Loan and overdraft (i)	4,362,888	–	4,000,000	–	12,000,000	–	–	–	20,362,888	–
Lease Facilities (ii)	75,341	–	75,341	–	73,004	–	–	–	223,686	–
Trade & Other Payables	2,268,043	2,178,571	–	–	–	–	–	–	2,268,043	2,178,571
Amounts Payable Controlled Entities	1,980,938	–	–	–	–	–	7,748,021	–	9,728,959	–
TOTAL FINANCIAL LIABILITIES	8,687,210	2,178,571	4,075,341	–	12,073,004	–	7,748,021	–	32,583,576	2,178,571

(i) These items have variable interest rates.

(ii) These items have fixed interest rates. All other items are non-interest bearing.

Financial Report for the year ended 30 June 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)**(ii) Net fair values**

The fair value of investments traded on active liquid markets is determined with reference to quoted market prices.

Term receivables and other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar items, to their present value. Other financial assets and financial liabilities net fair value approximates their carrying value. Loans payable are determined by discounting the cashflow

at market interest rates of similar items, to their present value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2008		2007	
	Carrying amount \$	Net fair value \$	Carrying amount \$	Net fair value \$
Financial Assets				
Cash and cash equivalents	1,491,521	1,491,521	15,454,992	15,454,992
Trade and other receivables	9,711,532	9,711,532	3,813,915	3,813,915
Available-for-sale Financial Assets at fair value	1,621,543	1,621,543	781,937	781,937
	12,824,596	12,824,596	20,050,844	20,050,844
Financial liabilities				
Trade and payables	7,033,699	7,033,699	2,186,566	2,186,566
Bank loans and overdrafts	20,362,888	20,362,888	–	–
Lease facilities	382,763	382,763	–	–
	27,779,350	27,779,350	2,186,566	2,186,566

Fair values are materially in line with carrying values. A discount rate of 8.66% (2007: nil%) has been applied to all non-current borrowings to determine fair value.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Sensitivity analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2008, the net effect on full year profit and equity as a result of changes in the interest rate on variable rate financial instruments, with all other variables remaining constant would be as follows:

	GBST Group		GBST Holdings	
	2008 \$	2007 \$	2008 \$	2007 \$
Change in profit				
Increase in interest rate by 1%	(203,629)	146,000	(203,629)	146,000
Decrease in interest rate by 1%	203,629	(146,000)	203,629	(146,000)
Change in Equity				
Increase in interest rate by 1%	(203,629)	146,000	(203,629)	146,000
Decrease in interest rate by 1%	203,629	(146,000)	203,629	(146,000)

Foreign currency risk sensitivity analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Great British Pound, with all other variables remaining constant is as follows:

	GBST Group		GBST Holdings	
	2008 \$	2007 \$	2008 \$	2007 \$
Change in profit				
Improvement in AUD to GBP by 10%	191,375	—	198,094	—
Decline in AUD to GBP by 10%	(191,375)	—	(198,094)	—
Change in Equity				
Improvement in AUD to GBP by 10%	191,375	—	198,094	—
Decline in AUD to GBP by 10%	(191,375)	—	(198,094)	—

Price risk

At 30 June 2008 the net effect on profit and equity of a 1 cent change in the Group's and the company's listed investment, with all other variables remaining constant is \$438,255 up\down (2007: \$55,656 up\down).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 28: CONTINGENT LIABILITIES

GBST has with its clients a variety of software supply agreements, each of which contain service and performance warranties and indemnities. These warranties and indemnities are of the standard type used in the industry.

Under the terms of a Deed of Cross Guarantee described in Note 23, the Company has guaranteed the repayment of all current and future creditors in the event of any of the entities party to the Deed being wound up. No deficiency in net assets exists in these companies at reporting date.

Contingent liabilities considered remote: Guarantees

During the year the company entered into a Deed of Cross Guarantee under which the company and its subsidiaries guarantee the debts of each other.

NOTE 29: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions held of Group and company key management personnel in office at any time during the financial year are:

Key Management Person	Position
J Puttick	Director (Non-executive Chairman)
D Adams	Director (Independent) (appointed 1 April 2008)
A Brackin	Director (Independent)
S Lake	Director (Managing Director and Chief Executive Officer)
D Shirley	Director (Independent) (resigned 29 April 2008)
J Sundell	Director (Non-executive)
R De Dominicis	Chief Executive Wealth Management (appointed 31 August 2007)
P Fowler	Head of Product and Client Services (resigned 7 February 2008)
P Salis	Chief Financial Officer (appointed 1 October 2007)
I Sanchez	Chief Technology Officer (appointed 3 March 2008)
K Sprott	Human Resource Executive
K Wallis	Chief Financial Officer (resigned 12 October 2007)

NOTE 29: KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(b) Key management personnel compensation

	GBST Group		GBST Holdings	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	2,046,717	1,844,343	979,149	1,844,343
Post-employment benefits	107,265	123,578	47,126	123,578
Other long-term benefits	32,308	28,802	32,308	28,802
Share-based payments	8,488	–	5,349	–
	2,194,778	1,966,723	1,063,932	1,966,723

Detailed disclosures on compensation for key management personnel are set out in the Remuneration Report included in the Directors' Report.

(c) Equity instrument disclosures relating to key management personnel

Details of options provided as compensation and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report section of the Directors' Report.

(d) Shareholdings

The numbers of shares in the Company held (directly, indirectly or beneficially) during the financial year by key management personnel, including their related parties, are set out below.

	Balance at 1/7/07	Received as compensation	Options exercised	Net change other (i)	Balance at 30/06/08
Directors					
J Puttick	7,667,760	–	–	–	7,667,760
D Adams	–	–	–	–	–
A Brackin	169,241	–	–	62,702	231,943
S Lake	3,867,428	–	–	(216,005)	3,651,423
D Shirley	–	–	–	–	–
J Sundell	14,336,053	–	–	1,081,552	15,417,605
GBST ESOP Pty Ltd as trustee (ii)	36,844	–	–	(36,844)	–
Total Directors	26,077,326	–	–	891,405	26,968,731
Executives					
R De Dominicis	–	–	–	1,780,996	1,780,996
P Fowler	–	–	–	–	–
P Salis	–	–	–	–	–
I Sanchez	–	–	–	–	–
K Sprott	–	–	–	–	–
K Wallis	132,578	–	1,332	(133,910)	–
Total Executives	132,578	–	1,332	1,647,086	1,780,996
Group Total	26,209,904	–	1,332	2,538,491	28,749,727

(i) Shares purchased or sold, consideration for shareholdings purchased by Group, or excluded from disclosure due to resignation.

(ii) Shares held as trustee for the ESOP Trust (refer Note 31).

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 29: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)****(e) Option holdings**

The numbers of options in the Company held (directly, indirectly or beneficially) during the financial year by key management personnel, including their related parties, are set out below.

	Balance 01.07.07	Granted as compensation	Options exercised or sold	Options cancelled/ forfeited	Balance 30.06.08	Total Vested 30.06.08	Total exercisable 30.06.08	Total unexercisable 30.06.08
Directors								
J Puttick	—	—	—	—	—	—	—	—
D Adams	—	—	—	—	—	—	—	—
A Brackin	—	—	—	—	—	—	—	—
S Lake	—	500,000	—	—	500,000	—	—	500,000
D Shirley	—	—	—	—	—	—	—	—
J Sundell	—	—	—	—	—	—	—	—
Total Directors	—	500,000	—	—	500,000	—	—	500,000
Executives								
R De Dominicis	—	—	—	—	—	—	—	—
P Fowler	100,000	100,000	—	(100,000)	100,000	100,000	100,000	—
P Salis	—	100,000	—	—	100,000	—	—	100,000
I Sanchez	—	—	—	—	—	—	—	—
K Sprott	—	100,000	—	—	100,000	—	—	100,000
K Wallis	1,332	120,000	(1,332)	(120,000)	—	—	—	—
Total Executives	101,332	420,000	(1,332)	(220,000)	300,000	100,000	100,000	200,000
Group Total	101,332	920,000	(1,332)	(220,000)	800,000	100,000	100,000	700,000

NOTE 30: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Transactions with Directors and key management personnel

	GBST Group		GBST Holdings	
	2008 \$	2007 \$	2008 \$	2007 \$
Compensation and equity interests are set out in Note 29.				
Occupancy fees paid to entities of which Mr R De Dominicis has a beneficial interest.	299,554	—	—	—
Maximum deferred consideration payable on InfoComp acquisition to Mr R De Dominicis and associates.	250,000	—	—	—

(b) Transactions with controlled entities

Details of transactions & balances with controlled entities are set out in Notes 2, 3, 7, 13 & 23.

NOTE 31: SHARE BASED PAYMENTS

On 9 March 2005, GBST established the GBST Employee Option Plan. The plan comprised two sub-schemes, being an Exempt Options Scheme for staff generally and a Deferred Options Scheme for select staff and eligible Directors. During the year two further schemes were established, an Exempt Shares Plan and a Zero Exercise Price Option Scheme. A total of 1,002,178 (2007: 481,376) share options remain outstanding at 30 June 2008 under these schemes.

GBST ESOP Pty Ltd, in its capacity as trustee of the GBST Employee Share Trust, holds shares in GBST for subsequent allocation under the GBST Employee Option Plan. During the year ended 30 June 2008, 36,844 (2007: 2,332,336) shares were issued from the trust to meet the exercise of employee options. GBST ESOP Pty Ltd held nil shares in GBST at 30 June 2008 (2007: 36,844).

The Trust is treated as a special purpose entity and consolidated. The trust's shareholding in the company has been disclosed as treasury shares and deducted from equity (refer Note 19).

Exempt Options Scheme

Under this Scheme employees were offered the right to acquire \$1,000 worth of shares in GBST. There was no performance or vesting criteria which needed to be satisfied before employees had the benefit from holding the share options. Divestiture of the shares is restricted for a period of 3 years, subject to cessation of employment. No share options were granted during the year under this scheme (2007: nil), and 23,976 share options (2007: 134,532) remain outstanding at 30 June 2008. The options lapse on 8 March 2010.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

Deferred Options Scheme

Under this Scheme select staff are made individual offers of specific numbers of share options at the discretion of the Board. The Board may determine the number of share options, issue price, vesting conditions, vesting period, exercise price and expiry date. Share options may be granted at any time, subject to the *Corporations Act* and ASX Listing Rules.

At the beginning of the year there were three separate issues of options outstanding under this scheme, and a total of 346,844 options were outstanding. During the year in respect two of those issues, 159,344 options were exercised and no further options were outstanding. The status of the third issue under this scheme at 30 June 2008 is as follows:

On 5 December 2005, 240,000 options were granted to staff in connection with the acquisition of the Palion business unit. The options have an exercise price of \$1.25. The share options were granted in two equal tranches. Each tranche includes performance criteria relating to continued employment with GBST and financial hurdles as summarised below. During the year 87,500 options were exercised and 100,000 options remain outstanding at balance date. The options lapsed on 19 July 2008.

During the year the board exercised its discretion to issue additional options under the company's deferred option scheme. The following further grants were made under this scheme.

On 31 July 2007, 420,000 options were issued to select executive employees. The exercise price for each option is \$3.92.

On 24 October 2007, 100,000 options were issued to select executive employees. The exercise price for each option is \$3.92.

On 24 October 2007, 100,000 options were issued to select executive employees. The exercise price for each option is \$3.80.

These deferred options are divided into three tranches. The first tranche of 20% vest and may be exercised after 12 months and lapse if unexercised in 36 months. The second tranche of 30% vest and may be exercised after 24 months and lapse if unexercised in 48 months. The third tranche of 50% vest and may be exercised after 36 months and lapse if unexercised after 60 months. On cessation of employment all unvested options lapse.

In addition to continuity of employment, the vesting of options is conditional upon the company's financial growth rate exceeding certain thresholds.

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

Executive options

The shareholders of the company at the 2007 annual general meeting approved the issue of 500,000 options to the company's Chief Executive Officer and this occurred on 19 December 2007. The exercise price for each option is \$3.85. The options vest 18 months after the date of grant. The options have a term of 24 months from the date of grant. On cessation of employment all unvested options lapse.

The executive options are subject to financial performance measures being met.

Exempt shares plan

Under this plan employees were offered \$1,000 worth of ordinary shares. There was no payment or performance criteria that was required to be met prior to receiving the shares. Divestiture of the shares is restricted to the earlier of 3 years from the date of issue of the shares and cessation of employment. 27,432 shares were issued under the exempt scheme. At the company's 2007 annual general meeting the issue of these shares was ratified and the exempt employee share plan was approved by shareholders.

Employee share option plan zero exercise price option scheme

Under this scheme select staff are made individual offers of specific numbers of share options at the discretion of the Board. There is no price to be paid to exercise the options and convert the options into shares but the options cannot be exercised until continuity of employment tests have been passed.

85,894 Zero exercise price options (ZEPOs) were granted on 20 July 2007. The ZEPOs are divided into three tranches. The first tranche of 20% vest and may be exercised after 12 months and lapse if unexercised in 36 months. The second tranche of 30% vest and may be exercised after 24 months and lapse if unexercised in 48 months. The third tranche of 50% vest and may be exercised after 36 months and lapse if unexercised after 60 months. On cessation of employment all unvested options lapse.

At the company's 2007 annual general meeting the issue of these ZEPOs was ratified and the Employee Share Option Plan Zero Exercise Price Option Scheme was approved by shareholders.

Financial Report for the year ended 30 June 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

The performance criteria associated with each grant of share options made under the Deferred Options Scheme is summarised below:

Grant date	Continued employment until	Performance criteria financial performance hurdle
5 December 2005		
Tranche 1	31 October 2007	Targeted growth of 15% or greater in GBST's normalised earnings per share for the year ended 30 June 2007. The target growth percentage is moderated against relative increases or decreases in ASX trading volumes.
Tranche 2	31 October 2008	Either; <ul style="list-style-type: none"> • The annual percentage growth in earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2008 meets or exceeds 25%, or • The annual percentage growth in earnings per share for the year ended 30 June 2008 meets or exceeds 15%.
31 July 2007		
Tranche 1 (20%)*	31 July 2008	If normalised EPS CAGR for 2008 compared to 2007 is: <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
Tranche 2 (30%)*	31 July 2009	If normalised EPS CAGR for the combined 2008 and 2009, compared to 2007 is: <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
Tranche 3 (50%)*	31 July 2010	If normalised EPS CAGR for the combined 2008, 2009 and 2010, compared to 2007 is: <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
24 October 2007		
Tranche 1 (20%)*	24 October 2008	If normalised EPS CAGR for 2008 compared to 2007 is: <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

Grant date	Continued employment until	Performance criteria financial performance hurdle
24 October 2007 continued		
Tranche 2 (30%)*	24 October 2009	<p>If normalised EPS CAGR for the combined 2008 and 2009, compared to 2007 is:</p> <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
Tranche 3 (50%)*	24 October 2010	<p>If normalised EPS CAGR for the combined 2008, 2009 and 2010, compared to 2007 is:</p> <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
24 October 2007		
Tranche 1 (20%)*	24 October 2008	<p>If normalised EPS CAGR for 2008 compared to 2007 is:</p> <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
Tranche 2 (30%)*	24 October 2009	<p>If normalised EPS CAGR for the combined 2008 and 2009, compared to 2007 is:</p> <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
Tranche 3 (50%)*	24 October 2010	<p>If normalised EPS CAGR for the combined 2008, 2009 and 2010, compared to 2007 is:</p> <ul style="list-style-type: none"> • Less than 10%: no options vest • Equal to 10%: 33.33% of options vest • Greater than 10% but less than 20%: pro rated vesting between 33.33% and 100% • Equal to or greater than 20%: 100% vesting.
19 December 2007	19 June 2009	<p>The Company's financial performance in the financial year ending 30 June 2008 is when measured at the Earnings per Share level 20% greater in the financial year ending 30 June 2008 when compared to the financial year ending 30 June 2007.</p>

* If the performance condition for Tranche 1 is not met at the first exercise date, then 50% of those options lapse and 50% are rolled into Tranche 2. If the performance condition for Tranche 2 is not met at the first exercise date for Tranche 2, then 50% of those options lapse and 50% are rolled into Tranche 3. If the performance condition for Tranche 3 is not met at the first exercise date for Tranche 3, then all remaining options will lapse.

EPS – Earnings per share
CAGR – Compound average growth rate

Financial Report for the year ended 30 June 2008NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS

NOTE 31: SHARE BASED PAYMENTS (CONTINUED)

The following table illustrates the number (No.), weighted average exercise price (WAEP) and movement in share options under these schemes issued during the period.

	Jun 2008 No.	Jun 2008 WAEP	Jun 2007 No.	Jun 2007 WAEP
Outstanding at the beginning of the period	481,376	\$0.92	3,911,932	\$0.80
Granted during the period	1,205,894	\$3.60	–	–
Forfeited during the period	327,692	\$3.83	52,658	\$1.28
Exercised during the period	357,400	\$0.88	3,377,898	\$0.77
Expired during the period	–	–	–	–
Outstanding at the end of the period	1,002,178	\$3.21	481,376	\$0.92
Exercisable at the end of the period	123,976	\$1.01	111,844	\$1.27

The options outstanding at 30 June 2008 had a weighted average exercise price of \$3.21 and a weighted average remaining contractual life of 19 months. The exercise price for share options outstanding under the Exempt and Zero Exercise Price Options Schemes is nil, the exercise prices for share options outstanding under the Deferred Options Scheme and Executive Scheme range from \$1.25 to \$3.92 in respect of options outstanding at 30 June 2008.

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

No person entitled to exercise any option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

NOTE 32: EARNINGS PER SHARE

	GBST Group 2008	GBST Group 2007
Basic earnings per share (cents)	12.44	18.11
Diluted earnings per share (cents)	12.37	17.77
(a) Reconciliation of earnings to Net Profit or Loss	\$	\$
Net Profit	6,131,695	8,021,396
Earnings used in the calculation of basic EPS	6,131,695	8,021,396
Earnings used in the calculation of dilutive EPS	6,131,695	8,021,396
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	49,308,236	44,302,441
Weighted average number of options outstanding or exercised during the year (i)	268,810	846,643
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	49,577,046	45,149,084

(i) Options issued under the GBST Employee Option Plan are not included in the basic or dilutive EPS to the extent that the issue of shares is contingent upon future events and, as at reporting date, conditions which would result in the issue of shares had not been obtained (refer to Note 31).

NOTE 33: SUBSEQUENT EVENTS

The directors recommend a final dividend of 4.0 cents per share to be paid to the holders of fully paid ordinary shares on 26 September 2008. The total amount of the dividend will approximate \$2.0 million. The dividend has not been provided for in the financial statements.

Since balance date the group has incorporated three wholly owned subsidiaries in the UK.

The financial report was authorised for issue on 29 August 2008 by the board of directors.

As outlined in the Future Developments section of the Directors' Report, the company is actively pursuing opportunities to expand. Other than for the impact (if any) of these prospects, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of GBST, the results of those operations, or the state of affairs of GBST in future financial years.

Financial Report for the year ended 30 June 2008**NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS****NOTE 34: CHANGE IN ACCOUNTING POLICY**

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and Group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard affected	Nature of change in accounting policy and impact	Application date of the Standard	Application date for the Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5: Non-current Assets Held for Sale and Discontinued Operations AASB 6: Exploration for and Evaluation of Mineral Resources AASB 102: Inventories AASB 107: Cash Flow Statements AASB 119: Employee Benefits AASB 127: Consolidated and Separate Financial Statements AASB 134: Interim Financial Reporting AASB 136: Impairment of Assets	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1.1.2009	1.7.2009
AASB 8 Operating segments	AASB 114: Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS AASB 101: Presentation of Financial Statements AASB 107: Cash Flow Statements AASB 116: Property, Plant and Equipment AASB 138: Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial Group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
AASB 123 Borrowing costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101: Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	1.1.2009	1.7.2009
AASB 101	AASB 101: Presentation of Financial Statements	As above	1.1.2009	1.7.2009



NOTE 35: COMPANY DETAILS

The registered office of the company is:

GBST Holdings Limited
c/- McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

The Group's principal places of business are:

5 Cribb Street
Milton QLD 4064

Suite 1, Level 26
259 George Street
Sydney NSW 2000

Level 2
63 Market Street
Wollongong NSW 2530

Suite 102
150 Minories
London

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GBST HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of GBST Holdings Limited (the company) and GBST Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of GBST Holdings Limited as attached to the directors' report, has not changed as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GBST HOLDINGS LIMITED (continued)

Auditor's Opinion

In our opinion:

- a. the financial report of GBST Holdings Limited and GBST Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of GBST Holdings Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.



Hayes Knight Audit (Qld) Pty Ltd



ND Bamford
Director

Level 4, 127 Creek Street,
Brisbane, QLD, 4000

Date: 29 August 2008

ADDITIONAL INFORMATION

Shareholding Information as at 5 September 2008

(a) Distribution of Shareholders

Category (size of holding)	Number ordinary
1 to 1,000	179
1,001 to 5,000	403
5,001 to 10,000	169
10,001 to 100,000	175
100,001 and over	34

(b) The number of shareholdings in less than marketable parcels is 116

(c) The names of the substantial shareholders listed in the company's register are:

Shareholder	Number ordinary
Crown Financial Pty Ltd	15,400,605
John Francis Puttick	7,667,760
Perpetual Limited	7,480,506
Stephen Maurice Linton Lake	3,567,428

(d) Voting rights

The company only has ordinary shares on issue. There are 50,308,524 ordinary shares on issue.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(e) 20 Largest Shareholders – Ordinary Shares

Name	No of ordinary shares	% Held of Issued Ordinary Capital
1 CROWN FINANCIAL PTY LTD	14,571,605	28.96%
2 MR JOHN FRANCIS PUTTICK	5,010,440	9.96%
3 RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,643,781	9.23%
4 STEPHEN MAURICE LINTON LAKE	3,567,428	7.09%
5 RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,249,240	4.47%
6 GERALDINE ANN MAUNDER & JOHN FRANCIS PUTTICK	2,000,000	3.98%
7 NATIONAL NOMINEES LIMITED	1,467,865	2.92%
8 ROBERT DE DOMINICIS	1,061,758	2.11%
9 RAYMOND TUBMAN	1,061,758	2.11%
10 BARRY BECAREVIC	872,408	1.73%
11 COGENT NOMINEES PTY LIMITED	807,213	1.60%
12 WANGARUKA HOLDINGS PTY LTD	709,238	1.41%
13 TIMENOW PTY LTD	709,238	1.41%
14 MR JOHN FRANCIS PUTTICK & MS GERALDINE ANN MAUNDER	657,320	1.31%
15 BERISLAV BECAREVIC & IVANKA BECAREVIC	520,783	1.04%
16 J P MORGAN NOMINEES AUSTRALIA LIMITED	480,809	0.96%
17 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	343,285	0.68%
18 TPIC PTY LIMITED	300,000	0.60%
19 BOGASI PTY LTD	248,000	0.49%
20 BOGASI PTY LTD	248,000	0.49%

CORPORATE DIRECTORY

REGISTERED OFFICE

c/- McCullough Robertson, Lawyers
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Ph 07 3233 8888
Fax 07 3229 9949

PRINCIPAL PLACE OF BUSINESS

5 Cribb Street
Milton QLD 4064

Ph 07 3331 5555
Fax 07 3367 0181

www.gbst.com

POSTAL ADDRESS

PO Box 1511
Milton QLD 4064

DIRECTORS

John Francis Puttick
Stephen Maurice Linton Lake
Joakim James Sundell
Allan James Brackin
David Campbell Adams

COMPANY SECRETARIES

David Michael Doyle
John Francis Puttick

SHARE REGISTRY

Link Market Services
Level 12, 300 Queen Street
Brisbane QLD 4000
Ph 02 8280 7454

STOCK EXCHANGE LISTING

GBST Holdings Limited shares are quoted on the Australian Stock Exchange under the code GBT.

VOLUNTARY RESTRICTIONS

Details of shares that are held in voluntary escrow:
Ordinary fully paid shares escrowed until 31 August 2009: 1,645,061
Ordinary fully paid shares escrowed until 31 August 2010: 1,645,061

UNQUOTED SECURITIES

A total of 789,105 options are on issue to 57 employees under the GBST Holdings Limited Employee Option Plan.

AUDITORS

Hayes Knight Audit (Qld) Pty Ltd
Level 19, 127 Creek Street
Brisbane QLD 4000

Ph 07 3229 2022
Fax 07 3229 3277



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