Annual Report 2012

GBST

GBST is one of Australia's leading technology services companies. We specialise in providing securities transaction and fund administration software for the financial services industry.

Our software platforms connect capital markets throughout Europe, Asia and Australasia, and administer funds valued at more than $350 billion in Australia and the United Kingdom.

GBST Capital Markets

Through the Syn~ platform, GBST Capital Markets provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions to global capital market participants.

GBST Wealth Management

Through the Composer platform, GBST Wealth Management provides fund administration and registry software to the wealth management industry in Australia and the UK.

GBST Financial Services

GBST Financial Services is a wholesale provider of access to financial products and related data information transactions for financial advisors and institutions and, through Emu Design, web design services.

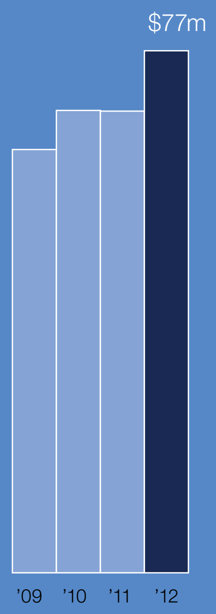
Contents

Notice of AGM

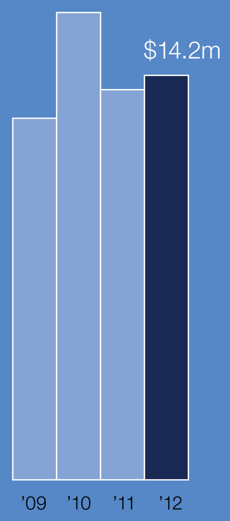
GBST Holdings Limited (GBST) will hold its Annual General Meeting at 3.30pm (Brisbane Time) on Thursday the 25th October 2012 at the office of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane.

The year in review

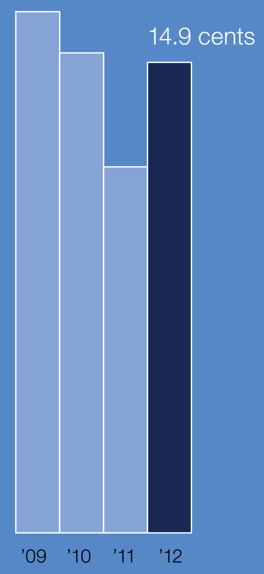
Group Total Revenue



EBITDA



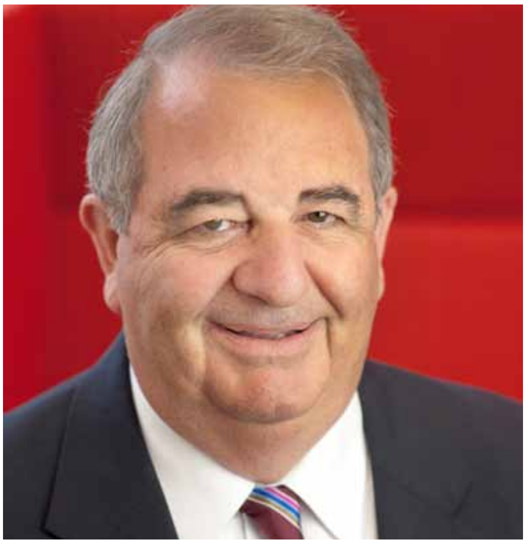
Cash EPS*



- Group revenue increased to a record $77 million, driven by growing international sales of the GBST Composer wealth management platform
- Substantial investment in research and development continued to consolidate GBST's technology lead over competitors, leading to an increase in market share and providing a strong foundation for global growth
- GBST completed its first Australian customer installation using the Syn~ next-generation back- and middle office platform for capital markets
- Net profit increased by 135 per cent to $3.25 million
- Dividend payments for the year rose to 4.5 cents for the year, and a final fully franked dividend of 2.5 cents will be paid on 24 October 2012

*Cash EPS is calculated by dividing the NPAT excluding amortisation and impairment by the weighted average number of shares. It is a non-IFRS measure that is used to assess the Group's ability to generate cash per security, and has not been tax affected.

Chairman's and Managing Director's Report



> Notwithstanding challenges, it was a milestone year for GBST as we posted record sales revenue.
>
> Dr John Puttick, Chairman

Dear fellow shareholders,

The 2012 financial year was characterised by economic uncertainty and volatility in global financial markets, and was particularly difficult for our customers in the financial services sector. Notwithstanding these challenges, it was a milestone year for GBST as we posted record sales revenue.

This performance was underpinned by strong growth in the UK operations and GBST's revenues outside Australia rose by 37%, demonstrating substantial progress with our international expansion strategy which began with the acquisition of the Composer platform in 2007.

GBST is a financial services technology leader, and through our flagship software platforms Shares and Syn~ for capital markets and Composer for wealth management, we provide securities transaction and fund administration technology for the financial services sector.

Our software and infrastructure platforms support many of the world's largest institutional banks, stockbrokers and wealth managers. These customers depend on us for sophisticated services that comply with strict financial markets regulation and are reliable, scalable, and technologically strong.

Our business model is based on recurring revenue through participating in, or exposure to, financial services transaction processing, asset administration and asset values.

Financial overview

GBST's net profit after tax increased to $3.3 million in the 2012 financial year compared to $1.4 million in FY2011, an increase of 135%. Excluding amortisation, net profit after tax was $9.9 million, up from $7.7 million in the prior year. Operating EBITDA was $15.5 million, up 4% from $14.9 million in the previous year.

Group revenue increased 13% to a record $77 million, reflecting strong sales of Composer in the UK. Revenue in the Australian Broker Services and Global Broker Services divisions decreased slightly from the previous year, as difficult market conditions continued. Overall, this was a solid result in a fragile and constrained environment.

Amortisation of software systems and customer contracts that resulted from acquisitions was $6.7 million, compared to $6.3 million in the prior year and $8.0 million of GBST funded research and development expenditure was expensed.

The company continued to reduce debt, and senior debt during the year decreased by $6.0 million to $18.0 million at 30 June 2012 from $24.0 million at 30 June 2011.

> GBST is well positioned to maintain its positive momentum in the year ahead.

Mr Stephen Lake, Managing Director and Chief Executive Officer

Dividends

Directors have declared a final dividend of 2.5 cents per share, fully franked, which will be paid on 24 October 2012. Total dividends paid for the year ended 30 June 2012 were 4.5 cents per share, fully franked.

Building software for success

We work closely with our customers, developing and tailoring software to meet their specific needs. This approach, which can involve years of development and testing, has helped establish our products' competitive advantage.

During the year we invested $8.0 million in R&D, up from $7.3 million the year before. Financial services technology has continued to evolve rapidly, despite the difficult global economy. Capital markets are required to process greater volumes of sophisticated information faster, with better reporting of and control over risk, in an environment where there is unrelenting pressure to cut costs.

Composer is growing market share in the UK, where the Financial Services Authority's Retail Distribution Review is driving change across the retail investment industry. This legislation is similar to the Future of Financial Advice (FoFA) reforms in Australia, where we are seeing similar changes to increase consumer confidence in the financial system and financial advice industries.

The Composer wrap platform was developed to provide the first individual tax wrapper system and a platform for investors to access a broad range of investment products. This first-mover advantage has helped us secure substantial sales of Composer to some of the world's leading wealth management and pension administration companies.

Our experience has shown us that securing such advantage takes considerable forward planning, as evidenced by our investment in the Syn~ technology. This platform, we believe, positions us in good stead in the Australian capital markets where we service the institutional and retail broking sectors. We are now building Syn~ into a truly worldwide post-trade processing capital markets solution.

Australian Broker Services

The Australian Broker Services division provides client accounting and securities transaction technology to capital market participants, which were impacted by market uncertainty and weak trading conditions during the year.

2005	2006	2007	2008
Founded in 1983, GBST was listed on the Australian Securities Exchange in 2005 as Australia's largest provider of securities transaction processing.	GBST acquires the DCA fully integrated client accounting system, which is Australia's leading derivatives transaction processing technology.	GBST acquires the Composer wealth management and registry management platform, which provides GBST's beachhead into the UK market.	GBST acquires the Syn~ technology to develop its next-generation technology platform for capital markets and the Emu Design web design and development consultancy.

Division revenue declined to $27.4 million compared to $28.0 million in the previous year despite an increase in market share.

Operating EBITDA declined to $9.3 million from $9.8 million in the prior year, reflecting the economic environment and the division's continued contribution to research and development.

Importantly, Australian Broker Services completed its first Australian implementation of the Syn~ platform. This platform is the key to GBST's further market share growth and offers next generation technology to process equities, derivatives, fixed income and managed fund transactions.

During the year, the division renewed customer contracts and gained two new customers. While customer spending continued to be constrained, the company's Front Office product increased market share and rollout is progressing to plan.

We anticipate continued growth, as responding to regulatory reform can prove time-consuming and expensive for market participants. Recent changes to direct capital liquidity requirements, for example, have resulted in the growth of third party clearing in Australia. GBST has a strong offering for third party clearing and continues to grow market share.

Global Broker Services

GBST acquired the Syn~ technology in 2008. Since then, we have invested significantly to create a powerful technology that offers a single back- and middle-office platform to process equities, derivatives, fixed income and managed funds transactions for capital markets customers in Asia and Europe.

This was a year of substantial progress and were it not for delays in some major projects, the division would have reported an improved result. The current focus for this business is to build our presence in Asia and increase market awareness of the Syn~ platform.

Capital markets in Europe were among the most affected by the ongoing sovereign debt crisis. In a difficult year for our customers, revenue declined 3 per cent to $8.8 million. Operating EBITDA was consequently lower, reflecting the depressed economic environment and the costs of our continued research and development program.

The new Syn~ 2.0 platform offers highly flexible technology which can manage multiple financial instruments, currencies and markets. Its improved modelling capabilities enable faster tailoring of services to meet changing market, regulatory and customer service requirements and strict risk controls. Increasingly, our customers are looking for post-trade processing for all Asian capital markets, and our ongoing development is focused on the development of a 'pan-Asian' solution.

2009	2010	2011	2012
GBST launches the ComposerWeb portal for financial advisers.	GBST begins its program to develop the company's next-generation Australian capital markets platform through conversion to the Syn~ technology.	GBST releases the Syn~ 2.0 platform for Asian and European capital markets and, in Australia, launches its GBST FrontOffice software for advisers.	GBST completes the first installation of Syn~ for an Australian client and its UK wealth management division grows significantly.

Wealth Management

GBST's Wealth Management division administers more than $350 billion of assets under advice in Australia and the UK for financial institutions and fund managers, earning revenue through licence fees based both on fixed and variable fee structures and consulting.

The division continued to add new clients and secured new contracts during the year, particularly in the UK. Revenue increased to $36.2 million, up 33% from $27.1 million in the prior year. Operating EBITDA also increased 33% to $9.2 million.

This was a standout achievement attributable to the competitive advantage provided by our Composer technology and an outstanding performance by our team, stimulated by the changes required by the UK Retail Distribution Review legislation. Composer offers a fully-integrated platform to administer wraps including retirement and savings products, managed funds and structured products. It is highly flexible adapting to regulatory change and the needs of both large and small investment fund platforms.

Sales momentum is expected to continue as the UK pension regulations come into force and further Financial Services Authority changes need industry responses to be in place by December 2013.

In Australia, where GBST has many long-standing customers, new products were launched for a major bank, and two migration projects were completed for large fund managers. The FoFA reforms are providing opportunities as fund managers review existing systems to determine whether they can accommodate the effects of the legislation.

GBST Financial Services

This division provides distribution of financial products and related data, transactions management, and web design services through Emu Design for financial institutions, GBST and other organisations. Operating revenue increased 16% to $3.9 million.

Operating EBITDA was lower, reflecting less internal work compared to the prior year when Emu Design contributed to the modern, user-friendly look and feel of GBST's front office products. Emu's success was the springboard for the extension of its services into developing large-scale retail and industrial e-commerce websites and its business continues to grow.

The quantitative data services business launched new products during the year, including a tax analyser for superannuation funds and new after-tax benchmarks.

Appointment of new director

In December 2011 we were delighted to welcome to the board Dr Ian Thomas, whose substantial international leadership experience includes roles with aerospace giant Boeing in Australia, Europe and the United States. We anticipate that Dr Thomas' strategy expertise will serve us well as the company expands globally and enters new markets.

Chairman's and Managing Director's Report (continued)

Supporting the community

At GBST we aim to provide a safe and supportive environment for staff. We match employee donations to tax-deductible charities and extend the value of our staff's voluntary charitable work with financial contributions. Recent programs have included sponsorship to educate 11 children in Tanzania, Kenya and Sri Lanka through Innocents Relief, and supporting 13 orphanages, schools, homes and rehabilitation centres for children in Indonesia, Kenya, Peru, The Philippines, South Africa, Sri Lanka, Tanzania, Uganda and Papua New Guinea. We also supported a staff member who spent a year at an orphanage in Bangladesh through the donation of computers.

Through these and other programs, we acknowledge the drive and passion of our staff, whose effort and hard work contribute so much to GBST's continued success. Two thirds of our 360 employees have served more than 5 years with GBST, and over half this number have been with the company more than 10 years. We have built up a considerable talent pool in capital markets transaction processing, wealth management and compliance to the benefit of our customers.

Restructure

In order to take advantage of the company's international growth opportunities, GBST's chief executive officer, Stephen Lake, has relocated to Hong Kong to establish a regional presence and assist sales of Syn~ in Asian markets.

Recognising the increasing importance of Syn~, in August 2012 GBST's broker services divisions merged to form the new Capital Markets division. Australian Broker Services chief executive, Denis Orrock, has been appointed chief executive, GBST Capital Markets and will move to London in late 2012. Global Broker Services' chief executive, Patrick Salis, has been appointed chief operating officer and will return to Sydney at the end of 2012.

Outlook

While the economic environment remains uncertain, GBST is well positioned to maintain its positive momentum in the year ahead. Our significant investment in research and development has resulted in stronger, more flexible technologies with competitive advantages in both global capital markets and wealth management.

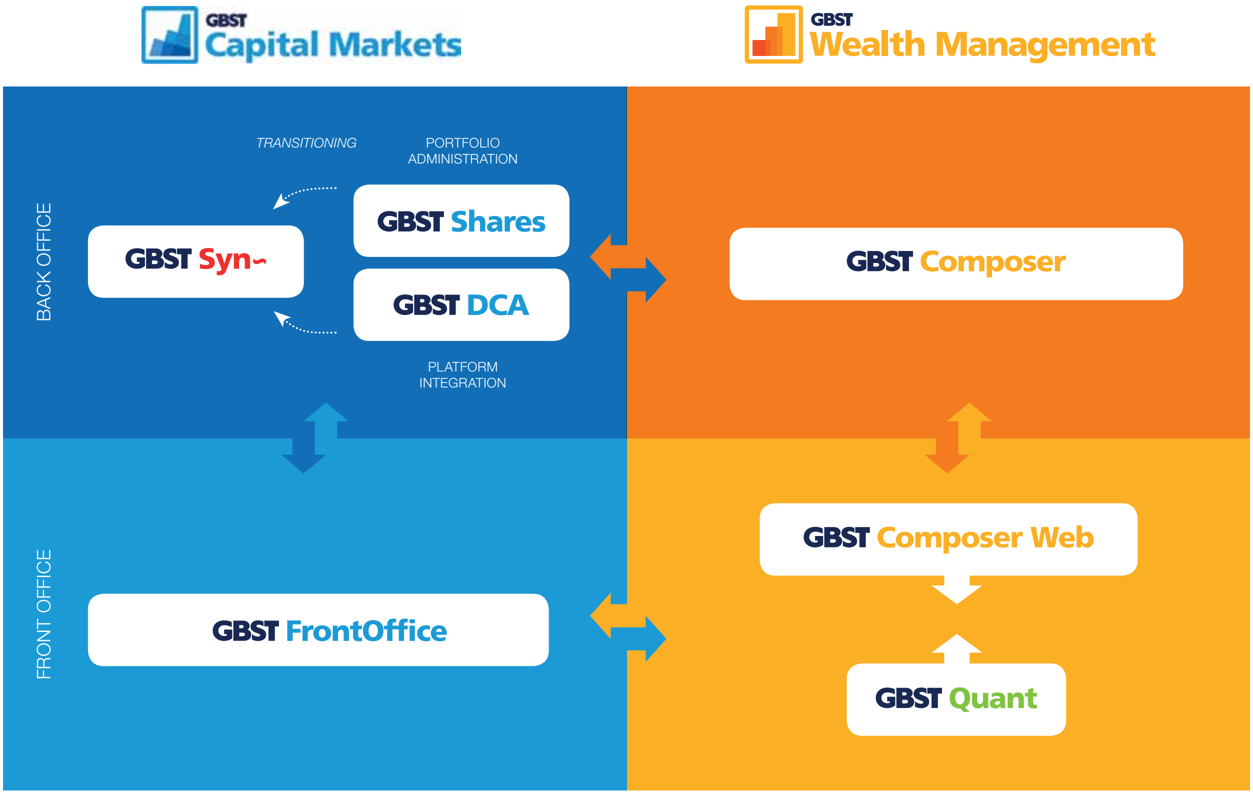
We expect that the group will benefit from regulatory changes taking place in the financial services sector, particularly in the UK where the Retail Distribution Review comes into force at the end of 2012. We are confident that GBST's Wealth Management division will continue its strong growth in the UK where it maintains a strong pipeline of potential new business.

Although capital markets remain constrained, we anticipate a developing market for GBST's Syn~ platform, with our first Australian customer having recently 'gone live'. The Syn~ platform provides significant international growth opportunities, particularly in Asia.

Whilst we expect a relatively flat first half, we believe the second half will begin to show some good sales momentum. We are focused on building our business with regional solutions in Asia and Europe. While our business remains characterised by long investment, sales and implementation cycles, we are excited by the opportunities before us. We believe we are very well positioned in terms of product, domain expertise and geographic deployment to benefit from any recoveries in the capital markets and savings markets.

GBST's Board of Directors: *Standing:* Joakim Sundell, Ian Thomas, Allan Brackin, Stephen Lake. *Seated:* David Adams, John Puttick

The GBST Product Suite



Through its flagship products GBST provides leading securities transaction and fund administration software for the financial services industry.

The GBST Shares platform is the most scalable and widely-used middle- and back-office equities system in Australia. It helps institutional and retail stockbrokers and third-party clearers to manage and execute transactions with the Australian Securities Exchange's market operations and clearing systems. Through GBST's products and extended network, it is possible to transact in virtually every type of financial instrument including derivatives, margin lending, foreign equities, term deposits, bonds, bank bills and other cash products.

GBST's DCA is a fully integrated client accounting system for derivatives trading. It is directly connected to the ASX's derivatives clearing system and processes most Australian derivatives transactions.

GBST Front Office is used in the stockbroker's front office to provide client advisers with client information including their portfolio, risk profile and investment preferences.

Internationally, GBST's Syn~ provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions. It is used extensively across Europe and Asia by global capital market participants and provides a highly scalable transaction processing system in the middle- and back-office. GBST is developing the Syn~ technology for the Australian market.

GBST Composer is the leading administration and registry platform for the wealth management industry. In Australia, Composer supports wraps, corporate and personal superannuation, pensions, retail and wholesale unit trusts, life, risk, loans and cash management. In the United Kingdom, it offers a comprehensive solution for the management and administration of tax wrappers for self-invested personal pensions, income drawdown, individual savings accounts, bonds and Wraps across multiple investments including retail and wholesale unit trusts and open ended investment companies.

It is supplemented online by GBST ComposerWeb, which enables advisers and clients to administer portfolios from the pre-sale planning stage through to maintaining their portfolios.

GBST Executive Team

Stephen Lake Managing Director and Chief Executive Officer

Mr 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.

Andrew Ritter Chief Financial Officer

Andrew commenced with GBST in November 2011 as Chief Financial Officer, having spent over 13 years in public practice and the commercial sector in both Australia and the United Kingdom. Most recently, he was Chief Financial Officer and Company Secretary of IntraPower Limited. Andrew is a Chartered Accountant, holds a Bachelor of Commerce degree and a Graduate Diploma of Applied Corporate Governance.

Patrick Salis Chief Operating Officer

Patrick was appointed Group Chief Operating Officer in August 2012 following previous roles with GBST as Chief Executive, Global Broker Services from March 2010 to August 2012 and Chief Financial Officer from October 2007 to March 2010. Before joining the company Patrick held senior financial roles in the financial services industry, most recently as Chief Financial Officer of Virgin Money Australia Limited. He has extensive experience working in wealth management, equities and derivatives broking, superannuation, mortgages and unsecured lending. Patrick holds a Bachelor of Accounting and is a member of the Institute of Chartered Accountants in Australia.

Isabel Sanchez Chief Technology Officer

Isabel was appointed as Chief Technology Officer in March 2008. Isabel has over 18 years experience in software development and has been a member of GBST's Wealth Management Division (formerly InfoComp) for 16 years, where she acted in a similar capacity since 2000. Isabel holds a Bachelor of Computing Science from the University of Wollongong.

Robert De Dominicis Chief Executive, GBST Wealth Management

Robert is a founding partner of InfoComp, now GBST's Wealth Management Division, with over 25 years experience in the development of software applications. Robert holds a Bachelor of Mathematics. Robert has a business and technical software background having been part of the Wealth Management Division's development and professional services teams.

Denis Orrock Chief Executive, GBST Capital Markets

Denis joined GBST in May 2008 and was appointed Chief Executive Officer, Capital Markets in August 2012. Previously, he managed the company's Australian Broker Services and Financial Services divisions. Prior to joining GBST, Denis was General Manager of Infochoice. Denis has worked within the Australian financial services industry for over 15 years. He has a broad understanding of domestic wholesale and retail markets and has held advisory and trading positions with UBS, Grange Securities and Taylor Collison.

Scott Hutchinson Chief Executive, Emu Design

Scott founded Emu Design in 1998 and continued to manage the business after its acquisition by GBST in 2008. He holds four degrees across creative and technical disciplines.

GBST Board of Directors

John Puttick Non-Executive Chairman

Dr John Puttick is the founder and Chairman of GBST and has forty years experience in the IT industry, over thirty of which have been in development of 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 at the School of Information Technology and Electrical Engineering University of Queensland. John is a member of GBST's Audit and Risk Management Committee and Nominations and Remuneration Committee.

Stephen Lake Managing Director and Chief Executive Officer

Mr 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.

Allan Brackin Independent Non-Executive Director

Mr 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 co-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 is Chairman of ASX listed mining technology company Runge Limited (since November 2011), currently serving as Chairman of IT software Company Emagine Pty Ltd and is a member of the advisory board for Madison Technologies Pty Ltd and Huon IT Pty Ltd. Allan is Chairman of GBST's Audit and Risk Management Committee and is a member of the Nominations and Remuneration Committee.

Joakim Sundell Non-Executive Director

Mr 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 (from 13 December 2006 until 5 February 2008). Joakim is a Member of the Nominations and Remuneration Committee.

David Adams Independent Non-Executive Director

Mr 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 Management Committee and the Chair of the Nominations and Remuneration Committee.

Ian Thomas Independent Non-Executive Director

Dr Ian Thomas was appointed to the Board in December 2011. Ian brings twenty years' global experience to GBST. He has held many senior positions including his current role as President of Boeing Australia and South Pacific, previous roles as President Boeing India, Vice President Boeing Europe, and director of international policy for Boeing in the US. Prior to joining Boeing in 2001, Ian served in a variety of staff and policy roles in the U.S. Department of Defence. He is currently President of the American Chamber of Commerce in Australia and a member of the Prime Minister's Manufacturing Task Force.

Ian holds a master's degree in international relations, a PhD in history from the University of Cambridge, a graduate degree in social sciences from the University of Stockholm, and a bachelor's degree (cum laude) in history from Amherst College.

Corporate Governance Statement

Introduction

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations with 2010 Amendments' 2nd Edition ('Guidelines') applying to listed entities was released 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 completely comply with all of the Guidelines but these are in place to guide better performance. The Board outlines its assessment against the Guidelines below. This statement on corporate governance reflects the Company's charter, policies and procedures on 6 September 2012.

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.

(d) Senior management roles are given authorities and responsibilities pursuant to both corporate policies and through directions issued from time to time. The CEO's performance is reviewed by the Chairman in consultation with the Board and the CEO takes responsibility for the review of other executives' performance. Formal reviews are conducted at least annually. The Board uses a variety of means of review including during the last twelve months conducting a 360° feedback review conducted with the assistance of external consultants.

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; and

(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 is kept under review and amended from time to time as the Board considers 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. The Board's charter is included within the Company's corporate governance charter, which is available from the Company's web site.

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) Mr John Puttick; and

(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

(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. During the year the committee decided to add to its meeting schedule a further committee meeting to provide further time for review of accounting matters connected with the Company's financial statements and is likely to adopt this change within the Board's annual program.

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, the committee comprises 5 directors. Committee meetings are held from time to time as required by the Board. Meetings are held at least twice each year. David Adams, a non-executive and independent Director is the chair of the committee. Relevant discussions on nominations and remuneration have been considered by the Board at various Board meetings as specific items of business and in general business. The Board conducted a review of its own performance with the board surveyed on a variety of matters related to their own and their collective performance. The results of that survey were then tabled with the board and they will be used to assist decision making on changes to board processes.

Diversity

The Board has adopted a diversity policy that documents the Company's commitment to diversity to further embed within the Company's culture the importance of a diverse work force and an environment that embraces the benefits of diversity. The Company takes a broad view on diversity and its policy encourages diversity in the workplace in relation to gender, sexual orientation, age, race, ethnic origin, religious beliefs, impairment and nationality. The diversity policy also recognises a commitment to merit based appointments.

As at 30 June 2012, the proportion of female employees in the whole organisation, in senior positions and on the Board was:

Proportion of Women at GBST	**31%**
Proportion of Women in senior roles at GBST	**42%**
Proportion of Women on the Board	**0%**

The Nomination and Remuneration Committee within its charter is given a specific role to implement and monitor the Company's diversity policy. The Nomination and Remuneration Committee set, and the Company met, measurable objectives for the 2012 year including:

1. offering senior female employees opportunities to undertake a Board readiness program and encouraging them to do so;
2. the development of female leaders within an executive development program that is being formally established for the Company;
3. requiring the Company to report twice annually on the statistical performance of the Company in areas including diversity within the GBST work force, recruitment results based on gender and pay equity; and
4. the Company early adopting reporting on diversity in its Annual Report.

In the 2013 year the Company's measurable objectives are:

1. the development of female leaders within an executive development program that will be continued in 2013 ; and
2. requiring the Company to report twice annually on the statistical performance of the Company in areas including diversity within the GBST work force, recruitment results based on gender and pay equity.

The Company's adoption of a diversity policy was a formalisation of the Company's values. The Company has previously developed its own paid maternity leave program and has tried to provide a work environment that recognises the need for a work life balance. The Company is proud to have been awarded the Employer of Choice awards conducted by Women in Information Technology in Queensland. The Company has also committed itself to providing positions as a part of the Australian Employment Covenant (http://www.fiftythousandjobs.org.au). During the year the Company received a number of job applications and enquiries in its graduate recruitment programme that commented on GBST's award and policies reflecting the tangible benefits that can be obtained from the Company's public commitment to diversity.

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.

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. 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 three independent Directors, namely Mr Allan Brackin, Mr David Adams and Dr Ian Thomas. GBST believes that the current Board of Directors is 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 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.

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. With the acquisition of new subsidiaries the Company initiated a program of integration which involved an assessment of the adequacies of risk management in the subsidiaries to ensure they were of a sufficient standard in light of the Board's requirements in this area. 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 – 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 human capital within GBST's business the committee's composition and the contribution that each member can make has been considered appropriate and as a result the committee is not independent. The Board has structured the committee to have an independent Director as Chairman. 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.

Directors' Report
for the year ended 30 June 2012

The Directors of GBST Holdings Limited ('GBST' or the 'Company') submit their report together with the consolidated financial report of the Group, comprising the Company and its controlled entities for the year ended 30 June 2012 and the audit report thereon.

Directors

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

Name	Period of Directorship
Non-executive	
Dr John F Puttick (Chairperson)	January 1984
Mr David C Adams	April 2008
Mr Allan J Brackin	April 2005
Mr Joakim J Sundell	July 2001
Dr Ian Thomas	December 2011
Executive	
Mr Stephen M L Lake (Chief Executive Officer)	September 2001

Principal activities

The principal activities of GBST during the year, were provision of:

- client accounting and securities transaction technology solutions for the finance, banking and securities industry in Australia, Asia, Europe and North America;
- funds administration and registry software for the wealth management industry in Australia and Europe;
- independent financial product data and related services to financial advisers and institutions in Australia; and
- website design and web services with a growing focus on the financial services industry.

No significant changes in the nature of these activities occurred during the year ended 30 June 2012.

GBST comprised of four operating segments during the year:

- **GBST Australia Broker Services** provides client accounting and securities transaction technology to capital market participants such as banks, custodians, fund managers, margin lenders, and institutional and retail stockbrokers.
- **GBST Global Broker Services** through the Syn~ platform, provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions in global capital markets in Asia, Europe and North America.
- **GBST Wealth Management** through the Composer platform, 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, with customers.
- **GBST Financial Services** provides wholesale access to financial products and related data information transactions for financial advisers and institutions. It also provides web design, development and usability services through Emu Design.

Review of operations

Total revenue for the Group increased by 13 per cent to $77.07 million (2011: $68.44 million).

Operating EBITDA increased by 4 per cent to $15.50 million (2011: $14.94 million).

EBITDA increased by 4 per cent to $14.24 million (2011: $13.69 million).

Profit before income tax increased by 37 per cent to $4.46 million (2011: $3.26 million).

Profit after income tax (NPAT) for the Group increased by 135 per cent to $3.25 million (2011: $1.38 million).

Senior debt during the year decreased by $5.97 million to $18.03 million at 30 June 2012 from $24.00 million at 30 June 2011.

DIVIDENDS

Dividends paid during the year were as follows:

- **2011** final fully franked ordinary dividend of 2.0 cents per share for the FY2011 financial year paid on 26 October 2011, as recommended in the financial report for the year ended 30 June 2011.
- **2012** interim fully franked ordinary dividend of 2.5 cents per share paid on 27 April 2012.

Dividends declared after end of year:

The Directors recommend a final dividend of 2.5 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 24 October 2012.

Group results

	FULL YEAR TO 30 JUNE		
	2012 $'000	**2011 $'000**	**% Change**
Total revenue and other income	**77,067**	68,435	13
Research and development expenses	**(7,974)**	(7,272)	(10)
Operating EBITDA	**15,498**	14,943	4
Unallocated expenses	**(1,256)**	(1,250)	–
EBITDA	**14,242**	13,693	4
Net finance costs	**(2,058)**	(3,164)	35
Depreciation	**(1,069)**	(941)	(14)
Amortisation	**(6,659)**	(6,327)	(5)
Profit before income tax	**4,456**	3,261	37
Income tax expense	**(1,205)**	(1,877)	–
Profit after income tax	**3,251**	1,384	135
Basic EPS (cents)	**4.87**	2.08	134
Diluted EPS (cents)	**4.87**	2.08	134

The table includes IFRS and non-IFRS financial information. Non-IFRS financial information comprises of Operating EBITDA which has not been audited or reviewed by our auditor, KPMG.

Measures of profitability and basis of preparation

Operating EBITDA

GBST defines Operating EBITDA as profit before net finance costs, tax, depreciation, amortisation, impairment (if applicable) and other unallocated expenses. GBST uses Operating EBITDA as an internal performance indicator for the management of its operational business segments, and to allow for better evaluation of business segment activities and comparison over reporting periods.

Unallocated expenses

Unallocated expenses are legal expenses associated with a prior acquisition which have not been allocated to any business segment. This treatment is in accordance with Management's internal measurement of segment performance and the segment disclosures in Note 27 to the financial report.

Group performance

Operating EBITDA increased 4 per cent to $15.50 million, compared to $14.94 million in the prior year, representing solid performance in a difficult environment. FY2012 was the most difficult year for GBST's clients since the global financial crisis, with the repercussions from economic problems in Europe having an effect worldwide. GBST's performance, particularly in its broker services divisions, was impacted by substantial Research & Development (R&D) and product spend, delays in major client projects and weak retail equities trading volumes.

OUTSTANDING GBST WEALTH MANAGEMENT PERFORMANCE

Against this backdrop, Group revenue was up 13 per cent to a record $77.07 million, compared to $68.44 million in the previous year. This was attributable to outstanding sales of Composer which were driven by new regulations introduced to protect consumers by the UK Financial Services Authority's Retail Distribution Review (RDR).

This growth confirms the benefits anticipated by GBST when the division was founded with the acquisition of the Composer platform. GBST continued to secure new clients for Composer during the year and has a strong pipeline of potential new business. Further changes to the RDR are anticipated which the wealth management industry will be compelled to address by December 2013, and sales momentum is expected to continue.

FIRST AUSTRALIAN SYN~ CLIENT INSTALLATION COMPLETED – GO LIVE Q1 FY13

While GBST's broker services businesses also secured new business, income from existing clients fell and overall revenue was slightly reduced compared to the prior year. The Australian Broker Services business increased market share, reflecting the robust performance and scalability of GBST Shares which differentiates this platform from its competitors. The division also completed the first Australian client installation of its next generation Syn~ platform, which represents a significant milestone for GBST.

While the Global Broker Services division was particularly exposed to weak global financial markets and the resulting clampdown on spending by investment banks, the most important factor was delays to major projects without which this business would have experienced a turnaround. The division successfully implemented work in Asia and completed several projects despite project issues relating to a contract with a technology partner which led to cancellation of work pursuant to statements of work. Litigation against the previous shareholders of the Coexis business is continuing and GBST is confident of its position.

SUBSTANTIAL RETURN FROM R&D

During FY2012, GBST invested $7.97 million in R&D compared to $7.27 million in the prior year. The positive outcomes of this continued focus are demonstrated by market share growth. In FY2012, GBST's offshore revenue increased by approximately 37 per cent.

This investment has substantially improved GBST's technology and the company's competitive advantage which is increasingly recognised by clients. Products introduced during the year included Australian Broker Services' Front Office solution, Business Intelligence Reporting for client advisers and Syn~ Position Keeping for institutional brokers.

The development of Syn~ 2.0 for Asian, European and North American capital markets provides GBST with a strong platform for international growth. Increasingly, GBST's development is targeted to providing regional and global solutions.

The Wealth Management division strengthened the Composer platform with further development of the ComposerWeb solution, and offers fully-integrated technology to support wrap platforms and individual tax-wrapper administration in the UK.

GBST Australian Broker Services

	FY2012 $000's	FY2011 $000's	% Change
Sales to external customers	**27,373**	27,950	(2)
Operating EBITDA	**9,248**	9,805	(6)
Depreciation & amortisation of segment assets	**(1,587)**	(1,104)	(44)
Segment result	**7,661**	8,701	(12)

Divisional revenue declined slightly, with positive growth from new clients offset by reduced income from existing clients in weak trading conditions. Trading volumes experienced high volatility during the year and some broker volumes were down by as much as 40 per cent compared to the prior year.

Operating EBITDA fell, reflecting significant R&D spend to develop the Australian Syn~ technology platform. In a difficult market GBST increased market share, demonstrating the strength and value of its software and technology infrastructure.

Institutional trading volume rose as a proportion of divisional income and two new clients began using GBST Shares to process trades. A further new client has committed to replace its existing back office with GBST Shares and this is expected to begin in the first quarter of FY2013.

During the year, the division completed contract renewals with major customers for a further three to five years, and some clients also subscribed to GBST's hosted services offering.

GBST's Front Office client management system will replace up to five clients' existing GBST software resulting in an improved experience for the client and a more robust distribution platform for GBST products and services in the future.

AUSTRALIAN CLIENT TO 'GO LIVE' ON GBST SYN~

In FY2012, GBST secured its first Australian contract for Syn~ and the implementation has now been completed. This is another key milestone for GBST, which invested heavily in research and development to bring the new product to market.

This technology offers GBST important opportunities to extend its services to clients in Australia and complements GBST solutions currently being offered in Asia and other international markets.

GBST Global Broker Services

	FY2012 $000's	FY2011 $000's	% Change
Sales to external customers	**8,822**	9,060	(3)
Operating EBITDA	**(3,164)**	(2,131)	(48)
Depreciation & amortisation of segment assets	**(2,555)**	(2,614)	2
Segment result	**(5,719)**	(4,745)	(21)

During the year the division completed several new implementations of Syn~ including a substantial project to enable the regional processing for a global investment bank which is now using Syn~ in Singapore and Japan. The bank plans to move all Asian market operations to the Syn~ platform, and migration of its Hong Kong business to Syn~ is expected to be completed in November 2012. These deployments followed the successful implementation of Syn~ in Australia for the firm's middle office processing requirements. Another investment bank also commenced operations using Syn~ in Asia in the second half.

During the year an Australian investment bank commenced use of GBST Global Broker Services' new Syn~ Position Keeping product for corporate actions, which allows institutional brokers to track clients' equity holdings and process entitlements.

Project issues relating to a contract with a technology partner led to cancellation of work pursuant to statements of work in the second half, along with a $200 thousand provision being made for possible non-recovery of trade receivables in FY2012. Normalised operating expenses were below budget and consistent with FY2011 levels.

Operating EBITDA continued to be impacted by R&D investment to further the development of Syn~ for international markets.

GBST Wealth Management

	FY2012 $000's	FY2011 $000's	% Change
Sales to external customers	**36,216**	27,133	33
Operating EBITDA	**9,187**	6,916	33
Depreciation & amortisation of segment assets	**(3,515)**	(3,518)	–
Segment result	**5,672**	3,398	67

GBST COMPOSER SALES INCREASE BY 33%

FY2012 was a watershed year for GBST's growth in the UK. The division's improved performance has confirmed the potential of the Composer platform to provide an integrated funds administration and registry system for the wealth management industry. Division revenue was $36.22 million, up 33 per cent in a difficult environment. Impressively, Operating EBITDA was $9.19 million, also up 33 per cent and incorporates a reallocation of costs of $530 thousand from the GBST Australian Broker Services Division relating to the first half of FY2012.

In the UK GBST successfully supported an international provider of pensions, investments and protection solutions, to launch its 'Adviser focused' platform for independent financial advisers and 'Employer sponsored' platforms. The business has successfully completed implementations of Composer for an increasing list of UK wealth management companies all on time and within budget.

In Australia, the division completed several projects successfully including a direct to consumer wrap offering, which was integrated into the bank's traditional banking channels. A large financial group's staff superannuation fund was also migrated onto Composer and another consolidated two external systems onto the Composer platform.

GBST continues to see a strong sales pipeline in Australia.

The federal government's Future of Financial Advice (FoFA) reform and GBST's involvement in the government's SuperStream initiative are also providing opportunities for GBST.

GBST Financial Services

	FY2012 $000's	FY2011 $000's	% Change
Sales to external customers	**3,910**	3,363	16
Operating EBITDA	**227**	353	(36)
Depreciation & amortisation of segment assets	**(71)**	(32)	(122)
Segment result	**156**	321	(51)

GBST FINANCIAL SERVICES REVENUE UP 16%

Division revenue reflects a solid performance by the Emu Design business and excludes inter-company work. Operating EBITDA was lower as inter-company work declined in comparison to FY2011.

Emu Design benefited from increased sponsored and consulting work, and capitalised successfully on its e-commerce, mobile application and financial services sector web design expertise. This business has made a substantial contribution to the consistent user interface of GBST's Syn~, Front Office and Composer products, and strengthened its capacity to provide high-quality web solutions for large projects. The business has a strong pipeline of approved work extending into the new financial year.

FY2012 revenue includes six months' contribution of the quantitative data services business from 1 July 2011 to 31 December 2011, after which the business was re-aligned to report within the GBST Wealth Management division.

QUANT BUSINESS FOCUSES ON AFTER-TAX OPPORTUNITY

The quantitative data services business strengthened its offering during the year with new after-tax benchmarks and services, including development of the Tax Analyser product for superannuation funds. Significant new clients were added. As fund managers are required to demonstrate after-tax performance to superannuation funds, demand for the Quant business' after-tax products is expected to increase.

Financial position

The Group has a net current asset deficiency at 30 June 2012 of $12.28 million (30 June 2011: $12.17 million). Of this, $9.11 million (30 June 2011: $9.26 million) represents payments received in advance and invoices issued in advance to clients and, as such, do not represent future cash outflows other than salary and wage related costs in line with the budgeted expenditure.

The senior debt facility provided by National Australia Bank matures on 30 June 2014. Senior debt as at 30 June 2012 was $18.03 million, compared to $24.00 million at 30 June 2011. At reporting date, all banking covenants have been met. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants.

The Directors are of the opinion that there will be sufficient cash flows to support the Group. The Group's earnings outlook continues to improve as all divisions have secured new clients. The Directors are therefore confident the Group will be able to meet its debts as they fall due and, accordingly, believe that the use of the going concern assumption is appropriate in preparing these financial statements.

Significant changes in state of affairs

As at the reporting date, GBST has on issue 66,561,725 ordinary shares.

During the year 600,513 employee options lapsed and the Company issued 165,796 shares as settlement in relation to an acquisition.

There has been a change in circumstance relating to the investment in the Company Razor Risk Technologies Limited (ASX: RZR). The investment was sold for $1.53 million during the financial year based on a share price of $0.0349 per share. The sale had no profit and loss impact.

No other significant changes in the state of affairs of the Group occurred during the financial year, other than those disclosed in this report.

Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect operations of GBST, the results of those operations, or the state of affairs of GBST in future financial years.

Future developments, prospects and business opportunities

RESTRUCTURE

GBST is actively pursuing new business opportunities in Asia, Japan and North America where there is strong interest in Syn~; and potential opportunities for GBST Wealth Management's Composer product exist in Europe, North America and Asia.

To exploit these opportunities, a realignment of the business is taking place, with significant changes including:

- The Australian Broker Services and Global Broker Services divisions will merge. The CEO of Australian Broker Services, Denis Orrock, has been appointed Group CEO Broker Services based in London, UK. His focus is building the Company's business in new markets;
- The CEO of the Global Broker Services division, Patrick Salis, has been appointed to the newly created role of Group Chief Operating Officer, based in Sydney, Australia;
- The Company's sales team will be refocused to enable a global, multi-product approach to sales, recognising the increased interest of GBST's clients in both GBST's broking and wealth management products;
- Development of a new retail strategy known as 'GBST Hub' which will focus on combining GBST's adviser-oriented technologies - GBST Front Office, ComposerWeb, Market Access and mobile applications - for financial services clients.

Environmental issues

There are no significant environmental regulations applying to the Group.

Information on Directors

John Puttick Non-Executive Chairman

Dr John Puttick is the founder and Chairman of GBST. He holds a Doctor of the University from QUT and chartered accounting qualifications from Auckland University of Technology. He has forty years' experience in building commercial systems with information technology over thirty of which have been in developing financial services solutions at GBST. John has provided the vision for GBST's development over these years.

Dr Puttick has numerous external appointments. He is Adjunct Professor, School of Information Technology and Electrical Engineering at the University of

Queensland and member of Council of Queensland University of Technology. John was inaugural Chair of Southbank Institute of Technology. He has participated in various Ministerial appointments and overseas missions.

He has also had extensive involvement in the community as Past President of the Rotary Club of Brisbane; founding Chair of Vision Queensland; and founding member of Software Queensland. John's contribution to the Australian technology industry has been acknowledged by his peers naming him as a Member of the Hall of Fame of the Pearcey Foundation and as a Fellow of the Australian Computer Society.

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

Interest in Shares and Options
6,173,398 Ordinary Shares of GBST Holdings Limited are held by Dr Puttick and associated entities.

Stephen Lake Managing Director and Chief Executive Officer

Mr 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, and was a member of the global management committee. Prior to BZW Stephen commenced work in a treasury role and later became a partner of a stockbroking firm. Stephen is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options
4,470,108 Ordinary Shares of GBST Holdings Limited are held by Mr Lake.

Allan Brackin Independent Director

Mr 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 co-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 is Chairman of ASX listed mining technology company Runge Limited (since November 2011), currently serving as Chairman of IT software Company Emagine Pty Ltd and is a member of the advisory board for Madison Technologies Pty Ltd and Huon IT Pty Ltd. 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
381,943 Ordinary Shares of GBST Holdings Limited are held by Mr Brackin's associated entities.

Joakim Sundell Non-Executive Director

Mr Joakim Sundell was appointed to the Board in 2001. Joakim has had 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 from 13 December 2006 until 5 February 2008. Joakim is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options
9,631,610 Ordinary Shares of GBST Holdings Limited are held by Mr Sundell's associated entities.

David Adams Independent Director

Mr David Adams was appointed to the Board in April 2008. David has had 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 as 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 Management Committee and the Chair of Nominations and Remuneration Committee.

Interests in Shares and Options
Nil

Ian Thomas Independent Director

Dr Ian Thomas was appointed to the Board in December 2011. Ian brings twenty years global experience and has held many senior positions including vice president for Boeing's European operations, leading Boeing's defence activities in the United Kingdom, and director of international policy for Boeing's military aircraft and missile systems division in the U.S. Prior to joining Boeing in 2001, Ian served in a variety of staff and policy roles in the U.S. Department of Defence and is an authority on U.S.-allied security relations in NATO-Europe and on the security policies and programs of the United States, Europe and Asia. He is currently President of the American Chamber of Commerce in Australia and a member of the Prime Minister's Manufacturing Task Force.

Ian holds a master's degree in international relations and a Ph.D. in history from the University of Cambridge, a graduate degree in social sciences from the University of Stockholm, and a bachelor's degree (cum laude) in history from Amherst College.

Interests in Shares and Options
Nil

Company Secretary

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

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Remuneration report – audited

The information provided in the remuneration report relates to the Group for the year ended 30 June 2012 and has been audited as required by section 308(3C) of the Corporations Act (2001).

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

a. Remuneration Policies and Practices
b. Group Performance and Remuneration
c. Service Agreements
d. Details of Remuneration

(a) Remuneration Policies and Practices

Remuneration Principles

Key Management Personnel comprise the Directors and Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

The principles for determining the nature and amount of remuneration of Directors and specified Executives are as follows:

- The Group will use competitive remuneration packages to attract, motivate and retain talented Executives as determined by the Nomination and Remuneration Committee.
- The employees will be rewarded for sustained and sustainable improvement in the performance of the Group.

	DIRECTORS' MEETINGS		AUDIT AND RISK COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
J Puttick	11	11	5	5	2	2
D Adams	11	11	5	5	2	2
A Brackin	11	11	5	5	2	2
S Lake	11	11	–	5*	2	2
J Sundell	11	7	–	–	2	–
I Thomas	6	5	–	–	–	–

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

- Directors and Senior Executives are encouraged to make investments in the Group in accordance with the Group'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 Group will make full disclosure of Director and Executive remuneration.
- The Group's practices will be legal, ethical and consistent with being a good corporate citizen. It will comply with remuneration disclosures required by law and will seek to maintain the highest standards of clarity and transparency in communications with shareholders.

The Board recognises the significant role played by remuneration in attracting and retaining staff with the aim to benchmark against other similar roles situated in other similar companies listed on the Australian Stock exchange within similar industry sectors.

Remuneration paid to Directors and Executives is valued at the cost to the Group.

Remuneration Structure – Non-Executive Directors

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. The current shareholder approved limit is $500 thousand.

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. The current annual fees are $95 thousand for the Chairman and $60 thousand for non-executive Directors. There are currently no additional fees paid for membership of Board committees. Non-executive Directors may make investments in the Company in accordance with the Company's share trading guidelines but they did not participate in the existing Employee Share Ownership Plan. GBST does not operate a scheme for retirement benefits to Directors.

Remuneration Structure – Senior Executives

The Group's remuneration structure for Senior Executives has three components.

- Fixed remuneration of salary and superannuation.
- Bonus payments based upon Group performance and the meeting of corporate objectives - Short Term Incentive (STI).
- Long Term Incentive (LTI) – the Group intends to implement a LTI in FY2013.

A combination of these comprises the Executive's remuneration.

Executive remuneration packages are aligned with the market and properly reflect the person's duties, responsibilities and performance. Executive remuneration packages are reviewed annually by reference to the Group's economic performance, Executive performance and comparative information from industry sectors. The performance of Executives is considered annually against agreed performance objectives relating to both individual performance goals and contribution to the achievement of broader Group objectives.

Fixed Annual Remuneration

The fixed remuneration consists of cash salary (base) and superannuation contributions. The fixed remuneration is reviewed annually based on individual performance, salary survey data and comparisons with data from companies operating in a similar industry. The Executives responsibilities, changes in responsibility, experience and the geographic location for the performance of the work are taken into account during the review process.

Short Term Incentive Remuneration (STI)

The Group operates a short term bonus scheme to provide competitive performance based remuneration incentives to both Executives and staff. Its objectives are to:

- Promote continuous improvement in annual performance outcomes;
- 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;
- Reflect a strong commitment towards attracting and retaining high performing Executives and staff who are committed to the ongoing success of the Group; and
- Develop a culture where achievement of financial objectives is seen as a key measure of success.

Key Performance Indicators (KPI's) for Executives were agreed with each Executive at the beginning of the 2012 financial year. Each Executive had specific agreed goals for determination of Short Term Performance Incentives. The KPI's include measures of Group performance and individual performance against financial, non-financial and strategic goals. Achievement of performance objectives may entitle an Executive to a cash bonus. The Board, through its Nomination and Remuneration Committee, supervises all calculations of performance against the KPI's to ensure fairness for the Executives and the Group.

The arrangements align the KPI's for Executives with the Group's strategic plan. The Board, where appropriate, also exercised its discretion to award an additional bonus in recognition of exceptional contribution to the Group's strategy.

Generally, bonus arrangements are capped at a maximum of 50% of base remuneration, however when exceptional outcomes are delivered, or where warranted by special circumstances, a bonus may exceed this amount. The payment of a performance bonus is subject to a consideration of whether or not the overall performance of the Group warrants the payment of a bonus.

Long Term Incentive Remuneration (LTI)

The Company has previously used options as a feature of its equity based remuneration, but this practice has ceased and alternative remuneration arrangements are under development. The vesting of options was conditional upon the Company meeting certain financial performance measures. Such financial performance hurdles were not met and therefore 600,000 options having a $Nil value lapsed during the year.

The Group intends to establish a long term incentive scheme with the objective of promoting sustained delivery of long term shareholder value in FY2013.

(b) Group Performance and Remuneration

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

(c) 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, performance-related bonus and any other benefits. The Group is an international organisation and when Executives are seconded to other countries their packages are reviewed in line with normal employment expectations for those countries. This may involve adjustments for cost of living and the provision of benefits customary in the country of employment. The amounts of the benefits are set out in the table in section (d) below as Short- Term Benefits Other. The agreements also contain normal provisions relating to the protection of confidential information and intellectual property rights as well as post-employment restraints.

Service agreements with executives are currently open ended. Mr Lake's service agreement has a minimum term of three years ending in February 2015 and is able to be terminated by either party giving not less than six months' notice. Other Executive's agreements require not less than six months' notice. No other termination payments are applicable.

	2008	2009	2010	2011	2012
EBITDA	$18.3m	$12.7m	$16.4m	$13.7m	**$14.2m**
Year on Year Growth	60%	(34%)	29%	(16)%	**4%**
Net profit/(loss) before tax	$9.8m	$2.0m	$(.6)m	$3.3m	**$4.5m**
Year on Year Growth	(14%)	(80%)	(70%)	666%	**37%**
Net profit/(loss) after tax	$6.1m	$2.1m	$(2.4)m	$1.4m	**$3.3m**
Year on Year Growth	(24%)	(66%)	(214%)	158%	**135%**
Closing share price	$1.89	$0.67	$0.98	$0.80	**$0.81**
Dividends paid (cents per share)	11.5	5.5	–	4	**4.5**

(d) Details of Remuneration

The remuneration for each Director and Executive Officer (Key Management Personnel) of the Group accrued for the financial year was as follows:

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENT			
	Base salary and fees $	Bonus 2012 $[1]	Other $[2]	Super-annuation $	Leave entitle-ment $	Equity options $	Total Remu-neration $	Options based %	Perfor-mance related %
2012									
Directors									
J Puttick	95,000	–	–	–	–	–	95,000	–	–
D Adams	55,046	–	–	4,954	–	–	60,000	–	–
A Brackin	60,000	–	–	–	–	–	60,000	–	–
S Lake	607,872	190,000	125,929	43,745	9,379	–	976,925	–	19.4
J Sundell	60,000	–	–	–	–	–	60,000	–	–
I Thomas (appointed 8/12/11)	33,710	–	–	–	–	–	33,710	–	–
TOTAL DIRECTORS	**911,628**	**190,000**	**125,929**	**48,699**	**9,379**	**–**	**1,285,635**		
Executives									
R De Dominicis	510,609	160,000	64,417	–	–	(14,306)	720,720	(2.0)	20.2
C Mallios (resigned 28/10/11)	96,923	–	97,959	15,508	(4,484)	–	205,906	–	–
D Orrock	280,000	40,000	13,298	31,201	5,281	(14,306)	355,474	(4.0)	7.2
A Ritter (appointed 14/11/11)	147,692	25,000	–	15,542	2,794	–	191,028	–	13.1
P Salis	268,868	40,000	104,987	–	–	(21,458)	392,397	(5.5)	4.7
I Sanchez	300,000	90,000	1,596	43,022	5,786	(35,764)	404,640	(8.8)	13.4
TOTAL EXECUTIVES	**1,604,092**	**355,000**	**282,257**	**105,273**	**9,377**	**(85,834)**	**2,270,165**		
GROUP TOTAL	**2,515,720**	**545,000**	**408,186**	**153,972**	**18,756**	**(85,834)**	**3,555,800**		

1 Bonus amounts for the financial year represent the amount that vested in the financial year against specific performance criteria. No amounts vest in future financial years in respect of bonus schemes for the current financial year.

2 Other amounts are short-term benefits that do not constitute base salary, fees and bonus and include cost of living adjustments for Executives on secondment and fringe benefits tax.

The remuneration for each Director and Executive Officer (Key Management Personnel) of the Group paid and accrued for the financial year was as follows:

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENT		SHORT-TERM BENEFITS		
	Base salary and fees $	Bonus 2010 $	Other $	Super-annuation $	Leave entitle-ment $	Equity options $	Total remun-ertion paid $	Options based %²	Bonus $	Perfor-mance related %²
2011										
Directors										
J Puttick	95,000	–	–	–	–	–	95,000	–	–	–
D Adams	55,046	–	–	4,954	–	–	60,000	–	–	–
A Brackin	60,000	–	–	–	–	–	60,000	–	–	–
S Lake	590,000	150,000[1]	–	66,600	14,952	–	821,552	–	75,000[2]	10.0
J Sundell	60,000	–	–	–	–	–	60,000	–	–	–
TOTAL DIRECTORS	**860,046**	**150,000**	**–**	**71,554**	**14,952**	**–**	**1,096,552**	–	**75,000**	–
Executives										
R De Dominicis	407,397	–	189,705	–	–	12,262	609,364	1.9	20,000	5.1
C Mallios (appointed 30/08/10)	231,538	–	977	20,838	4,485	–	257,838	–	–	–
D Orrock	280,000	–	7,162	25,200	3,411	12,262	328,035	3.5	20,000	9.3
P Salis	284,512	–	78,389	3,635	664	14,905	382,105	3.9	–	3.9
I Sanchez	280,000	–	1,592	25,200	5,385	30,655	342,832	7.3	75,000	25.3
TOTAL EXECUTIVES	**1,483,447**	**–**	**277,825**	**74,873**	**13,945**	**70,084**	**1,920,174**	–	**115,000**	–
GROUP TOTAL	**2,343,493**	**150,000**	**277,825**	**146,427**	**28,897**	**70,084**	**3,016,726**	–	**190,000**	–

1 The bonus of $150,000 for Stephen Lake, the CEO, was attributable to FY'2010 and paid in FY'2011. The Group had a practice previously where the short term incentives for all Executives were determined after the audited financials were lodged. The bonus of $75,000 for the CEO was attributable to the FY'2011 year and was paid in FY'2012.

2 The 2011 bonus and options as a percentage of total remuneration for 2011 are calculated using the 2011 remuneration, including the 2011 bonus and excluding the 2010 related bonus.

Group and Company Key Management Personnel

Names and positions held of Group and Company Key Management Personnel in office at any time during the financial year were:

Key Management Personnel	Position
J Puttick	Director (Non-executive Chairman)
D Adams	Director (Independent)
A Brackin	Director (Independent)
S Lake	Director (Managing Director and Chief Executive Officer)
J Sundell	Director (Non-executive)
I Thomas	Director (Independent) (appointed 8 December 2011)
R De Dominicis	Chief Executive Wealth Management
C Mallios	Chief Financial Officer (resigned 28 October 2011)
D Orrock	Chief Executive Broker Services
A Ritter	Chief Financial Officer (appointed 14 November 2011)
P Salis	Chief Executive Global Broker Services
I Sanchez	Chief Technology Officer

Option Holdings

Options granted as part of Remuneration for the Year Ended 30 June 2012

There were no options granted as remuneration to Key Management Personnel in the 30 June 2012 financial year.

The cost of equity options is reported in accordance with accounting standard AASB 2 Share-based Payments, which has the effect of reporting the cost of the options over the period between the grant date and vesting date.

Shares issued on exercise of compensation options

There were no options exercised during the 30 June 2012 financial year that were granted as compensation in previous financial years as remuneration to Key Management Personnel.

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 01/07/11	Granted as compen-sation	Options exercised or sold	Other	Options cancelled/ forfeited	Balance 30/06/12	Total vested at 30/06/12	Total vested and exercis-able at 30/06/12	Total vested and unexercis-able at 30/06/12
2012									
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	–	–	–	–	–	–	–	–
J Sundell	–	–	–	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–	–	–	–
TOTAL DIRECTORS	–	–	–	–	–	–	–	–	–
Executives									
R De Dominicis	100,000	–	–	–	(100,000)	–	–	–	–
C Mallios	–	–	–	–	–	–	–	–	–
D Orrock	100,000	–	–	–	(100,000)	–	–	–	–
A Ritter	–	–	–	–	–	–	–	–	–
P Salis	150,000	–	–	–	(150,000)	–	–	–	–
I Sanchez	250,000	–	–	–	(250,000)	–	–	–	–
TOTAL EXECUTIVES	600,000	–	–	–	(600,000)	–	–	–	–
GROUP TOTAL	600,000	–	–	–	(600,000)	–	–	–	–

Financial performance hurdles were not met for the executive options which were subsequently cancelled. No options vested in the year (Note 32).

	Balance 01/07/10	Granted as compen-sation	Options exercised or sold	Other	Options cancelled/ forfeited	Balance 30/06/11	Total vested at 30/06/11	Total vested and exercis-able at 30/06/11	Total vested and unexercis-able at 30/06/11
2011									
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	–	–	–	–	–	–	–	–
J Sundell	10,526,316	–	–	–	(10,526,316)	–	–	–	–
TOTAL DIRECTORS	10,526,316	–	–	–	(10,526,316)	–	–	–	–
Executives									
R De Dominicis	100,000	–	–	–	–	100,000	–	–	100,000
C Mallios	–	–	–	–	–	–	–	–	–
D Orrock	100,000	–	–	–	–	100,000	–	–	100,000
P Salis	250,000	–	–	–	(100,000)	150,000	–	–	150,000
I Sanchez	250,000	–	–	–	–	250,000	–	–	250,000
TOTAL EXECUTIVES	700,000	–	–	–	(100,000)	600,000	–	–	600,000
GROUP TOTAL	11,226,316	–	–	–	(10,626,316)	600,000	–	–	600,000

A loan held previously with Crown Financial Pty Ltd, of which Mr Sundell is a Director was extinguished 30 June 2011. The Crown Financial debt was connected to 10,526,316 options granted by the Company in favour of Crown Financial. The repayment of the Crown Financial debt has the simultaneous effect of extinguishing the options.

Financial performance hurdles were not met for 100,000 (40%) of the executive options for P Salis which were subsequently cancelled. No options vested in the year.

Directors' interests

The number of shares in the Company held (directly, indirectly or beneficially) as at 30 June 2012 by Directors, including their related parties, are set out below.

2012	Balance at 30/06/12
Directors	
J Puttick	6,173,398
D Adams	–
A Brackin	381,943
S Lake	4,470,108
J Sundell	9,631,610
I Thomas	–
TOTAL	**20,657,059**

Indemnifying Directors and Officers

During the financial year, the Group paid a premium to insure the Directors and Officers of the Group. The terms of the insurance contract prevent additional disclosure.

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

The Group is not aware of any liability that has arisen under these indemnities at the date of the report.

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 of Directors, in accordance with advice from the Audit and Risk 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 23 in the financial report for details of non-audit service fees.

Lead Auditor's Independence Declaration

The lead Auditor's independence declaration can be found on the page following this Directors' report and forms part of the Directors' report for the year ended 30 June 2012.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Dr J F Puttick
Chairman

Mr S M L Lake
Managing Director and Chief Executive Officer

Dated at Brisbane this 24th day of August 2012

Auditor's Independence Declaration

for the year ended 30 June 2012

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

To: the directors of GBST Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

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

KPMG

KPMG

Stephen Board
Partner

Brisbane
24 August 2012

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	30 Jun 2012 $'000	30 Jun 2011 $'000
Revenue from license and service sales		**46,710**	45,331
Revenue from sponsored work		**25,744**	20,018
Revenue from sale of third party product		**3,867**	2,157
Total revenue		**76,321**	67,506
Other income		**746**	929
Total revenue and other income		**77,067**	68,435
Product delivery and support expenses		**(46,526)**	(39,350)
Property and equipment expenses		**(8,184)**	(6,942)
Corporate and administrative expenses		**(7,869)**	(8,446)
Research and development expenses		**(7,974)**	(7,272)
RESULTS FROM OPERATING ACTIVITIES		**6,514**	6,425
Finance costs	4 (d)	**(2,096)**	(3,165)
Finance income	4 (e)	**38**	1
Net finance costs		**(2,058)**	(3,164)
PROFIT BEFORE INCOME TAX		**4,456**	3,261
Income tax expense	5	**(1,205)**	(1,877)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**3,251**	1,384
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**278**	(3,818)
Effect of hedge of net investment in foreign operations		**(91)**	969
Net change in fair value of investment		**1,004**	(570)
Other comprehensive income/(loss) for the year, net of income tax		**1,191**	(3,419)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**4,442**	(2,035)
Earnings per share			
Basic earnings per share (cents)	33	**4.87**	2.08
Diluted earnings per share (cents)	33	**4.87**	2.08

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 30 June 2012

	Note	30 Jun 2012 $'000	30 Jun 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	**2,156**	5,116
Trade and other receivables	8	**14,578**	11,122
Inventories	9	**991**	227
Current tax receivable	16	**156**	–
Other assets	13	**669**	989
Total current assets		**18,550**	17,454
NON-CURRENT ASSETS			
Investment	10	**–**	526
Plant and equipment	11	**3,380**	3,664
Intangible assets	12	**64,334**	68,129
Deferred tax assets	16	**4,164**	3,542
Other assets	13	**6**	8
Total non-current assets		**71,884**	75,869
TOTAL ASSETS		**90,434**	93,323
CURRENT LIABILITIES			
Trade and other payables	14	**7,557**	5,504
Loans and borrowings	15	**10,289**	10,842
Current tax liabilities	16	**23**	435
Provisions	17	**3,837**	3,404
Unearned income	18	**9,115**	9,262
Liabilities on business acquisition	19	**9**	176
Total current liabilities		**30,830**	29,623
NON-CURRENT LIABILITIES			
Loans and borrowings	15	**13,062**	18,550
Deferred tax liabilities	16	**3,584**	3,878
Provisions	17	1,553	1,375
Total non-current liabilities		**18,199**	23,803
TOTAL LIABILITIES		**49,029**	53,426
NET ASSETS		**41,405**	39,897
EQUITY			
Issued capital	20	**37,664**	37,516
Reserves	21	**(6,823)**	(7,492)
Retained earnings		**10,564**	9,873
TOTAL EQUITY		**41,405**	39,897

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Issued capital $'000	Retained earnings $'000	Foreign currency translation reserve[(a)] $'000	Financial asset reserve[(b)] $'000	Equity re-muneration reserve[(c)] $'000	Loan conversion reserve[(d)] $'000	Total $'000
Balance at 1 July 2010	37,102	10,577	(4,161)	–	128	561	44,207
Total comprehensive income for the year							
Profit for the year	–	1,384	–	–	–	–	1,384
Other comprehensive income							
Exchange differences arising on translation of foreign operations	–	–	(3,818)	–	–	–	(3,818)
Effect of hedge of net investment in foreign operation	–	–	969	–	–	–	969
Net change in fair value of investment	–	–	–	(570)	–	–	(570)
Total other comprehensive loss	–	–	(2,849)	(570)	–	–	(3,419)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	–	1,384	(2,849)	(570)	–	–	(2,035)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid (Note 6)	–	(2,649)	–	–	–	–	(2,649)
Share based payments – exempt shares	–	–	–	–	2	–	2
Share based payments – options	–	–	–	–	68	–	68
Share Issues (net of costs)	304	–	–	–	–	–	304
Fair value conversion option	–	561	–	–	–	(561)	–
Transfer to/(from) ordinary capital	110	–	–	–	(110)	–	–
Total contributions by owners	414	(2,088)	–	–	(40)	(561)	(2,275)
Total transactions with owners	414	(2,088)	–	–	(40)	(561)	(2,275)
BALANCE AT 30 JUNE 2011	37,516	9,873	(7,010)	(570)	88	–	39,897

(a) The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The hedge instrument was GBP denominated debt drawn under the Company's bank debt facility. The objective of drawing GBP debt under the Company's bank debt facility is to use it as a 'natural hedge' to offset changes to the fair value of the net tangible assets (NTA) of this foreign subsidiary due to fluctuations in the AUD/GBP spot rate.

(b) The financial assets reserve records the revaluation of financial assets, classified as fair value through other comprehensive income.

(c) The equity remuneration reserve was used to record items recognised as expenses on valuation of employee share/options granted. When options are exercised, cancelled or forfeited the amount in the reserve relating to those options is transferred to issued capital.

(d) The loan conversion reserve contains the equity impacts from the issue of options that were not equity remuneration. The balance of the reserve was transferred to retained earnings during the prior year as the options were extinguished.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Issued capital $'000	Retained earnings $'000	Foreign currency translation reserve[a] $'000	Financial asset reserve[b] $'000	Equity re-muneration reserve[c] $'000	Loan conversion reserve[d] $'000	Total $'000
Balance at 1 July 2011	37,516	9,873	(7,010)	(570)	88	–	39,897
Total comprehensive income for the year							
Profit for the year	–	3,251	–	–	–	–	3,251
Other comprehensive income							
Exchange differences arising on translation of foreign operations	–	–	278	–	–	–	278
Effect of hedge of net investment in foreign operation	–	–	(91)	–	–	–	(91)
Net change in fair value of investment	–	–	–	1,004	–	–	1,004
Total other comprehensive income	–	–	187	1,004	–	–	1,191
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**–**	**3,251**	**187**	**1,004**	**–**	**–**	**4,442**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid (Note 6)	–	(2,994)	–	–	–	–	(2,994)
Share based payments – exempt shares	–	–	–	–	–	–	–
Share based payments – options	–	–	–	–	(88)	–	(88)
Share Issues (net of costs, for non-cash consideration)	148	–	–	–	–	–	148
Transfer financial asset reserve to retained earnings	–	434	–	(434)	–	–	–
Total contributions by and distributions to owners	148	(2,560)	–	(434)	(88)	–	(2,934)
Total transactions with owners	148	(2,560)	–	(434)	(88)	–	(2,934)
BALANCE AT 30 JUNE 2012	**37,664**	**10,564**	**(6,823)**	**–**	**–**	**–**	**41,405**

(a) The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

The hedge instrument was GBP denominated debt drawn under the Company's bank debt facility. The objective of drawing GBP debt under the Company's bank debt facility is to use it as a 'natural hedge' to offset changes to the fair value of the net tangible assets (NTA) of this foreign subsidiary due to fluctuations in the AUD/GBP spot rate.

(b) The financial assets reserve records the revaluation of financial assets, classified as fair value through other comprehensive income.

(c) The equity remuneration reserve was used to record items recognised as expenses on valuation of employee share/options granted. When options are exercised, cancelled or forfeited the amount in the reserve relating to those options is transferred to issued capital.

(d) The loan conversion reserve contains the equity impacts from the issue of options that were not equity remuneration. The balance of the reserve was transferred to retained earnings during the prior year as the options were extinguished.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2012

	Note	30-Jun-12 $'000	30-Jun-11 $'000
Cash flows from operating activities			
Receipts from customers		**79,894**	82,201
Payments to suppliers and employees		**(67,527)**	(62,269)
Interest income		**38**	1
Sundry income		**746**	929
Finance costs paid		**(2,038)**	(2,572)
Income tax paid		**(3,366)**	(3,892)
Net cash provided by operating activities	26 (a)	**7,747**	14,398
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**8**	3
Proceeds from sale of investments	26 (c)	**1,530**	–
Purchase of plant and equipment	26 (c)	**(880)**	(1,513)
Purchase of software intangibles		**(621)**	(1,407)
Deferred consideration payment for acquisitions		**(117)**	–
Net cash used in investing activities		**(80)**	(2,917)
Cash flows from financing activities			
Repayment of finance leases		**(515)**	(273)
Proceeds from borrowings		**–**	10,476
Repayment of borrowings		**(6,556)**	(16,378)
Dividends paid	6	**(2,994)**	(2,649)
Net cash used in financing activities		**(10,065)**	(8,824)
Net (decrease)/increase in cash and cash equivalents		**(2,398)**	2,657
Effect of exchange rate fluctuations on cash held		**87**	(501)
Cash and cash equivalents at 1 July		**980**	(1,176)
Cash and cash equivalents at end of financial year	26 (b)	**(1,331)**	980

The accompanying notes are an integral part of these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2012

Note 1: Reporting Entity

GBST Holdings Limited ("GBST" or the "Company") is the Group's parent Company. The Company is a public Company limited by shares, incorporated and domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2012 comprises the Company and its controlled entities (together referred to as the "Group" and individually as the "Group entities").

Note 2: Basis of Preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act (2001)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

This consolidated financial report was authorised for issue in accordance with a resolution of Directors on 24 August 2012.

Basis of measurement

The consolidated 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.

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.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires Management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- treatment of software development costs and whether these are to be capitalised;

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- impairment testing of the consolidated entity's cash-generating units containing goodwill (Note 12);
- utilisation of tax losses (Note 16).

Financial Position

The Group has a net current asset deficiency at 30 June 2012 of \$12.28 million (30 June 2011: \$12.17 million). Of this, \$9.11 million (30 June 2011: \$9.26 million) represents payments received in advance and invoices issued in advance to clients and, as such, do not represent future cash outflows other than salary and wage related costs in line with the budgeted expenditure.

The senior debt facility provided by National Australia Bank matures on 30 June 2014. Senior debt as at 30 June 2012 was \$18.03 million, compared to \$24.00 million at 30 June 2011. At reporting date, all banking covenants have been met. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants.

The Directors are of the opinion that there will be sufficient cash flows to support the Group. The Group's earnings outlook continues to improve as all divisions have secured new clients. The Directors are therefore confident the Group will be able to meet its debts as they fall due and, accordingly, believe that the use of the going concern assumption is appropriate in preparing these financial statements.

Note 2: Basis of Preparation (continued)

Changes in accounting policies

The accounting policies set out in Note 3 below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

Note 3: Significant Accounting Policies

Basis of Consolidation

A controlled entity is any entity over which the Group 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 24 of the financial statements. All controlled entities have a 30 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 ended on that date. 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 Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 July 2009

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquire and equity issued by the acquirer. Acquisition-related costs are expensed as incurred unless associated with issue of debt or equity securities incurred in connection with business combination.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in profit or loss unless it is classified as equity. If the contingent consideration is classified as equity, it shall not be remeasured and settlement is accounted for within equity.

Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Acquisitions before 1 July 2009

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Income Tax

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

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 unused tax losses.

Current and deferred income tax expense/(benefit) 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 arise from unused tax losses. 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 as 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, 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.

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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Work in progress is stated at the aggregate of 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 Group's activities in general.

Plant and Equipment

Plant and equipment are carried at cost, less any accumulated depreciation and where applicable, impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 amounts of all fixed assets including capitalised lease assets, are 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	5-40%	Straight-line
Owned plant, equipment	13.3-67%	Diminishing value
Leased plant, equipment	25%-33%	Straight-line

Note 3: Significant Accounting Policies (continued)

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

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 Group 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 Group 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 lease.

Leases

Leases where the Group assumes substantially all the risks and rewards incidental of the ownership are classified as finance leases. All other leases are operating leases and are not recognised on the Group's statement of financial position.

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 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.

The amortisation rates used for each class of assets acquired outside a business combination are:

Class of fixed asset	Amortisation rate	Basis
Owned software	25%	Straight-Line
Leased software	25%	Straight-Line

Acquired in a business combination and or separately

Software systems and customer contracts acquired outside a business combination are recognised at cost. Intangible assets acquired in 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 one to ten 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 (research and development)

Development costs are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The cost capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Once development is completed, capitalised development costs are amortised over their useful life as determined by Management on a straight-line basis. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Goodwill

Goodwill is initially recorded at the amount by which the purchase consideration for a business combination 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 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds.

Financial Instruments

(i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities and assets are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

The early adoption of AASB 9 (2009) did not impact the Group's accounting policy for financial liabilities.

(ii) Non-derivative financial assets

Changes in accounting policies during the year ended 30 June 2011

As disclosed in the consolidated financial report for the year ended 30 June 2011, the Group early adopted AASB 9 *Financial Instruments (2010)* and AASB 2009-11 *Amendments to Australian Standards arising from AASB 9* in the year then ended. As allowed by the transitional provisions of AASB 9, the Group chose the date of initial application of AASB 9 (the date on which the Group assessed its existing financial assets) as 1 July 2010. The early adoption of AASB 9 did not impact the Group's accounting policy for financial liabilities.

AASB 9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In addition, for certain investments in equity instruments, an entity may irrevocably elect to recognise all changes in fair value directly through other comprehensive income; dividend income on such equity investments is recognised in profit or loss.

Accounting policy

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either fair value or amortised cost.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if: the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at fair value

Financial assets other than those subsequently measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

Note 3: Significant Accounting Policies (continued)

However, for investments in equity instruments not held for trading, the Group may elect at initial recognition to recognise gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purposes of statement of cash flows.

Impairment of Assets

Financial assets

Financial assets at amortised cost
A financial asset at amortised cost is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset at amortised cost is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that these financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The early adoption of AASB 9 did not impact the Group's accounting policy for impairment in relation to financial assets measured at amortised cost.

Accounting policy in respect of equity securities at fair value

Impairment assessment is not required to be carried out for equity securities at fair value when the requirements of AASB 9 are applied as all changes in fair value are recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting period end. 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 cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the Group to defined contribution 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 option pricing model or a Trinomial Lattice option pricing model which incorporate 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. The major business activities recognised revenue as follows:

Software license fee revenue

A software licensing arrangement is considered to be a sale if the following conditions are satisfied:

- The rights to the software license are assigned to the licensee in return for a fixed fee or a non-refundable guarantee;
- The contract is non-cancellable;
- The licensee if able to exploit its rights to the license freely; and
- The consolidated entity has no remaining obligations to perform.

For such arrangements, software license fee revenue is recognised on the transfer of the rights to the licensee. In other arrangements, revenue is recognised over the license term on a straight line basis.

Maintenance/support service revenue for licensed software

Unearned income is recognised upon receipt of payment for maintenance/support contracts. Revenue is brought to account over time as it is earned.

However, to the extent that GBST has fulfilled all its obligations under the contract, the income is recognised as being earned at the time when all GBST's obligations under the contract have been fulfilled.

Note 3: Significant Accounting Policies (continued)

Sponsored implementation and consulting revenue

Revenue from a contract to provide implementation and consulting services is recognised by reference to the percentage of completion of the contract. The percentage of completion of the contract is determined by reference to the proportion of work performed (costs incurred to date) to estimated total work performed (total contract costs). When the percentage of completion cannot be estimated reliably, contract revenue is recognised only to the extent of the contract costs incurred that are likely to be recovered. An expected loss on a contract is recognised immediately in the Statement of Comprehensive Income at inception.

Sponsored project revenue

Revenue received in advance for long-term project development contracts is deferred. This revenue is recognised over the period in which expenditure is incurred in relation to the development of the project. When the outcome of a long-term service contract can be estimated reliably, contract revenue and expenses are recognised in the profit and loss account by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed by reference to the completion of a physical proportion of the contract work to date for each contract. When the outcome of a long-term service contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Comprehensive Income at inception.

Sale of third party product

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.

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

Interest revenue

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

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 Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, Directors and related parties (refer to Note 33).

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Foreign Currency Transactions and Balances

Transactions and balances

Foreign currency transactions are translated into a Group entities' 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 profit or loss, 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 profit or loss.

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:

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

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and presented in the Group's foreign currency translation reserve in equity. These differences are recognised in profit or loss in the period in which the operation is disposed.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Hedge of Net Investment in Foreign Operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

New Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied preparing this financial report:

- AASB 9 *Financial Instruments* (December 2010) was added to AASB 9 Financial Instruments in 2010 and relates to the classification and measurement of financial liabilities. The requirements that were added are generally consistent with the equivalent requirements of AASB 139 *Financial Instruments: Recognition and Measurement* except in respect of the fair value option and certain derivatives linked to unquoted equity instruments. The requirements of AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9 were also added. AASB 9 (2010) will become mandatory for the Group's 30 June 2016 financial statements. Early adoption is permitted and entities may elect whether to apply AASB 9 (December 2010) or AASB 9 (December 2009). GBST has elected to early adopt AASB 9 (December 2009) for its 2011 financial statements and has elected that the prior periods are not to be restated. GBST does not intend early adopting AASB 9 (2010).

Note 3: Significant Accounting Policies (continued)

- AASB 10 *Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. AASB 10 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is required when there is a change in the control conclusion. Early application is only available if AASB 11, AASB 12, AASB 127 (2011) and AASB 121 (2011) are applied at the same time. The Group has not yet determined the potential impact of the standard.
- AASB 127 *Separate Financial Statements* (2011) carries forward the existing accounting and disclosure requirements for separate financial statements with some minor clarifications. Retrospective application is generally applicable. Early application is only available if AASB 10, AASB 11, AASB 12 and AASB 128 (2011) are applied at the same time. The Group has not yet determined the potential impact of the standard.
- AASB 12 *Disclosures of Interests in Other Entities* contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associated and/or unconsolidated structured entities. AASB 12 will become mandatory for the Group's 30 June 2014 financial statements. Early application is available only if AASB 10 and AASB 11 are applied at the same time. The Group has not yet determined the potential impact of the standard.
- AASB 13 *Fair Value Measurement* explains how to measure fair value when required to by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exist in certain standards. AASB 13 becomes mandatory for the Group's 30 June 2014 financial statements with prospective application required. The Group has not yet determined the potential effect of the standard.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 *Employee Benefits* (September 2011) focuses mainly on, but are not limited to, the accounting for defined benefit plans. In addition, it changes the definition of short-term and other long-term employee benefits and some disclosure requirements. The amendments will become mandatory for the Group's 30 June 2014 financial statements with retrospective application required. The Group has not yet determined the potential effect of the amendment.
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income makes a number of changes to the presentation of Other Comprehensive Income including presenting separately those items that would be reclassified to profit or loss in the future and those that would never be reclassified to profit or loss and the impact of tax on those items. The amendments will become mandatory for the Group's 30 June 2013 financial statements with retrospective application required. The Group has not yet determined the potential effect of the amendment.
- AASB 2011-4 Amendments to Australian Accountings Standards to Remove Individual *Key Management Personnel Disclosure* Requirements removes specific individual key management personnel disclosures required by disclosing entities from AASB 124 as this information is already required in the Remuneration Report of disclosing entities under s300A of the Corporations Act 2001. The amendments will become mandatory for the Group's 30 June 2013 financial statements. Early adoption of this standard is not permitted. The Group has not yet determined the potential effect of the amendment.
- Amendments to IFRS 7 *Offsetting Financial Assets and Financial Liabilities* The amendments increase the disclosures about offset positions, including the gross position and the nature of the arrangements. The amendments will become mandatory for the Group's 30 June 2013 financial statements. The Group has not yet determined the potential effect of the amendment.
- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* The amendments clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments will become mandatory for the Group's 30 June 2014 financial statements. The Group has not yet determined the potential effect of the amendment.

Note 4: Profit for the Year

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

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
(a) Other expenses:		
Cost of third party product sold	**2,428**	1,483
Operating lease rentals	**2,572**	2,136
(b) Depreciation & amortisation:		
Depreciation of owned plant & equipment	**1,069**	941
Amortisation of tangible & intangible leased assets	**446**	174
Amortisation of intangibles (excluding leased assets)	**6,213**	6,153
	7,728	7,268
(c) Employee benefits expense:		
Monetary based expense (includes contributions to defined contribution plans $2.96 million (2011: $2.65 million))	**41,077**	35,888
Share based payments	**(88)**	70
	40,989	35,958
(d) Finance costs:		
Foreign currency losses	**58**	221
Interest paid to external entities	**1,327**	1,385
Interest paid to director related entities	**–**	1,000
Finance lease charges	**45**	36
Facility fees	**666**	523
	2,096	3,165
(e) Finance income		
Bank interest	**38**	1
	38	1
(f) Significant items:		
The following significant expense items are relevant in explaining the financial performance:		
Termination payments to employees	**212**	203
	212	203

Note 5: Income Tax Expense

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
(a) The components of tax expense comprise:		
Current tax	**2,507**	2,712
Deferred tax (Note 16 (c) (i))	**(778)**	(426)
Recognition of previously unrecognised tax losses	**–**	(599)
(Over)/under provision in respect of prior years	**(524)**	190
	1,205	1,878
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit before tax	**4,456**	3,261
Prima facie tax payable/(receivable) at 30%	**1,337**	978
Adjust for tax effect of:		
Amortisation of customer contracts	**465**	465
Research & development expenditure claim (i)	**(2,072)**	(1,110)
Recoupment of temporary differences not previously taken up	**(150)**	210
Over provision in respect of prior years	**(478)**	(51)
Recognition of previously unrecognised tax losses (ii)	**–**	(599)
Tax losses carried back	**–**	(12)
Current year losses for which no deferred tax asset was recognised (iii)	**1,576**	1,383
Other non-allowable items (net)	**537**	584
Reduction in tax rate - opening balances	**104**	31
Reduction in tax rate - current year	**(13)**	(10)
UK share based payment treatment	**–**	7
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(101)**	1
Income tax expense attributable to entity	**1,205**	1,877
Weighted average effective tax rates:	**27%**	58%

The weighted average effective consolidated tax rate at 30 June 2012 is 27% (2011: 58%). Key transactions affecting the tax rate are:

(i) UK R&D corporation tax relief now incorporated in addition to the Australian R&D relief.

(ii) In the prior financial year due to an improved business outlook of probable future profits for the GBST Wealth Management (UK) business, the Group elected to recognise previously unrecognised tax losses of $599 thousand.

(iii) For GBST Ltd (Coexis) deferred tax assets have not been recognised in relation to operating losses for tax purposes, as it is not considered probable that they will be utilised within the foreseeable future given the level of research and development costs incurred by the Company for which the Company has allowable Research and Development tax concession deductions (rate - 1 Apr – 30 Jun 2012: 225%; 1 Jul – 31 Mar 2012: 200%).

(iv) There is no tax recognised in other comprehensive income within the current year or prior year.

Note 6: Dividends

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Dividends on ordinary shares	–	–
Dividend paid in the period:		
Interim fully franked (at 30%) dividend paid of 2.5 cents per share (2011: 2.0)	1,664	1,328
2011 final fully franked (at 30%) dividend paid of 2.0 cents per share (2010: 2.0)	1,330	1,321
Net Dividend paid	2,994	2,649

After the reporting date the Directors recommended a final dividend of 2.5 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 24 October 2012. The dividend has not been provided and there are no income tax consequences.

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Dividend franking account:		
Balance of franking account at year-end	13,212	12,007
30% franking credits available to shareholders of GBST Holdings Limited for subsequent financial years post final dividend payment.	12,349	11,857

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated Group at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

Note 7: Cash and Cash Equivalents

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Cash at bank and on hand	2,156	5,116
Bank overdraft used for cash management purposes (Note 15)	(3,487)	(4,136)
Cash and cash equivalents in the Statement of Cash flows	(1,331)	980

Note 8: Trade and Other Receivables

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current		
Trade receivables	**13,355**	10,305
Accrued revenue	**856**	662
Other amounts receivable	**367**	155
	14,578	11,122

(a) An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. The movement in allowance for impairment during the year was impairment loss recognised $208 thousand (2011: $76 thousand), amounts written off $71 thousand (2011: $46 thousand).

Note 9: Inventories

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current – at cost		
Inventory on hand	**710**	61
Work in progress	**281**	166
	991	227

Note 10: Investment

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Non-Current		
Investment in listed shares at fair value (a)	**–**	526
	–	526

(a) There has been a change in circumstance relating to the investment in the Company Razor Risk Technologies Limited (ASX: RZR). The investment was sold for $1.53 million based on a share price of $0.0349 per share.

Note 11: Plant and Equipment

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Owned plant and equipment at cost	**11,604**	10,792
Provision for depreciation	**(8,749)**	(7,778)
Net carrying value	**2,855**	3,014
Leased plant and equipment at cost	**826**	867
Provision for amortisation	**(301)**	(217)
Net carrying value	**525**	650
Total plant and equipment	**3,380**	3,664

(a) Movement in Plant and Equipment

GBST Group	Owned $'000	Leased $'000	Total $'000
Year ended 30 June 2011			
Balance at 1 July 2010	2,600	349	2,949
Additions	1,628	506	2,134
Disposals	(175)	–	(175)
Depreciation expense	(941)	(165)	(1,106)
Reclassification to owned assets – cost	148	(148)	–
Reclassification to owned assets – accumulated depreciation	(111)	111	–
Effect of movements in exchange rates	(135)	(3)	(138)
Balance at 30 June 2011	3,014	650	3,664
Year ended 30 June 2012			
Balance at 1 July 2011	**3,014**	**650**	**3,664**
Additions	**891**	**123**	**1,014**
Disposals	**(31)**	**–**	**(31)**
Depreciation expense	**(1,069)**	**(218)**	**(1,287)**
Reclassification to owned assets - cost	**165**	**(165)**	**–**
Reclassification to owned assets - accumulated depreciation	**(134)**	**134**	**–**
Effect of movements in exchange rates	**19**	**1**	**20**
Balance at 30 June 2012	**2,855**	**525**	**3,380**

Plant and equipment was impairment tested in conjunction with intangible assets, refer Note 12.

Note 12: Intangible Assets

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
At Cost		
Software systems	**37,738**	36,668
Accumulated amortisation	**(17,010)**	(13,133)
Net carrying value	**20,728**	23,535
Customer contracts	**12,070**	12,001
Accumulated amortisation	**(10,597)**	(8,166)
Net carrying value	**1,473**	3,835
Goodwill	**45,649**	45,433
Accumulated impairment losses	**(4,804)**	(4,725)
Net carrying value	**40,845**	40,708
Leased software at cost	**1,520**	55
Accumulated amortisation	**(232)**	(4)
Net carrying value	**1,288**	51
Total intangibles	**64,334**	68,129

(a) Movement in Intangibles

GBST Group	Software systems $'000	Customer contracts $'000	Goodwill $'000	Leased software $'000	Total $'000
Year ended 30 June 2011					
Balance at 1 July 2010	27,443	6,684	42,937	5	77,069
Additions	313	–	–	55	368
Additions through internal development	1,548	–	–	–	1,548
Disposals	(130)	–	–	–	(130)
Amortisation charge	(3,716)	(2,437)	–	(9)	(6,162)
Reclassification to owned assets – cost	39	–	–	(39)	–
Reclassification to owned assets – accumulated amortisation	(39)	–	–	39	–
Effect of movements in exchange rates	(1,923)	(412)	(2,229)	–	(4,564)
Balance at 30 June 2011	23,535	3,835	40,708	51	68,129

GBST Group	Software systems $'000	Customer contracts $'000	Goodwill $'000	Leased software $'000	Total $'000
Year ended 30 June 2012					
Balance at 1 July 2011	23,535	3,835	40,708	51	68,129
Additions	621	–	–	1,465	2,086
Additions through internal development	211	–	–	–	211
Disposals	–	–	–	–	–
Amortisation charge	(3,818)	(2,395)	–	(228)	(6,441)
Reclassification to owned assets – cost	–	–	–	–	–
Reclassification to owned assets – accumulated amortisation	–	–	–	–	–
Effect of movements in exchange rates	179	33	137	–	349
Balance at 30 June 2012	20,728	1,473	40,845	1,288	64,334

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included within the Product Delivery and Support expense line in the Statement of Comprehensive Income. Goodwill has an infinite life.

The effect of movements in exchange rates represent the period to period foreign currency translation of assets denominated in Great British Pounds.

Impairment Disclosures

Intangible assets are reviewed for impairment where there are indicators that the carrying amount may not be recoverable.

Goodwill is allocated to each CGU based on the Group's reporting segments presented below:

	30 Jun 2012 $'000	30 Jun 2011 $'000
Australian Broker Services segment (Palion)	3,350	3,350
Wealth Management segment (InfoComp)	28,238	28,238
Global Broker Services segment (GBS) (Coexis)	8,371	8,234
Financial Services segment (Emu)	886	886
Total Goodwill	40,845	40,708

The recoverable amount of goodwill has been assessed using value-in-use calculations for each CGU using discounted cash flow projections based on business unit budgets and strategic plans provided by the respective CEO of the CGU and updated where appropriate.

Note 12: Intangible Assets (continued)

For the financial year ended 2012, Management has used the 2013 financial budget approved by the Board. Growth estimates have been used for a further four financial years. The assumptions are generally consistent with past performance or are based upon the Group's view of future market activity. The key assumptions used for value-in-use calculations consider growth and discount rates. Growth rates used are determined by considering factors such as industry and sector expectations, the markets in which the CGU operates, the size of the business, and past performance. A summary of key assumptions is presented below:

2012	GBS Value-in-use	InfoComp Value-in-use	Palion Value-in-use	EMU Value-in-use
Calculation Method				
Revenue growth rates	**2-17%**	**7.5%**	**–**	**7.5%**
Cost growth rates	**3-5%**	**3-5%**	**3-5%**	**3-5%**
Long term growth rates	**3%**	**3%**	**3%**	**3%**
Post-tax discount rate	**14.32%**	**10.50-14.32%**	**10.50%**	**10.50%**
Pre-tax discount rate	**16.46%**	**12.71-16.66%**	**13.86%**	**13.26%**

2011	GBS Value-in-use	InfoComp Value-in-use	Palion Value-in-use	EMU Value-in-use
Calculation Method				
Revenue growth rates	9-29%	8-18%	5%	7.5%
Cost growth rates	(3)-5%	7-19%	5%	5%
Long term growth rates	3%	3%	3%	3%
Post-tax discount rate	14.43%	14.43%	10.66%	10.66%
Pre-tax discount rate	17.40%	20.61%	14.23%	14.84%

Future anticipated cash flows for all CGU's indicate that the carrying value of the intangible assets were not required to be impaired in 2012.

Based on sensitivity analysis, management believe that any reasonable change in the respective key assumptions would not have a material impact on the recoverable amounts of the InfoComp, Palion and EMU CGUs. In relation to the GBS CGU, the value in use calculation is based on the board approved 2013 financial budget and management's best estimate of forecast growth. These forecasts have been based on expectations as to existing contracts and new contracts to be entered into over the forecast period, and in the event that these forecasts are not achieved the GBS CGU may need to be impaired in future periods. The table below shows the amount that these key assumptions are required to change individually, in order for the estimated recoverable amount to be equal to the carrying amount for the GBS CGU:

Decrease of annual revenue against forecast by	5.7%
Increase of annual costs above forecast by	7.4%
Increase of post-tax discount rate by	3.90%

Note 13: Other Assets

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current		
Prepaid expenditure	**669**	989
	669	989
Non-Current		
Prepaid expenditure	**6**	8
	6	8

Note 14: Trade and other Payables

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current (unsecured)		
Trade payables & accruals	**7,557**	5,504
	7,557	5,504

Note 15: Loans and Borrowings

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current		
Bank overdraft (secured) (a)	**3,487**	4,136
Senior bank facility (secured) (a)	**6,000**	2,654
Senior bank facility GBP (secured) (a)	**–**	3,346
Commercial loan facility (secured) (a)	**79**	495
Finance lease liability (Note 22)	**723**	211
	10,289	10,842
Non-Current		
Senior bank facility (secured) (a)	**12,026**	17,996
Commercial loan facility (secured) (a)	**–**	79
Finance lease liability (Note 22)	**1,036**	475
	13,062	18,550
Total secured liabilities	**21,592**	28,706

(a) The bank overdraft, senior bank facility and commercial loan facility are provided by National Australia Bank Limited. The facilities are secured by fixed and floating charges over the operating companies within the Group. The senior bank facility expires on 30 June 2014, with quarterly principal repayments of $1.5 million. Additional payments may be made against facility without incurring penalties. The interest rate under the facility is variable. At 30 June 2012 the interest rate for the senior bank facility was 5.86% p.a.

Note 15: Loans and Borrowings (continued)

The covenants within the National Australia Bank borrowings require that at 30 June 2012 the total operating leverage is below 1.5 to 1, interest cover is above 3 to 1 and equity ratio is above 55%. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants. In respect of the senior bank facility, totalling $18.03 million at 30 June 2012, the Group met all covenant requirements.

The carrying amount of the Group's assets secured is $90.43 million.

Note 16: Tax

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
(a) Liabilities		
Current		
Income tax	**23**	435
Non-current		
Deferred tax liability comprises:		
Tax allowances relating to plant and equipment	**399**	65
Tax allowances relating to intangibles	**3,185**	3,813
	3,584	3,878
(b) Assets		
Current		
Tax receivable	**156**	–
Non-current		
Deferred tax assets comprise:		
Provisions	**3,185**	2,609
Other items	**7**	29
Transaction costs on equity issue	**40**	60
Unused tax losses	**932**	844
	4,164	3,542
(c) Reconciliations		
(i) Net Movement		
The overall movement in the net deferred tax account is as follows:		
Opening balance	**(336)**	(1,558)
Recoupment of temporary differences not previously taken up	**302**	285
Tax rate change	**(104)**	(60)
Charged to income statement	**778**	426
Foreign currency translation	**(40)**	591
Charge to equity	**(20)**	(20)
Closing balance	**580**	(336)

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
(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 plant and equipment and intangibles		
Opening balance	**3,878**	5,267
Recoupment of temporary differences not previously taken up	**(30)**	82
Tax rate change	**(3)**	(2)
Charged to income statement	**(322)**	(730)
Foreign currency translation	**61**	(739)
Closing balance	**3,584**	3,878
(iii) Deferred Tax Assets		
(a) The movement in deferred tax asset for each temporary difference during the year is as follows:		
Provisions		
Opening balance	**2,609**	3,001
Recoupment of temporary differences not previously taken up	**(208)**	(166)
Tax rate change	**(2)**	(24)
Charged to income statement	**780**	(140)
Foreign currency translation	**6**	(62)
Closing balance	**3,185**	2,609
Other Items		
Opening balance	**29**	124
Recoupment of temporary differences not previously taken up	**–**	3
Tax rate change	**(2)**	(7)
Charged to income statement	**(21)**	(76)
Foreign currency translation	**1**	(15)
Closing balance	**7**	29
Transaction costs on equity issue		
Opening balance	**60**	80
Charged directly to equity	**(20)**	(20)
Closing balance	**40**	60
Unused tax losses		
Opening balance	**844**	504
Recoupment of temporary differences not previously taken up	**480**	530
Tax rate change	**(103)**	(31)
Charged to income statement	**(303)**	(88)
Foreign currency translation	**14**	(71)
Closing balance	**932**	844

Note 16: Tax (continued)

	GBST GROUP 30 Jun 2012 $'000	GBST GROUP 30 Jun 2011 $'000
(b) Total deferred tax assets not brought to account as at reporting period end:		
– tax losses : operating losses	**3,781**	2,299
– tax losses : capital losses	**2,812**	2,942

Deferred tax assets have not been recognised in relation to operating losses, refer Note 5(iii).

Note 17: Provisions

	GBST GROUP 30 Jun 2012 $'000	GBST GROUP 30 Jun 2011 $'000
Current		
Employee benefits	**3,804**	3,338
Make Good (a)	**33**	66
	3,837	3,404
Non-Current		
Employee benefits	**902**	831
Make Good (a)	**651**	544
	1,553	1,375

GBST Group	Employee benefits $'000	Make good $'000	Total $'000
Balance at the beginning of the year	**4,169**	**610**	**4,779**
Additional provisions	**3,281**	**207**	**3,488**
Amounts used	**(2,743)**	**(80)**	**(2,823)**
Unused amounts reversed	**(1)**	**(54)**	**(55)**
Balance at 30 June 2012	**4,706**	**683**	**5,389**

(a) In accordance with rental premises lease agreements across the Group, GBST must restore the leased premises to its original condition at the end of the lease terms. Expiration dates range from 2013 to 2021.

Note 18: Unearned Income

	GBST GROUP 30 Jun 2012 $'000	GBST GROUP 30 Jun 2011 $'000
Current		
Revenue received in advance for software usage and support services	**9,115**	9,262
	9,115	9,262

Note 19: Liabilities on Business Acquisition

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current		
Amount owing to vendors in respect of acquisition	**9**	176
	9	176

Note 20: Issued Capital

		GBST GROUP	
		30 Jun 2012 $'000	30 Jun 2011 $'000
66,561,725 (2011: 66,395,929) fully paid ordinary shares		**37,664**	37,516
		37,664	37,516
Movements in issued capital:			
Opening balance		**37,516**	37,102
Transfer from options reserve			
*Various dates	Employee zero exercise options scheme	**–**	110
Share issues during the year:			
25 August 2011	Settlement in relation to acquisition	**98**	–
7 February 2012	Deferred consideration - Coexis	**50**	304
		37,664	37,516
Ordinary Shares		**No.**	**No.**
Opening balance		**66,395,929**	66,032,789
Share issues during the year:			
9 December 2010	Deferred consideration - Coexis	**–**	334,936
*Various dates	Employee zero exercise options scheme	**–**	28,204
25 August 2011	Settlement in relation to acquisition	**110,000**	–
7 February 2012	Deferred consideration - Coexis	**55,796**	–
		66,561,725	66,395,929

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

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 or par value in respect of its issued shares.

Options

For details on employee and placement options over ordinary shares, see Note 32.

Note 21: Reserves

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Equity remuneration reserve	–	88
Foreign currency translation reserve	**(6,823)**	(7,010)
Financial asset reserve	–	(570)
	(6,823)	(7,492)

Note 22: Capital, Leasing and Other Commitments

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
(a) Finance Leasing Commitments		
Payable on leases:		
Not later than one year	**757**	259
Later than one year but not later than five years	**1,059**	530
	1,816	789
Less future finance charges	**(57)**	(103)
Total liability	**1,759**	686
Lease liabilities are included in the Statement of Financial Position as:		
Current (Note 15)	**723**	211
Non-current (Note 15)	**1,036**	475
	1,759	686

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

(b) Non-cancellable Operating Leases		
Lease amounts are payable:		
Not later than one year	**2,734**	2,027
Later than one year but not later than five years	**5,718**	4,190
Later than five years	**3,952**	818
	12,404	7,035

Non-cancellable leases include rental premises with original lease terms up to ten 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 purchases	**343**	90
Other operating purchases	**73**	6
	416	96
Payable		
Not later than one year	**416**	96
	416	96

Note 23: Auditors' Remuneration

	GBST GROUP	
	30 Jun 2012 $	30 Jun 2011 $
Audit Services		
KPMG Australia		
Audit & review of financial reports	**200,200**	253,162
Overseas KPMG firms		
Audit & review of financial reports	**78,000**	41,432
Other Auditors		
Audit & review of financial reports	**–**	36,825
	278,200	331,419
Other Services		
KPMG Australia		
Other assurance services	**–**	24,972
Taxation services	**221,344**	130,992
Overseas KPMG firms		
Taxation services	**119,809**	134,777
Other Auditors		
Other assurance services	**–**	56,411
Taxation services	**–**	14,970
	341,153	362,122

Note 24: Other Group Entities

(a) Controlled Entities Consolidated

Group Entity	Country of Incorporation	Percentage Owned
GBST Pty Ltd*	Australia	100% (June 2011: 100%)
Emu Design (Qld) Pty Ltd*	Australia	100% (June 2011: 100%)
GBST ESOP Pty Ltd*	Australia	100% (June 2011: 100%)
GBST Ltd	United Kingdom	100% (June 2011: 100%)
GBST Australia Pty Ltd*	Australia	100% (June 2011: 100%)
Subsidiaries of GBST Ltd:		
GBST Inc	United States of America	100% (June 2011: 100%)
GBST Singapore Pte Limited	Singapore	100% (June 2011: Nil)
Subsidiaries of GBST Australia Pty Ltd:		
GBST Hong Kong Limited	Hong Kong	100% (June 2011: 100%)
GBST Registry Solutions Pty Ltd*	Australia	100% (June 2011: 100%)
GBST Wealth Management Pty Ltd*	Australia	100% (June 2011: 100%)
Subsidiaries of GBST Wealth Management Pty Ltd:		
GBST UK Holdings Limited	United Kingdom	100% (June 2011: 100%)
Subsidiaries of GBST UK Holdings Ltd:		
GBST Hosting Limited	United Kingdom	100% (June 2011: 100%)
GBST Wealth Management Limited	United Kingdom	100% (June 2011: 100%)

(b) Deed of Cross Guarantee

* Pursuant to ASIC Class Order 98/1418 these wholly-owned controlled entities 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.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee at 30 June 2012 is set out as follows:

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Financial information in relation to:		
i. Summarised Statement of Comprehensive Income		
Revenue from license and service sales	**42,956**	41,099
Revenue from sponsored work	**15,568**	11,981
Revenue from sale of third party product	**1,201**	1,132
Other income	**166**	49
Results from Operating Activities	**5,840**	8,174
Finance costs	**(2,048)**	(3,087)
Finance income	**28**	1
Net finance costs	**(2,020)**	(3,086)
Profit before income tax	**3,820**	5,087
Income tax expense	**(885)**	(2,111)
Profit after income tax	**2,935**	2,976
Profit Attributable to Members of the Parent Entity	**2,935**	2,976
Other comprehensive loss	**1,004**	(571)
Total Comprehensive Profit for the Year	**3,939**	2,405
ii. Retained Earnings		
Retained profits at the beginning of the year	**11,387**	10,499
Transfer financial asset reserve to retained earnings	**430**	–
Transfer loan conversion reserve to retained earnings	**–**	561
Profit after income tax	**2,935**	2,976
Dividends provided for or paid	**(2,994)**	(2,649)
Retained Earnings at End of the Year	**11,758**	11,387
iii. Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**492**	64
Trade and other receivables	**9,779**	7,737
Inventories	**295**	222
Tax Receivable	**150**	–
Other assets	**406**	703
Total Current Assets	**11,122**	8,726

Note 24: Other Group Entities (continued)

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Non-Current Assets		
Trade and other receivables	**11,996**	15,339
Financial assets	**–**	526
Property, plant and equipment	**2,266**	2,506
Intangible assets	**45,269**	46,704
Investment	**18,990**	21,274
Deferred tax assets	**3,100**	2,269
Other assets	**6**	8
Total Non-Current Assets	**81,627**	88,626
TOTAL ASSETS	**92,749**	97,352
Current Liabilities		
Trade and other payables	**3,628**	2,987
Financial liabilities	**10,256**	10,825
Current tax liabilities	**–**	418
Provisions	**3,804**	3,301
Unearned income	**7,629**	7,683
Liabilities on business acquisition	**9**	176
Total Current Liabilities	**25,326**	25,390
Non-Current Liabilities		
Financial liabilities	**13,040**	18,524
Deferred tax liabilities	**3,529**	3,793
Provisions	**1,431**	1,226
Total Non-Current Liabilities	**18,000**	23,543
TOTAL LIABILITIES	**43,326**	48,933
NET ASSETS	**49,423**	48,419
Equity		
Issued capital	**37,664**	37,516
Reserves	**–**	(484)
Retained earnings	**11,759**	11,387
TOTAL EQUITY	**49,423**	48,419

Note 25: Financing Arrangements

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Financing facilities (a)	**27,606**	30,646
Amount utilised	**(25,043)**	(29,952)
Unused credit facility	**2,563**	694

(a) This amount comprises bank loans and a multi-option facility. The bank loans and multi-option facility are secured by a registered charge over the assets of the Group and interest rates under the facility are variable. Additional payments may be made against facilities without incurring penalties. The bank loans comprise of a senior bank facility and senior bank facility Great British Pounds (GBP) with quarterly principal repayments of $1.50 million and commercial loan facility which has monthly principal repayments. The multi-option facility includes an overdraft, bill facility, letter of credit, bank guarantees and purchasing card and revolving lease limit. The multi-option facility is subject to annual review and has a number of other commercial terms and conditions. The revolving lease limit 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 to 48 month period. There are no conditions/covenants in place and drawdown is subject to the bank's acceptance of assets proposed for financing under the facility.

A finance lease provided by Microsoft Financing is debt funding for the purchase of Microsoft licences which expire December 2014.

Note 26: Cash Flow Information

	GBST GROUP 30 Jun 2012 $'000	GBST GROUP 30 Jun 2011 $'000
(a) Reconciliation of Net Cash provided by Operating Activities to Profit after Income Tax		
Profit after income tax	**3,251**	1,384
Non-cash flows in operating profit:		
Depreciation and amortisation	**7,728**	7,268
Loss on sale of plant & equipment	**15**	111
Share based payments	**(88)**	70
Impact of foreign currency movements on foreign operations	**–**	1,674
Changes in assets and liabilities:		
Change in receivables	**(3,372)**	2,197
Change in other assets	**322**	(83)
Change in intangibles (internal costs)	**(211)**	(324)
Change in unearned income	**(147)**	3,859
Change in inventories	**(764)**	486
Change in deferred tax balances	**(915)**	(1,222)
Change in tax provision	**(568)**	(1,386)
Change in trade and other payables	**1,886**	25
Change in provisions	**610**	339
Cash flow from operations	**7,747**	14,398
(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 Statement of Financial Position as follows:		
Cash at bank (Note 7)	**2,156**	5,116
Bank overdraft (Note 15)	**(3,487)**	(4,136)
	(1,331)	980

(c) Non-cash Financing Activities

During the 2012 financial year the Group acquired plant and equipment and software with an aggregate value of $1.588 million (2011: $573 thousand) by means of finance leases; $Nil (2011: $129 thousand) by means of equipment loans.

During the year the following ordinary shares were issued as non-cash consideration:

	Number	Issue price
– Settlement in relation to acquisition	**110,000**	$0.8900
– Settlement in relation to acquisition	**55,796**	$0.9000

These items are not reflected in the Statement of Cash Flows.

Note 27: Operating Segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Australian Broker Services 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.

Wealth Management 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. Wealth Management also provides a Union membership management system for use in Australia and New Zealand.

Financial Services is a wholesale provider of independent, market-leading financial product data and related services to financial advisors and institutions. It also provides web design, development and usability services through the Emu Design business.

Global Broker Services through the Syn~ platform, provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions to global capital markets in Asia, Europe, Middle East and North America.

Note 27: Operating Segments (continued)

Reportable segments

	AUSTRALIAN BROKER SERVICES		WEALTH MANAGEMENT		FINANCIAL SERVICES		GLOBAL BROKER SERVICES		ELIMINATIONS		GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000
Revenue												
Sales to external customers	**27,373**	27,950	**36,216**	27,133	**3,910**	3,363	**8,822**	9,060	**–**	–	**76,321**	67,506
Other income from external customers	**57**	7	**163**	267	**109**	2	**417**	653	**–**	–	**746**	929
Inter-segment revenues*	**–**	16	**–**	–	**297**	954	**342**	786	**(639)**	(1,756)	**–**	–
Total segment revenue	**27,429**	27,973	**36,379**	27,400	**4,317**	4,319	**9,582**	10,499	**(639)**	(1,756)	**77,067**	68,435
Operating EBITDA	**9,248**	9,805	**9,187**	6,916	**227**	353	**(3,164)**	(2,131)			**15,498**	14,943
Depreciation and amortisation of segment assets	**(1,587)**	(1,104)	**(3,515)**	(3,518)	**(71)**	(32)	**(2,555)**	(2,614)	**–**	–	**(7,728)**	(7,268)
Segment result	**7,661**	8,701	**5,672**	3,398	**156**	321	**(5,719)**	(4,745)	**–**	–	**7,770**	7,675
Unallocated expenses											**(1,256)**	(1,250)
Net finance costs											**(2,058)**	(3,164)
Profit before income tax											**4,456**	3,261
Income tax expense											**(1,205)**	(1,877)
Profit after income tax											**3,251**	1,384
Capital expenditure	**2,799**	2,845	**334**	200	**14**	158	**153**	752	**–**	–	**3,300**	3,955
Segment total assets	**16,863**	16,182	**50,260**	51,885	**519**	166	**22,792**	25,090	**–**	–	**90,434**	93,323
Segment total liabilities	**13,935**	12,544	**12,920**	15,317	**773**	608	**21,401**	24,957	**–**	–	**49,029**	53,426

*Inter-segment revenue received by Global Broker Services from Australian Broker Services of $1.60 million for use of intangible assets is not included to align with reporting to CEO. Inter-segment revenue with an associated direct external cost (typically direct labour costs) are included.

	SEGMENT REVENUES FROM EXTERNAL CUSTOMERS		CARRYING AMOUNT OF SEGMENT NON-CURRENT ASSETS	
	30 Jun 2012 $'000	30 Jun 2011 $'000	30 Jun 2012 $'000	30 Jun 2011 $'000
Geographical Location:				
Australia	**48,271**	47,059	**48,093**	49,532
Europe and Middle East	**22,181**	15,747	**20,202**	22,268
Asia	**5,869**	4,700	**–**	–
	76,321	67,506	**68,295**	71,800

Information about Geographical Areas

The consolidated Group's operating segments are managed in Australia. Australia Broker Services and Financial Services have operations and customers in Australia, Wealth Management has operations and customers in Australia and Europe, and Global Broker Services has operations and customers in Europe, Middle East and Asia. Australian Broker Services also has a customer in New Zealand and customers in Asia from sales to Australian entities.

Major Customer

Revenues from one customer of the Group represents $14.87 million (2011: $7.40 million) of the Group's total revenues.

Reconciliation of Capital Expenditure

The $11 thousand (2011: $95 thousand) difference between the segment capital expenditure disclosure and the acquisitions recorded in plant and equipment (Note 11) and intangibles (Note 12) relates to the make good increase and minor adjustments.

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 Group at an arm's length. These transfers are eliminated on consolidation.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since the prior reporting period.

Note 28: 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 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 financial instruments held are not intended for trading purposes.

The Group has 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 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.

The Board of Directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of current economic conditions and forecasts.

Note 28: Financial Risk Management (continued)

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.

Interest Rate Risk

The exposure to market risk for the changes in interest rates relates primarily to borrowing obligations, underpinned by variable interest rates as agreed in the Restructure of Banking Facilities in June 2011. Falling interest rates over the past year have validated the current variable debt rate strategy employed by the Group.

Australian variable interest rate risk

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

	GBST GROUP	
	2012 $'000	2011 $'000
Financial assets		
Cash	**482**	29
	482	29
Financial liabilities		
Bank overdraft	**3,487**	4,136
Bank loan	**18,105**	21,224
	21,592	25,360

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.

Great British Pound variable interest rate risk

At reporting period, the Group had the following mix of financial assets and liabilities exposed to Great British Pound variable interest rate risk.

	GBST GROUP	
	2012 $'000	2011 $'000
Financial assets		
Cash	**1,578**	4,979
	1,578	4,979
Financial liabilities		
Bank loan	**–**	3,346
	–	3,346

United States Dollar Variable Interest Rate Risk

At reporting period, the Group had cash of $97 thousand which is exposed to United States Dollar variable interest rate risk (2011: $108 thousand).

Euro Variable Interest Rate Risk

At reporting period, the Group had no financial assets or liabilities exposed to Euro variable interest rate risk (2011: $Nil).

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 seeks to utilise existing currency reserves and minimise foreign currency purchases where possible. During the year, the Group repaid in full the outstanding Great British Pound Senior Debt facility from existing Great British Pound holdings.

At balance sheet date the Group had exposure to movements in the exchange rate for Great British Pounds in cash and receivables of $5.83 million (2011: $7.14 million) and payables and loans of $777 thousand (2011: $4.47 million).

At balance sheet date the Group had exposure to movements in the exchange rate for United States of America Dollars in cash and receivables of $96 thousand (2011: $1.01 million) and payables of $Nil (2011: $Nil).

At balance sheet date the Group had no exposure to movements in the exchange rate for Euros as the balance for cash and receivables was $Nil (2011: $387 thousand) and payables was $Nil (2011: $Nil).

Share Price Risk

The Group had an investment in an ASX listed Company, Razor Risk Technologies Limited (formerly IT&e Limited), (see Note 10). This was a long term shareholding, however exposure existed to movements in the market price. The investment was sold during the year.

(c) Liquidity Risk

Liquidity risk is the risk that 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 Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and finance leases. Liquidity risk is managed by monitoring forecasted business performance including cash flows, the collection of trade receivables, payment of trade payables and maintaining adequate borrowing facilities. In addition, the Group forecasts bank covenant compliance and completes a compliance certificate to the National Australia Bank on a quarterly basis.

(d) Credit Risk

The maximum exposure of credit risk at balance date, excluding the value of any collateral or other security, to recognised financial assets is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The 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 apart from the risks noted below, there are no other material credit risks to the Group.

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 24 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 36% (2011: 32%) of the Group's revenue is derived from five customers providing financial services. All Australian clients satisfy the minimum core capital requirements of the ASX.

Trade debtor terms range between fourteen to thirty days. Included in the Group's trade receivable balance are debtors with a carrying amount of $1.86 million (2011: $853 thousand) 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 weighted average age of these receivables is 16 days (2011: 18 days).

Note 28: Financial Risk Management (continued)

The aging of the Group's receivables at the reporting date was:

	2012		2011	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	**11,485**	**–**	9,452	–
Past due 0-30 days	**1,398**	**66**	374	–
Past due 30-120 days	**579**	**47**	424	–
Past due more than 121 days	**97**	**92**	131	76
	13,559	**205**	10,381	76

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	
	2012 $'000	2011 $'000
Cash and cash equivalents	**2,156**	5,116
Trade and other receivables	**14,578**	11,122
Investment	**–**	526
	16,734	16,764

The maximum exposure to credit risk for trade and other receivables at reporting date by geographic region was:

	GBST GROUP CARRYING AMOUNT	
	2012 $'000	2011 $'000
Australia	**7,926**	6,983
Europe	**5,387**	3,120
Asia	**1,227**	964
United States of America	**38**	55
	14,578	11,122

(e) Financial Instruments

(i) Liquidity Risk:

The following table reflects the undiscounted contractual settlement terms for financial liabilities including interest payments:

	0-1 YEARS		1-2 YEARS		2-5 YEARS		OVER 5 YEARS		TOTAL		CARRYING AMOUNTS	
GBST Group	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial Liabilities												
Bank loan and overdraft(i)	**10,560**	12,718	**6,415**	7,695	**6,187**	13,789	**–**	–	**23,162**	34,202	**21,592**	28,706
Lease facilities(ii)	**752**	260	**723**	232	**341**	297	**–**	–	**1,816**	789	**1,759**	686
Liabilities on acquisition	**9**	176	**–**	–	**–**	–	**–**	–	**9**	176	**9**	176
Trade & other payables	**7,557**	5,504	**–**	–	**–**	–	**–**	–	**7,557**	5,504	**7,557**	5,504
TOTAL FINANCIAL LIABILITIES	**18,878**	18,658	**7,138**	7,927	**6,528**	14,086	**–**	–	**32,544**	40,671	**30,917**	35,072

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

(ii) Net Fair Values

The fair value of investments traded on active liquid markets are 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 of fair value approximates their carrying value. Loans payable are determined by discounting the cash flow at market interest rates of similar items, to their present value. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Note 28: Financial Risk Management (continued)

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 Group financial assets and financial liabilities at balance date:

	2012		2011	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
Financial Assets				
Cash and cash equivalents	**2,156**	**2,156**	5,116	5,116
Trade and other receivables	**14,578**	**14,578**	11,122	11,122
Investment	**-**	**-**	526	526
	16,734	**16,734**	16,764	16,764
Financial Liabilities				
Trade and other payables	**7,557**	**7,557**	5,504	5,504
Bank loans and overdrafts	**21,592**	**21,592**	28,706	28,706
Lease facilities	**1,759**	**1,759**	686	686
Liabilities on business acquisition	**9**	**9**	176	176
	30,917	**30,917**	35,072	35,072

Fair values are materially in line with carrying values. An average discount rate of 5.86% (2011: 6.11%) has been applied to all non-current borrowings to determine fair value.

Fair Value Hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2012				
Investment	**–**	**–**	**–**	**–**
2011				
Investment	526	–	–	526

(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 2012, 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	
	2012 $'000	2011 $'000
Increase/(Decrease) in Profit and Equity		
Increase in interest rate by 1%	**(215)**	(281)
Decrease in interest rate by 1%	**215**	281

Foreign Currency Risk Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the Great British Pound (GBP), with all other variables remaining constant is as follows:

	GBST GROUP	
	2012 $'000	2011 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to GBP by 10%	**5**	8
Decline in AUD to GBP by 10%	**(5)**	(8)
Change in Equity		
Improvement in AUD to GBP by 10%	**781**	520
Decline in AUD to GBP by 10%	**(781)**	(520)

At 30 June 2012, the effect on profit and equity as a result of changes in the value of the Australian Dollar (AUD) to the United States of America Dollar (USD), with all other variables remaining constant is as follows:

	GBST GROUP	
	2012 $'000	2011 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to USD by 10%	**23**	117
Decline in AUD to USD by 10%	**(19)**	(95)
Change in Equity		
Improvement in AUD to USD by 10%	**23**	117
Decline in AUD to USD by 10%	**(19)**	(95)

Note 28: Financial Risk Management (continued)

At 30 June 2012, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Euro, with all other variables remaining constant is as follows:

	GBST GROUP 2012 $'000	GBST GROUP 2011 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to EUR by 10%	–	43
Decline in AUD to EUR by 10%	–	(35)
Change in Equity		
Improvement in AUD to EUR by 10%	–	43
Decline in AUD to EUR by 10%	–	(35)

Price Risk

At 30 June 2012 there no investments in listed shares. The investment in the Company Razor Risk Technologies Limited (ASX: RZR) was sold for $1.53 million based on a share price of $0.0349 per share.

Reclassification of Financial Assets at the Date of Initial Application of AASB 9

The following table shows the classification of the Group's financial assets on 1 July 2010 (the date the Group first applied AASB 9) as they were previously classified under AASB 139 and as they appear on initial application of AASB 9.

In thousands of AUD	Note	Original classification under AASB 139	New classification under AASB 9
Cash and cash equivalents		Loans and receivables	Amortised cost
Trade and other receivables		Loans and receivables	Amortised cost
Investments in listed shares	(a)	Available for sale	Fair value through other comprehensive income

The original carrying amount under AASB 139 and the new carrying amount under AASB 9 was the same for all of the aforementioned financial assets.

(a) The Group believes that classification as fair value through other comprehensive income is the most appropriate classification under AASB 9 for these shares.

Impact of Early Adoption of AASB 9

As AASB 9 had been early adopted in the prior financial year, the change in fair value of the listed shares was recognised in other comprehensive income. The subsequent gain on sale was also recognised in other comprehensive income.

Note 29: Contingent Liabilities

As at 30 June 2012, 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 and the likelihood of liabilities arising are considered remote.

The Group is also involved in litigious matters arising in the course of business, one of which involves legal action brought by the Company against the vendors of a business previously acquired.

It is impractical to estimate the maximum contingent asset or liability in relation to these matters, and in the opinion of the Directors' disclosure of any further information would be prejudicial to the interests of the Group.

Note 30: Key Management Personnel Disclosures

(a) Names and positions held of Group Key Management Personnel in office at any time during the financial year were:

Key Management Personnel	Position
J Puttick	Director (Non-executive Chairman)
D Adams	Director (Independent)
A Brackin	Director (Independent)
S Lake	Director (Managing Director and Chief Executive Officer)
J Sundell	Director (Non-executive)
I Thomas	Director (Independent) (appointed 8 December 2011)
R De Dominicis	Chief Executive Wealth Management
C Mallios	Chief Financial Officer (resigned 28 October 2011)
D Orrock	Chief Executive Broker Services
A Ritter	Chief Financial Officer (appointed 14 November 2011)
P Salis	Chief Executive Global Broker Services
I Sanchez	Chief Technology Officer

(b) Key Management Personnel Compensation

	GBST GROUP	
	2012 $	2011 $
Short-term employee benefits	**3,468,906**	2,961,318
Post-employment benefits	**153,972**	146,427
Other long-term benefits	**18,756**	28,897
Share-based payments	**(85,834)**	70,084
	3,555,800	3,206,726

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 the pre-existing 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.

Note 30: Key Management Personnel Disclosures (continued)

(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.

2012	Balance at 01/07/11	Received as compensation	Options exercised	Net change other[i]	Balance at 30/06/12
Directors					
J Puttick	6,401,175	–	–	(227,777)	6,173,398
D Adams	–	–	–	–	–
A Brackin	311,943	–	–	70,000	381,943
S Lake	4,370,544	–	–	99,564	4,470,108
J Sundell	12,631,610	–	–	(3,000,000)	9,631,610
I Thomas	–	–	–	–	–
TOTAL DIRECTORS	23,715,272	–	–	(3,058,213)	20,657,059
Executives					
R De Dominicis	2,001,765	–	–	52,894	2,054,659
C Mallios	–	–	–	–	–
D Orrock	–	–	–	–	–
A Ritter	–	–	–	–	–
P Salis	16,135	–	–	–	16,135
I Sanchez	–	–	–	–	–
TOTAL EXECUTIVES	2,017,900	–	–	52,894	2,070,794
GROUP TOTAL	25,733,172	–	–	(3,005,319)	22,727,853

2011	Balance at 01/07/10	Received as compensation	Options exercised	Net change other (i)	Balance at 30/06/11
Directors					
J Puttick	7,057,760	–	–	(656,585)	6,401,175
D Adams	–	–	–	–	–
A Brackin	311,943	–	–	–	311,943
S Lake	4,309,116	–	–	61,428	4,370,544
J Sundell	17,306,610	–	–	(4,675,000)	12,631,610
TOTAL DIRECTORS	28,985,429	–	–	(5,270,157)	23,715,272
Executives					
R De Dominicis	2,001,765	–	–	–	2,001,765
C Mallios	–	–	–	–	–
D Orrock	–	–	–	–	–
P Salis	16,135	–	–	–	16,135
I Sanchez	–	–	–	–	–
TOTAL EXECUTIVES	2,017,900	–	–	–	2,017,900
GROUP TOTAL	31,003,329	–	–	(5,270,157)	25,733,172

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

(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.

2012	Balance 01/07/11	Granted as compen-sation	Options exercised or Sold	Other	Options cancelled/ forfeited	Balance 30/06/12	Total vested at 30/06/12	Total vested and exercis-able at 30/06/12	Total vested and unexercis-able at 30/06/12
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	–	–	–	–	–	–	–	–
J Sundell	–	–	–	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–	–	–	–
TOTAL DIRECTORS	–	–	–	–	–	–	–	–	–
Executives									
R De Dominicis	100,000	–	–	–	(100,000)	–	–	–	–
C Mallios	–	–	–	–	–	–	–	–	–
D Orrock	100,000	–	–	–	(100,000)	–	–	–	–
A Ritter	–	–	–	–	–	–	–	–	–
P Salis	150,000	–	–	–	(150,000)	–	–	–	–
I Sanchez	250,000	–	–	–	(250,000)	–	–	–	–
TOTAL EXECUTIVES	600,000	–	–	–	(600,000)	–	–	–	–
GROUP TOTAL	600,000	–	–	–	(600,000)	–	–	–	–

Financial performance hurdles were not met for the executive options which were subsequently cancelled. No options vested in the year.

Note 30: Key Management Personnel Disclosures (continued)

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.

2011	Balance 01/07/10	Granted as compen-sation	Options exercised or sold	Other	Options cancelled/ forfeited	Balance 30/06/11	Total vested at 30/06/11	Total vested and exercis-able at 30/06/11	Total vested and unexercis-able at 30/06/11
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	–	–	–	–	–	–	–	–
J Sundell	10,526,316	–	–	–	(10,526,316)	–	–	–	–
TOTAL DIRECTORS	10,526,316	–	–	–	(10,526,316)	–	–	–	–
Executives									
R De Dominicis	100,000	–	–	–	–	100,000	–	–	100,000
C Mallios	–	–	–	–	–	–	–	–	–
D Orrock	100,000	–	–	–	–	100,000	–	–	100,000
P Salis	250,000	–	–	–	(100,000)	150,000	–	–	150,000
I Sanchez	250,000	–	–	–	–	250,000	–	–	250,000
TOTAL EXECUTIVES	700,000	–	–	–	(100,000)	600,000	–	–	600,000
GROUP TOTAL	11,226,316	–	–	–	(10,626,316)	600,000	–	–	600,000

A loan held previously with Crown Financial Pty Ltd, of which Mr Sundell is a Director was extinguished 30 June 2011. The Crown Financial debt was connected to 10,526,316 options granted by the Company in favour of Crown Financial. The repayment of the Crown Financial debt has the simultaneous effect of extinguishing the options.

Financial performance hurdles were not met for 100,000 of the executive options which were subsequently cancelled.

Note 31: 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

Compensation and equity interests are set out in Note 30 and the Remuneration Report.

	GBST GROUP	
	2012 $	2011 $
Consultancy fees paid to Mr J Puttick.	**14,000**	7,000
Occupancy fees paid to entities of which Mr R De Dominicis has a beneficial interest.	**45,702**	293,562
Interest paid on a loan to an entity of which Mr J Sundell is a Director.	**-**	1,000,000

(b) A loan held previously with Crown Financial Pty Ltd, of which Mr Sundell is a Director was extinguished 30 June 2011.

GBST had increased its lending facility with its current senior lender NAB whereby it borrowed a further $10 million that has been used to repay its loan to its subordinated lender Crown Financial Pty Ltd ("Crown Financial"). The Crown Financial debt was initially due to be repaid in February 2012.

The Crown Financial debt was connected to 10,526,316 options granted by the Company in favour of Crown Financial. The repayment of the Crown Financial debt has the simultaneous effect of extinguishing the options.

Note 32: Share Based Payments

The Company has previously used options as a feature of its equity based remuneration, but this practice has ceased and alternative remuneration arrangements are being investigated to assist in the attraction, retention and motivation of employees in line with shareholder interests.

The following share based payment plans in operation during the year or comparative year are:

- Zero Exercise Price Option Scheme
- Deferred Option Scheme

Zero Exercise Price Option Scheme

Under this scheme select staff were 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. At the beginning of the year there were a total of 513 options outstanding. The ZEPOs are divided into three tranches. The first tranche of 20% vest and may be exercised after twelve months and lapse if unexercised in thirty-six months. The second tranche of 30% vest and may be exercised after twenty-four months and lapse if unexercised in forty-eight months. The third tranche of 50% vest and may be exercised after thirty-six months and lapse if unexercised after sixty months. During the year 513 options expired and $Nil options remain outstanding at balance date.

At the Company's 2007 Annual General Meeting the issue of these ZEPOs was ratified and the Zero Exercise Price Option Scheme was approved by shareholders.

Note 32: Share Based Payments (continued)

Deferred Option Scheme

Under this Scheme select staff were 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.

On 17 May 2010, 600,000 options were issued to select Executive employees. The exercise price for each option was $1.05. The options vest in nineteen months after the date of grant. The options have a term of forty-three months from the date of grant. On cessation of employment all unvested options lapse. In addition to continuity of employment, the vesting of options is conditional upon the Company meeting certain financial performance measures. Such financial performance hurdles were not met and therefore 600,000 options expired and $Nil options remain outstanding at balance date.

Performance Criteria for Deferred Options Scheme

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

Grant Date	Continued Employment until	Financial Performance hurdle
17 May 2010	15 December 2011	If Group EBITDA for FY11 is: • 50% above Group EBITDA on FY 09 adjusted for the number of shares on issue

The fair value of the options granted on the 17 May 2010 date has been determined by the Board and based on the external valuation advice. The valuation has been made using a Trinomial Lattice option pricing model using standard option pricing inputs such as the share price $0.90, the exercise price of $1.05, expected volatility of 80 percent, expected dividends of 5.55 percent, a term of nineteen months and a risk-free interest rate of 5.05 percent.

Movement in Share Options

The following table illustrates the number, weighted average exercise price (WAEP) and movement in share options under these schemes during the period.

	Jun 2012 Number	Jun 2012 WAEP	Jun 2011 Number	Jun 2011 WAEP
Outstanding at the beginning of the period	**600,513**	**$1.05**	729,358	$1.40
Granted during the period	**–**	**–**	–	–
Forfeited during the period			100,641	$3.90
Exercised during the period	**–**	**–**	28,204	$0.00
Expired during the period	**600,513**	**$1.05**	–	–
Outstanding at the end of the period	**–**	**–**	600,513	$1.05
Exercisable at the end of the period	**–**	**–**	513	$0.00

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 33: Earnings Per Share

	GBST GROUP	
	2012	2011
Basic earnings per share (cents)	**4.87**	2.08
Diluted earnings per share (cents) (i)	**4.87**	2.08
	$'000	**$'000**
(a) Reconciliation of earnings to net profit		
Net Profit	**3,251**	1,384
Earnings used in the calculation of basic EPS	**3,251**	1,384
Add interest expense net of tax and transactions costs	**–**	–
Earnings used in the calculation of dilutive EPS (i)	**3,251**	1,384
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**66,723,380**	66,663,437
Weighted average number of options outstanding or exercised during the year(i)	**–**	–
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	**66,723,380**	66,663,437

(i) At 30 June 2012, the weighted average number of Nil options (2011: 10,529,296) and their corresponding effect on earnings were excluded from the calculation of dilutive earnings per share as the effect of share options would not have been dilutive to basic earnings per share.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Note 34: Subsequent Events

The financial report was authorised for issue on 24 August 2012 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect operations of GBST, the results of those operations, or the state of affairs of GBST in future financial years.

Note 35: Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2012 the parent company of the Group was GBST Holdings Limited.

	GBST HOLDINGS	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Results of the Parent Entity		
Profit for the Year	**4,659**	8,851
Other comprehensive (loss)/income	**136**	(570)
Total Comprehensive Income for the Year	**4,795**	8,281
Financial Position of the Parent Entity at Year End		
Current Assets	**4,809**	5,364
Total Assets	**163,365**	142,705
Current Liabilities	**17,392**	17,192
Total Liabilities	**114,136**	96,205
Total Equity of the Parent Entity Comprising of:		
Issued capital	**37,664**	37,516
Equity remuneration reserve	**–**	88
Financial asset reserve	**–**	(570)
Retained earnings	**11,565**	9,466
Total Equity	**49,229**	46,500

Parent Entity Contingencies

The Directors are of the opinion that no provisions are required in respect of parent entity contingencies.

Contingent Liabilities not Considered Remote

The parent entity has guaranteed, to an unrelated party, the performance of a subsidiary in relation to a contract for the supply of software and services.

	GBST HOLDINGS	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Parent Entity Capital and Other Expenditure Commitments		
Contracted for:		
Capital and other operating purchases	**387**	96
Payable		
Not later than one year	**387**	96
Later than one year but not later than five years	**–**	–
Later than five years	**–**	–
	387	96

Guarantees

Property Leases

In accordance with property lease requirements, the Company has provided bank guarantees to the lessors.

Lending Facilities

The Groups' lending facilities are supported by guarantees from its subsidiaries.

Performance Guarantees

The parent entity provides certain guarantees in relation to subsidiary performance of contract.

Parent Entity Guarantees in Respect of Debts of its Subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 24.

Financial Position of the Parent Entity

The Company has a net current asset deficiency at 30 June 2012 of $12.58 million (30 June 2011: $11.83 million). The deficiency will be financed by future operating cash flows. The earnings outlook of the business is strong and continues to improve. Accordingly, the Directors believe that the Company is in a position to pay its debts as and when they become payable.

Note 36: 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

Level 24
259 George Street
SYDNEY NSW 2000

Level 2
63 Market Street
WOLLONGONG NSW 2530

Building 5
Croxley Green Business Park
Hatters Lane, Watford
HERTFORDSHIRE WD18 8YE

Directors' Declaration

for the year ended 30 June 2012

1. In the opinion of the Directors of GBST Holdings Limited ('the Company'):
   a. the consolidated financial statements and Notes 1 to 36 and the Remuneration report in the Directors' report, set out on pages 15 to 23, are in accordance with the Corporations Act (2001), including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations (2001); and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 24 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.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act (2001) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2012.
4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dr J F Puttick
Chairman

Mr S M L Lake
Managing Director and Chief Executive Officer

Dated at Brisbane this 24th day of August 2012

KPMG

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), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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 judgement, 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 of the financial report that gives a true and fair view 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independent Auditor's Report

to the members of GBST Holdings Limited

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 30 June 2012. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of GBST Holdings Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Stephen Board
Partner

Brisbane
24 August 2012

Additional Information

Shareholding Information as at 6 September 2012

a. Distribution of Shareholders

Category (size of holding)	Number ordinary
1 to 1,000	221
1,001 to 5,000	235
5,001 to 10,000	132
10,001 to 100,0000	159
100,001 and over	48
Total	795

b. The number of shareholdings in less than marketable parcels is 186

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

Shareholder	Number ordinary
Perpetual Limited	10,129,064
Crown Financial Pty Ltd	10,127,610
John Francis Puttick	7,056,760
National Nominees Ltd ACF Australian Ethical Smaller Companies Trust	8,411,885
Stephen Lake	4,350,544
Renaissance Smaller Companies Pty Ltd	4,348,237

d. Voting rights

The company only has ordinary shares on issue. There are 66,561,725 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. No shares are the subject of voluntary escrow.

e. 20 Largest Shareholders – Ordinary Shares

Rank	Name	Total Units	% IC
1	NATIONAL NOMINEES LIMITED	13,277,351	19.95%
2	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	8,178,588	12.29%
3	CROWN FINANCIAL PTY LTD	7,618,148	11.45%
4	STEPHEN MAURICE LINTON LAKE	4,152,851	6.24%
5	MR JOHN FRANCIS PUTTICK	3,710,161	5.57%
6	DEKACROFT PTY LTD	2,463,237	3.70%
7	CITICORP NOMINEES PTY LIMITED	2,386,509	3.59%
8	MR JOAKIM SUNDELL & MRS SHARA SUNDELL	2,013,462	3.02%
9	BRAZIL FARMING PTY LTD	2,000,000	3.00%
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,078,381	1.62%
11	BNP PARIBAS NOMS PTY LTD	1,066,820	1.60%
12	BERISLAV BECAREVIC & IVANKA BECAREVIC	751,553	1.13%
13	BARRY BECAREVIC	722,408	1.09%
14	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	708,164	1.06%
15	ROBERT DEDOMINICIS	707,839	1.06%
16	RAYMOND TUBMAN	707,839	1.06%
17	WANGARUKA HOLDINGS PTY LTD	703,594	1.06%
18	TIMENOW PTY LTD	703,594	1.06%
19	RJAE PTY LTD	590,332	0.89%
20	BOND STREET CUSTODIANS LIMITED	590,332	0.89%

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

Ian Thomas

Company Secretary

David Michael Doyle

Share Registry

Link Market Services

Level 19, 324 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.

Unquoted Securities

The company has no unquoted securities on issue.

Auditors

KPMG

Level 16, 71 Eagle Street

Brisbane QLD 4000

Ph 07 3233 3111

Fax 07 3233 3100

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