Expanding globally
Annual Report 2013

GBST

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

Our software platforms connect capital markets in Australasia, Asia, Europe and the United States; and support more than 7,000 investment options on a single wealth administration platform.

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.

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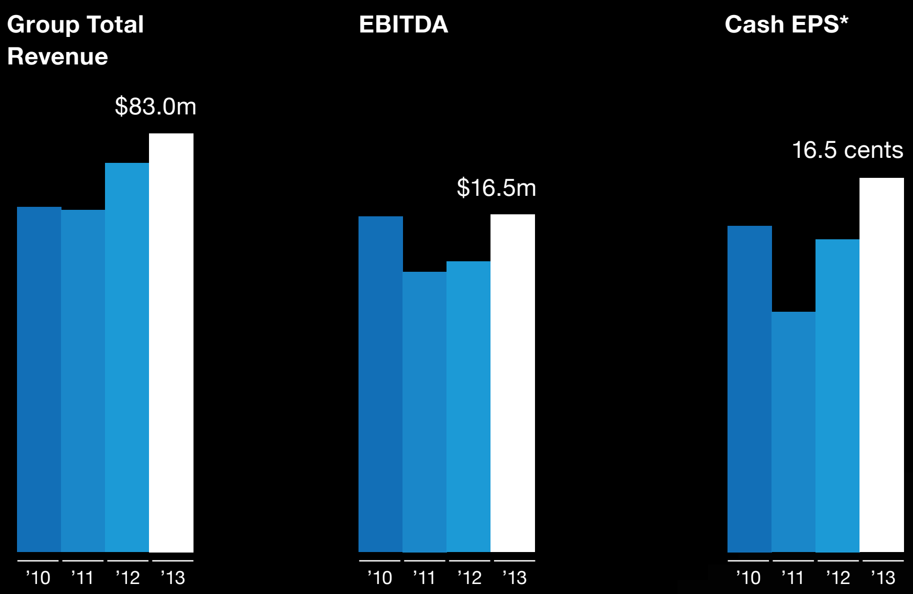
Notice of AGM

GBST Holdings Limited (GBST) will hold its Annual General Meeting at 3.30pm (Brisbane Time) on Thursday the 24th October 2013 at the office of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane.

The Year in Review



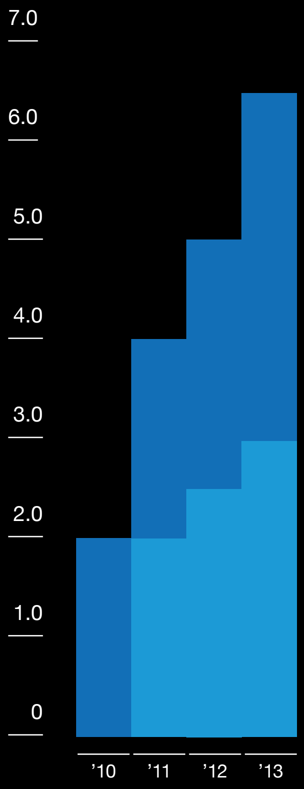
- Record revenue of $83 million, driven by the continued sales growth of the GBST Composer wealth management platform
- GBST Composer now the top provider of direct-to-consumer technology for the distribution of tax-incentivised products in the UK
- First direct sale of GBST Syn~ in the United States
- Net profit increased by 86 per cent to $6.0 million
- Adjusted cash NPAT up 19 per cent to $11.0 million
- Dividend payments 6.5 cents for the year, fully franked

*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.

2013 Performance

Dividend
(cents)

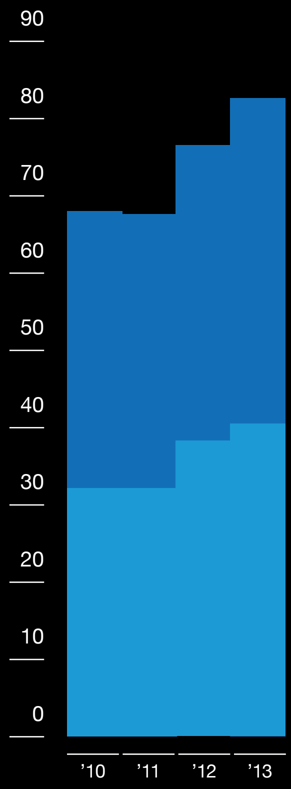
Final
Interim



Dividends for FY2013 were 6.5 cents per share, up from 5.0 cents in FY2012

Group revenue by half
($ millions)

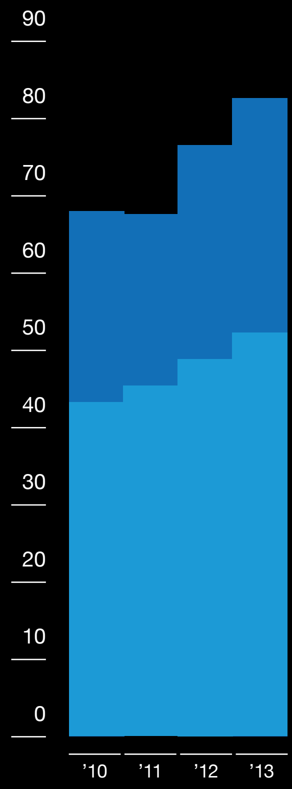
H2
H1



High quality, recurring annuity licence revenue income continues to grow as new clients 'go live' using GBST's products

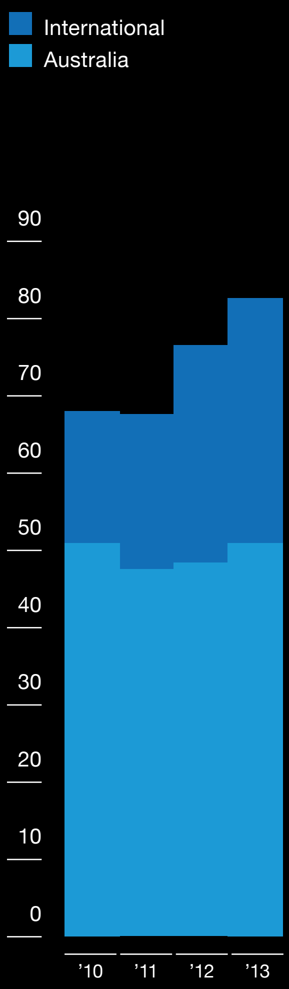
Group revenue – licence vs services
($ millions)

Services
Licence



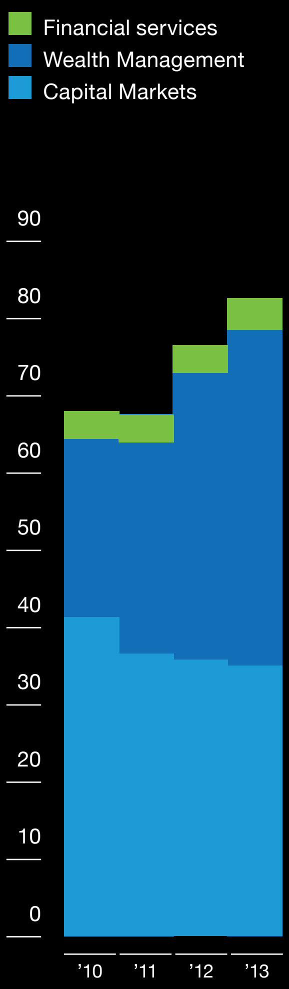
Service revenue is increasing, reflecting new client product installations which will lead to future licence revenue

Group revenue – International vs Australia ($ millions)



International revenue in FY2013 was nearly 40% of total revenue, and international sales were up 14% compared to the previous year

Group revenue – by division ($ millions)



GBST's wealth administration platform, GBST Composer, has increased sales revenue and market share significantly

GBST Snapshot

Established **1983**

ASX listed **2005**

Capital markets and wealth management **specialist**

More than **380** employees

Growing **global presence**

Record revenue of **$83 million**

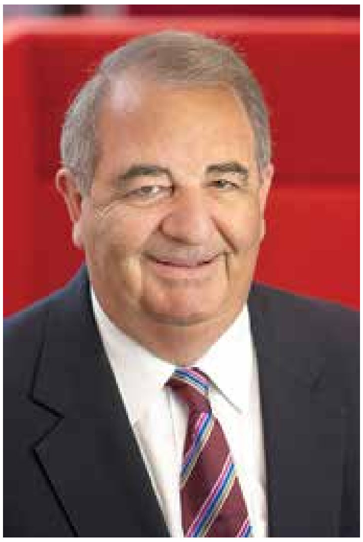
60% of revenue from recurring licence fees

More than **60 clients** and expanding

Business to business products

R&D investment drives future growth

Chairman's and Managing Director's Report



GBST continued to grow despite the challenging economic environment in financial markets

Mr John Puttick, Chairman

Dear fellow shareholders,

We are pleased to report that in FY2013 GBST continued to grow despite the challenging economic environment in financial markets. The group made good progress with its strategy of global expansion, supported by its solid platform in Australia where GBST has been a market-leading provider of securities processing and wealth administration software products for nearly 30 years.

Today, GBST has customers on four continents – Australasia, Asia, Europe and North America. In FY2013 we secured our first direct US client using our new generation back- and middle-office platform, GBST Syn~, and opened offices in New York, Hong Kong and Singapore to support international sales. The UK market beachhead that we acquired with the Composer platform in 2007 is now a fast-expanding wealth management business.

We are a leading software and services provider for the financial services industry, with more than 60 clients internationally. Our technology systems are critical to our clients' success, and we invest approximately 10% of revenues annually to ensure our software is reliable, scalable and competitive.

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

In FY2013 GBST's net profit after tax increased by 86% to $6.0 million, compared with $3.3 million in FY2012.

Operating EBITDA was $17.5 million, up 13% from $15.5 million in the previous year.

Revenue for the year increased to a record $83.0 million, driven by Australian and international growth. This included record sales of GBST Composer in the UK where the Financial Services Authority's Retail Distribution Review legislation has now been activated. Recurring annuity licence income was 63% of total revenue and is growing, reflecting the high quality of the company's earnings.

International revenue was $31.9 million, up 14% from the previous year and a record. Offshore sales now represent nearly 40% of total sales and we anticipate this percentage will increase. Australian revenue improved by 5%, demonstrating good performance in a subdued market.

The group reported strong operating cash flow of $15.2 million, up from $7.7 million in FY2012, when cash was impacted by pre-payments received in FY2011. This represented a 111% conversion of EBITDA to cash flow, reflecting the ongoing strength of GBST's operations and strong cash flow management.

Amortisation of software systems and customer contracts as a result of acquisitions was $5 million in FY2013, less than the $6 million in FY2012. We repaid senior debt of $4.0 million and entered into a new financing arrangement which allowed more flexible repayments during the year, reducing senior debt to $14.0 million at 30 June 2013. Net debt fell from $21.2 million to $12.4 million at 30 June 2013 consistent with the strong cash flow generated.

GBST's net profit after tax increased by 86% to $6.0 million... a strong result driven by positive contributions from all businesses

Mr Stephen Lake, Managing Director and Chief Executive Officer

Dividends

The board has declared a final dividend of 3.5 cents per share, fully franked, which will be paid on 23 October 2013. Total dividends paid for the year were 6.5 cents per share, fully franked. This represented a payout ratio of 39% of adjusted cash NPAT, up from 36% in FY2012. This ratio reflects the strength of the group's capital position and our confidence in the future.

GBST Syn~ use expanding

GBST Capital Markets revenue was $35.5 million for FY2013, down 2% from $36.2 million in FY2012, reflecting very difficult conditions in international capital markets. Operating EBITDA was $5.7 million.

Australia

In Australia, new licence sales and increased retail trading activity led to a 5% rise in revenue to $28.8 million compared to $27.4 million in FY2012. The highlight of the year was the joint implementation of our GBST Syn~ and GBST Shares platforms for a client, demonstrating the strong progress we have made toward providing a complete Australasian regional end-to-end middle-office and back-office solution. This live deployment was a watershed moment for us after many years of research and development.

Introducing accessibility through mobile devices to our GBST Front Office software for advisers has assisted sales, which tripled during the year. GBST Front Office use is increasing; and we expect to launch new mobility products and a cash margining product in FY2014.

International expansion

Another significant milestone was our first direct sale of GBST Syn~ in the United States, providing a middle-office processing solution to a major broker dealer firm.

International revenue for Syn~, however, was lower at $6.7 million in FY2013. While our international business reported an operating EBITDA loss of $3 million in the first half, cost rationalisation and new contracts contributed to a reduced operating EBITDA loss in the second half of $1.6 million. Continued improvement is expected as new installations are completed and customers "go live" using GBST Syn~.

In Europe, we launched the first post-trade processing software to enable capital markets participants to manage their obligations for the proposed European Union financial transaction tax. We have a promising pipeline of sales opportunities among investment banks, custodians and asset managers, and have already secured our first customer.

Asia represents an attractive growth opportunity for us and we have made a significant investment in the region, strengthening staff and resources. This was rewarded in early FY2014 when we were delighted to sign a new contract with a major investment bank. A key competitive advantage of GBST Syn~ is its flexibility, as it combines multiple products including equities, derivatives, fixed income and managed funds on a single platform.

Strong growth of GBST Composer sales

GBST Composer sales continued to grow strongly and group wealth management revenue was $43.4 million, up 18% from $36.8 million in the previous year. International sales were $25.2 million, 31% above $19.2 million in FY2012. Australian revenue rose 4% to $18.2 million.

UK sales grew with new contract wins and the activation of customer platforms. Services revenue represented 46% of sales, a high ratio reflecting project implementations which will lead to future licence revenue. Operating EBITDA was $11.6 million, up 26% from $9.2 million in FY2012.

The strength of our product was recognised not only by sales, where GBST Composer supports three of the UK's top six wrap and platform providers, but also by industry accolades. GBST won the 'Best software provider' award at the 2012 Aberdeen UK platform awards, and a UK customer won the 2013 PlatForum 'Best workplace platform' and 'Best innovation' awards for combining retail and corporate platforms using GBST Composer.

We are continuing to invest in research and development for Composer and expanding the use of offshore development resources to build capacity for further growth.

In Australia, GBST helped customers launch new direct-to-consumer superannuation products and migrate systems to GBST Composer. The platform already complies with Future of Financial Advice (FoFA) and SuperStream legislation. The GBST Quant business launched a new Tax Analyser product, offering the first patented pre-trade tax analysis tool in the market.

GBST Financial Services

GBST Financial Services continued to operate profitably, and revenue increased to $3.5 million in FY2013, up 5% from the previous year. An important part of software development has been ensuring that our products are easy to use and have an attractive look and feel. This has been championed by Emu Design, which supports the user interfaces for all GBST products and provides digital services across the group.

Highlights of the year included roll-out of new e-commerce platforms for clients, launch of a new online GBST Unison membership and registry platform for trade unions, and expansion of Emu Design's UK operations to support new sales of GBST Composer.

GBST in the community

An enduring feature of our culture is the work of our staff for the community. We match donations to tax-deductible charities, and encourage them to contribute voluntarily and through sponsorship to worthy causes.

Some organisations that we have supported include the Australian Red Cross, Innocents Relief, Multiple Sclerosis Australia, Women in Technology, World Vision of Australia, the British Heart Foundation, Compassion UK, Hear and Say Centre, Xavier Children's Support Network and Starlight Foundation.

We would like to thank our staff who contributed to the community, and acknowledge their efforts. Over half of our 380 employees have served more than five years with GBST, and around half of these have been with us more than 10 years. We have built up considerable talent pool in capital markets transaction processing, wealth management and compliance to the benefit of our customers.

Outlook

GBST has steadily increased group revenue and profitability since 2010 and is well positioned for further growth. While capital markets remain subdued, there are signs of market improvement and increased customer engagement. Following a long period of deferred expenditure, the need for the financial services sector to invest in technology is growing.

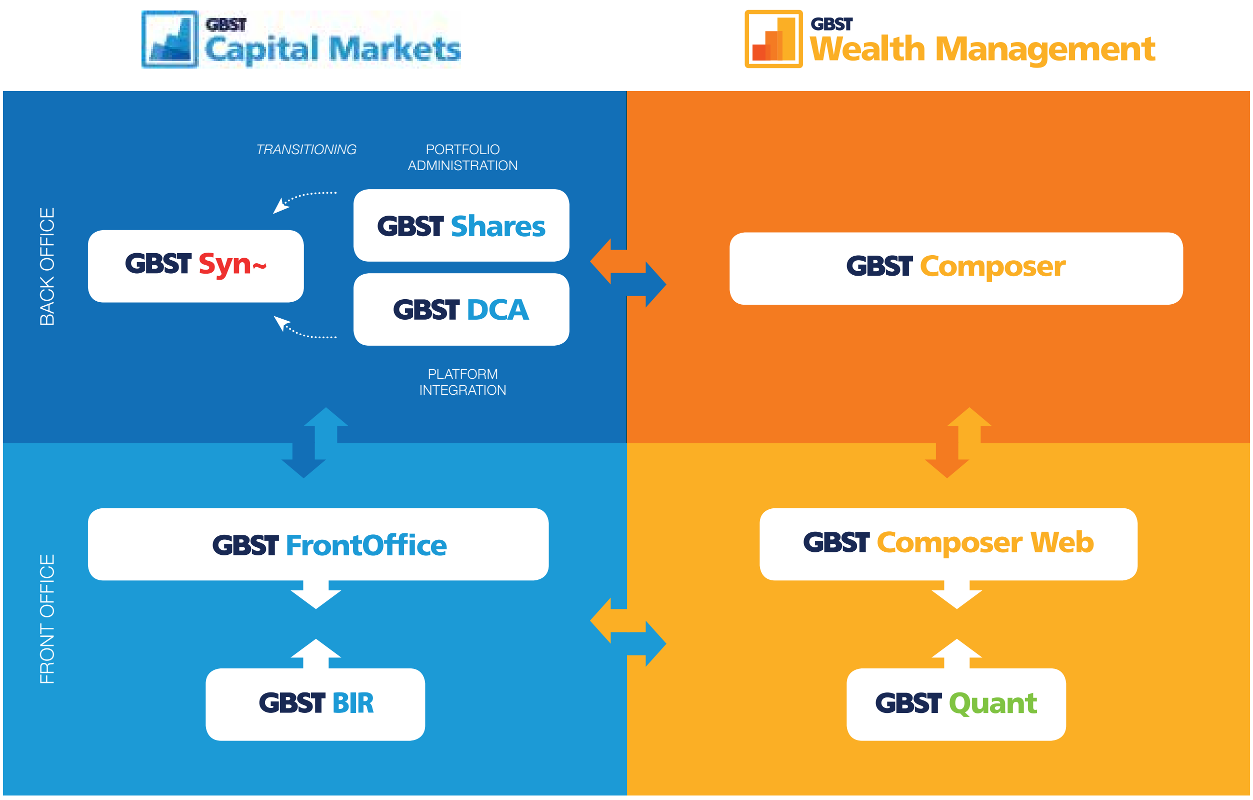
We continue to focus on Asian and North American markets to increase sales of GBST Syn~, and the proposed introduction of the financial transaction tax in Europe provides further growth opportunities worldwide.

Regulatory change in the UK continues to support sales growth of GBST Composer.

With leading products, experienced and skilled staff, and increased global resources, we are positioned well to take advantage of an improvement in the world's financial markets.

In closing, we would like to extend our thanks to the management and staff of GBST for their dedication and commitment. We would also like to thank our shareholders for their support. We look forward to another positive year of growth.

The GBST Product Suite



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

The GBST Shares platform is the most scalable and widely used middle- and back-office equities system in Australia. It helps stockbrokers and third-party clearers to manage and execute transactions with the Australian Securities Exchange's market operations and clearing systems. It facilitates transactions 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. GBST's Business Intelligence reporting (BIR) provides pre-built reports and dashboards for advisers, which can be scheduled, emailed and exported.

GBST Syn~ is a new-generation technology platform that enables capital market participants to manage post-trade processing requirements across multiple asset classes, entities, markets and operational centres. It offers a regional middle- and back-office solution in Australia, Asia, Europe and the United States.

GBST Composer is the leading administration and registry platform for the wealth management industry, with the unique capability to support more than 7,000 investment options. 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.

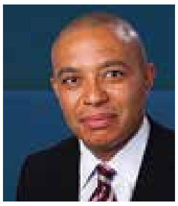
It is supplemented by GBST ComposerWeb, which enables advisers and clients to administer portfolios from the presale planning stage through to maintaining their portfolios. GBST SuperStream provides funds with flexibility and control while supporting industry messaging standards and Gateway services. GBST Quant provides data analytics and quantitative services for measuring portfolio performance and after-tax tools and services.

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.

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.

Andrew Ritter Chief Financial Officer

Andrew commenced with GBST in November 2011 as Chief Financial Officer, having spent over 14 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.

Isabel Sanchez Chief Technology Officer

Isabel was appointed as Chief Technology Officer in March 2008. Isabel has over 19 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.

Liz Bevan CEO, North America

With over fifteen years' experience in financial services, Liz has driven strategic product development, product management and marketing programmes during her tenure at GBST. Liz has a track record of delivering on strategy development and execution, new product development, product management, strategies for pricing, marketing and promotion and risk management.

As the company's first CEO for North America, she is charged with delivering overall business growth and targeted demand generation for the company's North American operations.

GBST Board of Directors

John Puttick Non-Executive Chairman

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

John is deputy chancellor of Queensland University of Technology and a Member of the Hall of Fame of the Pearcey Foundation. John is a Member of the Audit and Risk Committee and the 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

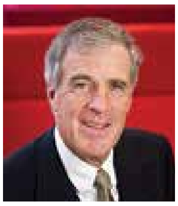
Mr Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT services companies from November 2000 to October 2004. Prior to this, Allan co-founded a 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 Pincock Minarco 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).

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

for the year ended 30 June 2013

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 in August 2007 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 2013.

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 an internally developed survey of board members on performance.

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. The committee has 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 to 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 4 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 2013, the proportion of female employees in the whole organisation, in senior positions and on the Board was:

Proportion of Women at GBST	**33%**
Proportion of Women in senior roles at GBST	**34%**
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 met measurable objectives for the 2013 year including:

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.

In the 2014 year the Company's measurable objectives are:

1. the development of female leaders within a leadership development program that will be continued in 2014 ;
2. continue the practice of requiring the Company to report twice annually on the statistical performance of the Company on diversity within GBST; and
3. the formal adoption of a 'keeping in touch' program with employees on parental leave to make sure those employees are kept up to date on new systems and corporate developments and aid a smooth transition on the employee's return to work.

The Company is required to complete a 2012-2013 public report with the Workplace Gender Equality Agency and makes this report available at the GBST website http://gbst.com/about-us/diversity.

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 Technology in Queensland. GBST continues to support industry initiatives promoting female participation in the ICT industry including the support of Women in Technology and Group X. 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 2013

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 2013 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 (Managing Director and Chief Executive Officer)	September 2001

Principal activities

The principal activities of GBST during the year ended 30 June 2013 were:

- client accounting and securities transaction technology solutions for the finance, banking and capital markets industry in Australia, Asia, Europe and North America;
- funds administration and registry software for the wealth management industry in Australia and the United Kingdom;
- gateway technology provider to the superannuation industry; provider of data and quantitative services offering after tax measurement of portfolio performance and delivery of other related services for financial advisers and institutions in Australia; and
- website and mobile platform design and digital agency services focused on e-commerce and the financial services industry in Australia and Europe.

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

GBST comprised three divisions during the year:

- **GBST Capital Markets**, through the GBST Syn~ platform, provides new-generation technology to process equities, derivatives, fixed income and managed funds transactions for global capital markets. In Australia, GBST also offers the GBST Shares and derivatives platform which is the country's most widely used middle-office and back-office equities and derivatives system. Other GBST products provide fully integrated solutions for trading, clearing and settlement of multi-instruments, currencies and markets.
- **GBST Wealth Management**, through the GBST Composer platform provides end to end funds administration and management software to the wealth management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, including individual savings accounts (ISA's), pensions, self-invested personal pension (SIPP) and superannuation; as well as master trusts, unit trusts, risk and debt; and other investment assets. Other GBST products provide technology hub solutions; and data analytics and quantitative services for the measurement of portfolio performance.
- **GBST Financial Services**, incorporating Emu Design, provides independent financial data and digital agency services for interactive website design, development, hosting, e-commerce platforms, and mobile and social networking solutions.

Key Financial Results

- Total revenue for the Group increased by 8% to $83.0 million (2012: $77.1 million).
- Operating EBITDA increased by 13% to $17.5 million (2012: $15.5 million).
- EBITDA increased by 16% to $16.5 million (2012: $14.2 million).
- Profit before income tax increased by 76% to $7.8 million (2012: $4.5 million).
- Net profit after income tax (NPAT) increased by 86% to $6.0 million (2012: $3.3 million).
- Adjusted cash net profit after income tax (Cash NPAT) increased by 19% to $11.0 million (2012: $9.2 million).
- Senior debt decreased during the year by $4.0 million to $14.0 million at 30 June 2013 from $18.0 million at 30 June 2012. Net Debt (total borrowings less cash) has reduced from $21.20 million in 2012 to $12.37 million.
- Dividend payout ratio of 39% on adjusted Cash NPAT increased by 3% on 2012.

Dividends

Dividends paid during the year were:

- Final fully franked ordinary dividend of 2.5 cents per share for the 2012 financial year paid on 24 October 2012, as recommended in the financial report for the year ended 30 June 2012.
- Interim fully franked ordinary dividend of 3.0 cents per share paid on 26 April 2013.

Dividends declared after the end of the year:

The Directors recommend a final dividend of 3.5 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 23 October 2013.

Group results

	FULL YEAR TO 30 JUNE		
	2013 $'000	**2012 $'000**	**% Change**
Total revenue and other income	83,011	77,067	8
Operating EBITDA	17,497	15,498	13
Unallocated expenses	(971)	(1,256)	
EBITDA	16,526	14,242	16
Net finance costs	(1,495)	(2,058)	27
Depreciation & Operating Amortisation	(2,262)	(1,756)	(29)
Investment Amortisation	(4,944)	(5,972)	17
Profit before income tax	7,825	4,456	76
Income tax expense	(1,794)	(1,205)	
Profit after income tax	6,031	3,251	86
Adjusted Cash NPAT	10,975	9,223	19
Basic EPS (cents)	9.06	4.87	86
Cash EPS (cents)	16.49	13.82	19

The table includes IFRS and non-IFRS financial information. Non-IFRS financial information is Operating EBITDA, Operating & Investment Amortisation and Adjusted Cash NPAT which has not been audited or reviewed by our auditor, KPMG.

Measures of profitability and basis of preparation

Operating EBITDA, Operating Amortisation, Investment Amortisation and Adjusted Cash NPAT

GBST defines Operating EBITDA as profit before net finance costs, tax, depreciation, amortisation, impairment (if applicable) and other unallocated expenses. Operating Amortisation is defined as amortisation relating to tangible and intangible assets used as part of on-going operating activities; Investment Amortisation relates to intangible assets acquired through acquisition. GBST defines Adjusted Cash NPAT as profit after income tax plus Investment Amortisation. GBST uses Operating EBITDA and Adjusted Cash NPAT as internal performance indicators for the management of its operational business segments, and overall Group performance to allow for better evaluation of business segment activities and comparison over reporting periods.

Unallocated expenses

Unallocated expenses are legal expenses associated with non-operating Group matters which are not associated with any business segment and therefore are not allocated to a segment. This treatment is in accordance with Management's internal measurement of segment performance and the segment disclosures in Note 25 to the financial report. Unallocated expenses are reported to allow for reconciliation between the Group and segment reports.

Group performance

Operating EBITDA increased by 13% to $17.5 million compared to $15.5 million in the prior year. Given the difficult overall financial environment, this was a very pleasing performance. While the environment for financial market participants globally remains challenging, the latter part of the year showed encouraging signs of improving conditions. The long term strategy of GBST to use the solid platform it has in Australia, built over the past 30 years, to expand internationally is now delivering results; shown by significant new customer wins, revenue growth and increased profitability.

Finance costs are steadily reducing as the gross senior debt owed reduced to $14.0 million from $18.0 million in 2012. Net Debt (total borrowings less cash) has reduced from $21.20 million in 2012 to $12.37 million.

Depreciation and operating amortisation costs have increased by $500 thousand to $2.3 million due primarily to increased fit out costs after moving into new offices in multiple locations. Technology infrastructure spend has also increased with the growth of the business. Investment amortisation relates to intangible assets acquired through acquisition or from third parties. The reduction in this expense will continue as these assets become fully amortised.

The effective tax rate for 2013 is 23% down from 27% in 2012. Profit after tax has increased to $6.0 million, up by 86%. Adjusted Cash NPAT is up to $10.9 million, an increase from $9.2 million last year. The Board is pleased to record dividends for 2013 of 6.5 cents per share, up from 5.0 cents in 2012.

GLOBAL EXPANSION

Group revenue was a record $83.0 million for the year, compared to $77.1 million in the previous year. Offshore sales revenue increased 14% to $31.9 million, also a record and is now nearly 40% of total sales. Recurring annuity licence income is 63% of total revenue, and growing. This is a significant achievement, and 2013 has seen an increase in the quantity and quality of the Company's earnings, as well as the progression of the good reputation GBST has in Australia into all the markets it operates in globally.

GBST Composer grows from strength to strength in the UK with revenue up by over 30% from the prior year. GBST Composer also performed very well in Australia, achieving revenue growth in what has been a very subdued market.

GBST Syn~ made good progress in the second half of the year securing client wins in North America and a global financial services provider. Ongoing regulatory changes have created opportunities for third-party clearing and settlement providers, and GBST Syn~ is an effective solution that allows customers to take advantage of those opportunities. The recent launch of GBST's Syn~ Financial Transactions Tax module has established a solid pipeline with the first implementation underway.

GBST has increased overall staff numbers to approximately 380, hiring in all locations and expanding the use of offshore development resources to increase capacity in a cost effective manner.

New offices have been opened in New York, Hong Kong and Singapore and larger premises taken in London, Sydney and Brisbane.

MARKET LEADING PRODUCTS

GBST is first and foremost a business to business software product Company with a long heritage of delivering innovative, robust and reliable solutions to the financial services industry. Consequently GBST invests heavily in its products to ensure that it continues to offer unique solutions which provide competitive advantages to its customers. Investment spend in R&D averages approximately 10% of turnover. R&D is an important driver of growth and a key element of the success of the Company.

The Group's UK growth is spearheaded by sales of GBST Composer, which was initially designed to meet the challenges of the Retail Distribution Review legislation. Over the past 3 years, GBST Composer has been a multiple award winner recognised for innovation, efficiency and flexibility and is unparalleled in its ability to support more than 7,000 investment options on a single platform. GBST Composer is the leading direct to consumer technology for the distribution of tax based financial products, such as ISA's, SIPPS and pensions.

GBST Syn~ is a new-generation technology platform that enables capital markets participants to manage their post-trade processing requirements across multiple asset classes, entities, markets and operational centres. The recent significant customer wins are a further endorsement of its capability. Investment continues to expand the technology solutions provided by GBST Syn~. Significant progress has been made towards the deployment of a complete, end to end, back and middle office regional Asian solution that also meets the requirements of the Institutional market in Australia.

In Australia where GBST Shares and GBST DCA are the leading middle and back-office equities and derivatives systems, enhancement has been made to its cash equity margin calculations and reporting as well as its capital adequacy reporting capabilities.

GBST is also investing in the mobility enablement of all of its core products.

GBST Capital Markets

	FY2013 $000's	FY2012 $000's	% Change
Sales to external customers – Australia	28,757	27,373	5
Sales to external customers – International	6,709	8,822	(24)
Sales to external customers – Total	35,466	36,195	(2)
Operating EBITDA – Australia	10,273	9,248	11
Operating EBITDA – International	(4,569)	(3,164)	(44)
Operating EBITDA – Total	5,704	6,084	(6)
Depreciation & amortisation of segment assets	(4,479)	(4,142)	(8)
Segment result – Capital Markets (Australia & International)	1,225	1,942	(37)

WINS NEW CLIENTS IN AUSTRALIA

Revenue increased to $28.8 million for the year, up from $27.4 million in 2012. Revenue growth was driven by new license sales and increased retail trading volumes in the second half of the year. Operating EBITDA increased to $10.3 million, up 11%.

GBST's first deployment of GBST Syn~ in Australia went live in September 2012, marking a major milestone for the Company. It was especially pleasing that this was a joint implementation of GBST Syn~ and GBST Shares working side by side to deliver a simple and effective solution to a complex challenge faced by a customer.

This success was achieved despite a subdued macro environment with significantly reduced corporate activity. Adapting to changing regulation has had a direct impact on Brokers and capital market participants.

During the year, GBST continued its expansion onto Broker desktops; GBST Front Office deployments grew by more than 300%. Mobile device support was also developed for Front Office, opening up a new market for the product.

GBST Syn~'s settlement management functionality brings the exception management capabilities to the Australian market as part of a comprehensive regional Asian solution.

International revenue reduced from $8.8 million in 2012 to $6.7 million in 2013 while operating EBITDA fell to a loss of $4.6 million from a loss of $3.2 million in 2012. Trading conditions in the first half of the year were particularly difficult, resulting in a loss of $3.0 million for that period. Performance in the latter part of the year was much improved with the start of projects relating to new contracts and increased activity from existing customers. This, together with cost rationalisation, led to the division posting a reduced loss of $1.6 million for the second half.

Internationally GBST has made a significant investment in product development, infrastructure, and sales and business development over the past few years. This is starting to deliver results and GBST Syn~ sales are increasing with important new customer wins in the United States, Europe and Asia.

In the United States, GBST's Syn~ is being implemented by a major broker-dealer firm to enable them to automate the trade cycle and provide increased flexibility to self-manage future business and regulatory change. This is a significant milestone for the Company; and the establishment of a valuable entry point into North America.

GBST has also recently entered into a global agreement with one of the world's largest banks which will use GBST Syn~ to provide outsourced middle office processing to the broker-dealer community. This is another important achievement; endorsing the strengths of the product and GBST's expertise in Third Party Clearing business models.

In Europe, following the introduction of the Financial Transaction Tax GBST has launched the industry's first post-trade processing product to assist capital markets participants to manage their obligations around this tax. The GBST Syn~ FTT module provides a rules-based engine to manage FTT in many countries, and the first client has commenced implementation.

The continued expansion of GBST's international presence demonstrates the commitment to the regions we operate in and contributes to our ability to meet the needs of a growing customer base in each local market.

GBST Wealth Management

	FY2013 $000's	FY2012 $000's	% Change
Sales to external customers – Australia	18,225	17,548*	4
Sales to external customers – International	25,174	19,221	31
Sales to external customers – Total	43,399	36,769	18
Operating EBITDA	11,624	9,219	26
Depreciation & amortisation of segment assets	(2,595)	(3,515)	26
Segment result	9,029	5,704*	58

* The prior corresponding year sales and result have increased by $553 thousand and $32 thousand respectively as the quantitative data service business was reallocated from the Financial Services division.

GBST COMPOSER SALES GROW SUBSTANTIALLY

The strong growth of GBST Composer sales continued, and revenue was $43.4 million, up 18% compared to $36.8 million in the previous year. This was attributable to securing new clients in both Australia and the United Kingdom as well as to increasing project work from existing customers. Operating EBITDA rose 26% to $11.6 million.

Over the past six years GBST's focus on penetrating the UK market has met with growing success with platform and wrap providers. GBST Composer now supports three of the top six companies, and market share continues to grow. More recently the focus has been on the self-invested personal pension (SIPP) and Life and Pensions segments where GBST Composer has won several new customers. GBST Composer offers a cost-effective solution for companies to migrate and consolidate their systems onto a comprehensive single modern and flexible platform.

New clients signed during the year include two providers who will use GBST Composer to upgrade their SIPP administration platforms and will launch separate direct to consumer and adviser based SIPP products, on a single administration solution and also extend the breadth of functionality offered by GBST Composer. Composer has been successfully proven as a platform for both simple and complex SIPP. New features include the Composer Pension Illustration module and online equity trading which were also deployed.

In Australia, GBST Composer was implemented at a leading bank to launch a new direct to consumer pension product, and also installed by one of the country's top insurance and wealth management groups to enhance their direct offering to consumers. The platform was updated to help clients' voluntary compliance with the Australian Federal government's Future of Financial Advice (FoFA) legislation during 2012. New features in Composer provide fee transaction information and opt-in charging data, reporting requirements to maintain registers and the ability to ensure fees are correctly allocated for specific products and investments.

GBST Financial Services

	FY2013 $000's	FY2012 $000's	% Change
Sales to external customers	3,542	3,357*	5
Operating EBITDA	169	195	(13)
Depreciation & amortisation of segment assets	(132)	(71)	(86)
Segment result	37	124*	(70)

* The prior corresponding year sales and result have decreased by $553 thousand and $32 thousand respectively as the quantitative data service business was reallocated to the Wealth Management division.

The financial services division continued to provide strong support for GBST operations in Australia and the UK, and Operating EBITDA was stable.

Highlights for the year include the successful roll out of Emu Design's new e-commerce platform into both existing and new clients, and the launch of a new web platform designed for GBST Unison, which is used to manage data in membership based organisations. This system has had a rapid take up by GBST's Union customers. Emu also continued to grow its operations in the financial services sector, providing websites and financial modelling tools to financial institutions in Australia and UK.

Emu Design continued to consolidate its position as a whole-service digital provider, growing their e-commerce division and investing significantly into the development of their e-commerce product. It has expanded its offering to include mobile applications which help financial advisors provide services to their customers. It is also expanding its UK operations with a focus on new sales for its growing product base.

Financial position

GBST completed the refinancing of its senior debt facility in December 2012 and entered into a new financing arrangement with the Commonwealth Bank of Australia which allows more flexible repayments than the previous facility. The senior debt facility matures on 27 December 2015. Senior debt as at 30 June 2013 was $14.0 million, compared to $18.0 million at 30 June 2012. GBST's net debt reduced from $21.2 million to $12.37 million over the same period. 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 new clients are secured. 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 period 1,314,636 performance rights were issued to selected employees under the GBST Performance Rights and Option Plan which are subject to performance criteria.

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

Information regarding the Company's future developments, prospects and business opportunities is included in the report above. Overall, GBST will continue to:

- Enhance and develop its products and services;
- Expand services to clients geographically; and
- Focus on increasing revenue and market share in the markets in which it operates, and enter new markets.

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 Queensland University of Technology and chartered accounting qualifications from Auckland University of Technology. He has over 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. John recently accepted the appointment as Deputy Chancellor of the Queensland University of Technology. He is Adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland. 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 was inaugural Chair of Southbank Institute of Technology.

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

Interest in Shares and Options
5,697,461 Ordinary Shares of GBST Holdings Limited were held by Dr Puttick and associated entities at 30 June 2013.

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.

Interest in Shares and Options
5,134,109 Ordinary Shares of GBST Holdings Limited were held by Mr Lake at 30 June 2013.

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, Netbridge Pty Ltd and 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 were held by Mr Brackin's associated entities at 30 June 2013.

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.

Interest in Shares and Options
9,631,610 Ordinary Shares of GBST Holdings Limited were held by Mr Sundell's associated entities at 30 June 2013.

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:

Directors	DIRECTORS' MEETINGS Eligible to Attend	Attended	AUDIT AND RISK COMMITTEE Eligible to Attend	Attended	NOMINATION AND REMUNERATION COMMITTEE Eligible to Attend	Attended
J Puttick	12	12	5	5	3	3
D Adams	12	10	5	5	3	3
A Brackin	12	12	5	5	3	3
S Lake	12	11	–	3*	3	3
J Sundell	12	11	–	–	1	1
I Thomas	12	10	–	–	–	–

* 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.

Remuneration report – audited

The information provided in the remuneration report relates to the Group for the year ended 30 June 2013 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. Services from Remuneration Consultants
e. 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 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 Securities Exchange within similar industry sectors.

Remuneration paid to Directors and Executives is valued at the cost to the Group, except for share based payments which are valued at fair value.

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 annual fees paid in 2013 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.

In conducting the annual review for Non-Executive Director remuneration for the 2014 year the Company via the Chair of the Nomination and Remuneration Committee appointed CRA Plan Managers ('CRA') to conduct a benchmarking review of current Non-Executive Director remuneration. The benchmarking review was to consider both the amount of remuneration and the workload of the various roles performed by Non-Executive Directors. Adopting the recommendations of CRA the remuneration levels for the 2014 year are $135,000 for the Chairman, $90,000 for Chairmen of Committees of the Board and $80,000 for Non-Executive Directors. In making this decision the Board recognised that the last change was made in early 2008 and the Company has in that time become a truly international Company with further offshore expansion plans in the next few years. The Board accepted that the restraint shown in recent years was appropriate, but it was now important that the remuneration for Non-Executive Directors moved to levels consistent with the remuneration paid in the market.

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).
- Equity based remuneration – Long Term Incentive (LTI).

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 2013 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.

The Board assessed the performance hurdles on a subjective and substantive basis – based on the criteria determined at the commencement of the financial year. The STI cash bonuses were determined after that review.

Long Term Incentive Remuneration (LTI)

During the year, the Group established a long term incentive scheme with the objective of promoting sustained delivery of long term shareholder value. The scheme was approved at the Company's 2012 Annual General Meeting. Under this scheme selected staff are made individual offers of specific numbers of share performance rights at the discretion of the Board. The Board may determine the number of share performance rights, vesting conditions, vesting period, exercise price and expiry date. Share performance rights may be granted at any time, subject to the Corporations Act and ASX Listing Rules.

The scheme involves the use of performance rights to acquire shares. The plan is designed to reward Executives in a manner which aligns this element of remuneration with the financial performance of the Company and the interests of shareholders. As such, LTI grants are only made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle. Executives are also required to meet continued service conditions in order to exercise the options.

The Company uses Shareholder Return as a performance hurdle for the LTI plan, measured by growth in earnings per share.

On 8 November 2012, 1,314,636 performance rights were issued to select Executive employees. There is a nil exercise price and the share performance rights vest in thirty-six months after the date of grant or the date of release of GBST's financial results for the 2015 financial year. The share performance rights expire thirty days after the vesting date.

The performance criteria associated with the grant of share performance rights outstanding under the GBST Performance Rights and Option Plan is as follows:

1. Cumulative Earnings Per Share (EPS) Target

Vesting of the performance rights granted will be subject to GBST achieving three year (2013 – 2015 financial years) cumulative EPS targets of 26 cents, 28 cents, and 32 cents for 25%, 50% and 100% vesting respectively. There is also a vesting requirement that a minimum EPS of 5 cents is achieved in each year; and,

2. Service Condition

Continuous employment with GBST Holdings Limited from grant date to vesting date.

The Company has previously used options as a feature of its equity based remuneration, but this practice has ceased. 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 prior financial year.

(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.

	2009	2010	2011	2012	2013
EBITDA	$12.7m	$16.4m	$13.7m	$14.2m	**$16.5m**
Year on Year Growth	(34%)	29%	(16%)	4%	**16%**
Net profit/(loss) before tax	$2.0m	$(.6)m	$3.3m	$4.5m	**$7.8m**
Year on Year Growth	(80%)	(130%)	666%	37%	**76%**
Net profit/(loss) after tax	$2.1m	$(2.4)m	$1.4m	$3.3m	**$6.0m**
Year on Year Growth	(66%)	(214%)	158%	135%	**86%**
EPS (cents)	3.90	(3.68)	2.08	4.87	**9.06**
Year on Year Growth	(69%)	(194%)	157%	134%	**86%**
Closing share price	$0.67	$0.98	$0.80	$0.81	**$1.70**
Dividends paid (cents per share)	5.5	–	4	4.5	**5.5**

(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 (e) 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 up to six months' notice. No other termination payments are applicable.

(d) Services from Remuneration Consultants

The Nomination and Remuneration Committee engaged CRA Plan Managers (CRA) as remuneration consultant to the board to review the amount and elements of the key management personnel remuneration and provide recommendations in relation thereto.

In addition to the remuneration recommendations, CRA provided the following other services to the Company throughout the year:

- Long-term incentive & ESS plan design report
- CEO remuneration benchmark data
- Non-executive Director remuneration benchmark data
- Commentary on the structure of short-term and long-term components for Executive remuneration

CRA was paid $33,489 for the remuneration recommendations for the financial year.

The Board is satisfied that the remuneration recommendations were made by CRA free from undue influence by members of the Key Management Personnel about whom the recommendations may relate.

The Board undertook its own inquiries and review of the processes and procedures followed by CRA during the course of its assignment and is satisfied that its remuneration recommendations were made free from undue influence.

(e) 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–EMPLOY-MENT BENEFITS	OTHER LONG–TERM BENEFITS	SHARE–BASED PAYMENT			
	Base Salary and Fees $	Bonus $[1]	Other $[2]	Super–annuation $	Leave Entitlement $	Equity Options $	Total Remu-neration $	Equity Based %	Perfor-mance Related %
2013									
Directors									
J Puttick	95,000	–	–	–	–	–	95,000	–	–
D Adams	55,046	–	–	4,954	–	–	60,000	–	–
A Brackin	60,000	–	–	–	–	–	60,000	–	–
S Lake	641,305	135,000	294,142	1,795	14,750	63,880	1,150,872	5.6	17.3
J Sundell	60,000	–	–	–	–	–	60,000	–	–
I Thomas	60,000	–	–	–	–	–	60,000	–	–
TOTAL DIRECTORS	971,351	135,000	294,142	6,749	14,750	63,880	1,485,872		
Executives									
R De Dominicis	438,795	125,000	121,205	–	7,373	31,940	724,313	4.4	21.7
D Orrock	310,235	75,000	118,717	13,207	5,385	31,940	554,484	5.8	19.3
A Ritter	240,000	27,460	–	24,140	4,615	20,442	316,657	6.5	15.1
P Salis	291,197	45,767	77,707	74,360	2,844	25,552	517,427	4.9	13.8
I Sanchez	300,000	82,380	–	34,620	5,769	25,552	448,321	5.7	24.1
TOTAL EXECUTIVES	1,580,227	355,607	317,629	146,327	25,986	135,426	2,561,202		
GROUP TOTAL	2,551,578	490,607	611,771	153,076	40,736	199,306	4,047,074		

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.

Directors' Report

for the year ended 30 June 2013 continued

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-EMPLOY-MENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENT			
	Base Salary and Fees $	Bonus $[1]	Other $[2]	Super-annuation $	Leave Entitlement $	Equity Options $	Total Remunera-tion $	Equity 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	13,917	–	981,463	–	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	13,917	–	1,290,173		
Executives									
R De Dominicis	510,609	160,000	64,417	–	7,373	(14,306)	728,093	(2.0)	20.0
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	16,750	(85,834)	2,277,538		
GROUP TOTAL	2,515,720	545,000	408,186	153,972	30,667	(85,834)	3,567,711		

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.

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)
R De Dominicis	Chief Executive Wealth Management
D Orrock	Chief Executive Capital Markets
A Ritter	Chief Financial Officer
P Salis	Chief Operating Officer
I Sanchez	Chief Technology Officer

Performance Right Holdings

Performance rights issued as part of Remuneration for the Year Ended 30 June 2013.

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.

	Granted Number #	Performance rights Granted as Part of Remuneration $	Total Remuneration Represented by Performance rights %	Performance rights Exercised and Sold $	Performance rights Lapsed/ Forfeited $	Total $
Directors						
J Puttick	–	–	–	–	–	–
D Adams	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–
S Lake	365,177	63,880	5.6	–	–	63,880
J Sundell	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–
TOTAL DIRECTORS	365,177	63,880	–	–	–	63,880
Executives						
R De Dominicis	182,588	31,940	4.4	–	–	31,940
D Orrock	182,588	31,940	5.8	–	–	31,940
A Ritter	116,857	20,442	6.5	–	–	20,442
P Salis	146,071	25,552	4.9	–	–	25,552
I Sanchez	146,071	25,552	5.7	–	–	25,552
TOTAL EXECUTIVES	774,175	135,426				135,426
GROUP TOTAL	1,139,352	199,306				199,306

Performance Right Holdings (continued)

Performance rights granted as remuneration to Key Management Personnel in the Year Ended 30 June 2013.

	Vested Number #	Granted Number #	Grant Date	Average Value per Performance right at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise Date
Directors							
J Puttick	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–
S Lake	–	365,177	08.11.12	0.8151	–	08.11.15	08.12.15
J Sundell	–	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–	–
TOTAL DIRECTORS	–	365,177					
Executives							
R De Dominicis	–	182,588	08.11.12	0.8151	–	08.11.15	08.12.15
D Orrock	–	182,588	08.11.12	0.8151	–	08.11.15	08.12.15
A Ritter	–	116,857	08.11.12	0.8151	–	08.11.15	08.12.15
P Salis	–	146,071	08.11.12	0.8151	–	08.11.15	08.12.15
I Sanchez	–	146,071	08.11.12	0.8151	–	08.11.15	08.12.15
TOTAL EXECUTIVES	–	774,175					
GROUP TOTAL	–	1,139,352					

Details of these performance rights are set out in Note 30 in the financial statements.

Performance Right Holdings (continued)

The numbers of performance rights 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 01/07/12	Granted as Compen-sation	Perfor-mance rights Exercised or Sold	Other	Perfor-mance rights Cancelled/ Forfeited	Balance 30/06/13	Total Vested at 30/06/13	Total Vested and Exercisable at 30/06/13	Total Vested and Unexercis-able at 30/06/13
2013									
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	365,177	–	–	–	365,177	–	–	365,177
J Sundell	–	–	–	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–	–	–	–
TOTAL DIRECTORS	–	365,177	–	–	–	365,177	–	–	365,177
Executives									
R De Dominicis	–	182,588	–	–	–	182,588	–	–	182,588
D Orrock	–	182,588	–	–	–	182,588	–	–	182,588
A Ritter	–	116,857	–	–	–	116,857	–	–	116,857
P Salis	–	146,071	–	–	–	146,071	–	–	146,071
I Sanchez	–	146,071	–	–	–	146,071	–	–	146,071
TOTAL EXECUTIVES	–	774,175	–	–	–	774,175	–	–	774,175
GROUP TOTAL	–	1,139,352	–	–	–	1,139,352	–	–	1,139,352

Option Holdings

Options granted as part of Remuneration for the Year Ended 30 June 2013

There were no options granted as remuneration to Key Management Personnel in the 30 June 2013 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 2013 financial year that were granted as compensation in previous financial years as remuneration to Key Management Personnel.

Option Holdings (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.

	Balance 01/07/11	Granted as Compensation	Options Exercised or Sold	Other	Options Cancelled/ Forfeited	Balance 30/06/12	Total Vested at 30/06/12	Total Vested and Exercisable at 30/06/12	Total Vested and Unexercisable 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 30).

Directors' Report

for the year ended 30 June 2013 continued

Directors' interests

The number of shares in the Company held (directly, indirectly or beneficially) as at 30 June 2013 by Directors, including their related parties, are set out below.

2013	Balance at 30/06/13
Directors	
J Puttick	5,697,461
D Adams	–
A Brackin	381,943
S Lake	5,134,109
J Sundell	9,631,610
I Thomas	–
TOTAL	20,845,123

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, to the extent permitted by law, 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.

Performance rights

To assist in the attraction, retention and motivation of employees, the Company operates a GBST Performance Rights and Option Plan.

The number of performance rights over ordinary shares outstanding at 30 June 2013 are as follows:

Grant Date	Exercise Date	Exercise Price	Number
08.11.12	08.11.15	$0.00	1,314,636

No further employee performance rights have been issued up to the date of this report.

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

Proceedings on behalf of Company

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

Non-audit services

The Board 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 21 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 2013.

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 23rd day of August 2013

Auditor's Independence Declaration

for the year ended 30 June 2013

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 2013 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

S Board

Stephen Board
Partner

Brisbane
23 August 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	Note	30 Jun 2013 $'000	30 Jun 2012 $'000
Revenue from license and support sales		52,200	49,196
Revenue from sponsored work		28,345	25,744
Revenue from sale of third party product		1,862	1,381
Total revenue		82,407	76,321
Other income		604	746
Total revenue and other income		83,011	77,067
Product delivery and support expenses		(56,564)	(54,500)
Property and equipment expenses		(9,716)	(8,184)
Corporate and administrative expenses		(7,411)	(7,869)
RESULTS FROM OPERATING ACTIVITIES		9,320	6,514
Finance costs	4 (d)	(1,529)	(2,096)
Finance income	4 (e)	34	38
Net finance costs		(1,495)	(2,058)
PROFIT BEFORE INCOME TAX		7,825	4,456
Income tax expense	5	(1,794)	(1,205)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		6,031	3,251
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Net change in fair value of investment		–	1,004
Total items that will not be reclassified to profit or loss		–	1,004
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		1,594	278
Effect of hedge of net investment in foreign operations		–	(91)
Total items that may be reclassified subsequently to profit or loss		1,594	187
Other comprehensive (loss)/income for the year, net of income tax		1,594	1,191
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		7,625	4,442
Earnings per share			
Basic earnings per share (cents)	31	9.06	4.87
Diluted earnings per share (cents)	31	9.06	4.87

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

Consolidated Statement of Financial Position

for the year ended 30 June 2013

	Note	30 Jun 2013 $'000	30 Jun 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	3,505	2,156
Trade and other receivables	8	14,651	14,578
Inventories and work in progress	9	1,107	991
Current tax receivable	15	4	156
Other assets	12	1,278	669
Total Current Assets		20,545	18,550
NON-CURRENT ASSETS			
Plant and equipment	10	5,223	3,380
Intangible assets	11	59,788	64,334
Deferred tax assets	15	5,166	4,164
Other assets	12	15	6
Total Non-Current Assets		70,192	71,884
TOTAL ASSETS		90,737	90,434
CURRENT LIABILITIES			
Trade and other payables	13	7,170	7,566
Loans and borrowings	14	4,473	10,289
Current tax liabilities	15	1,526	23
Provisions	16	4,673	3,837
Unearned income	17	10,182	9,115
Total Current Liabilities		28,024	30,830
NON-CURRENT LIABILITIES			
Trade and other payables	13	1,361	–
Loans and borrowings	14	11,299	13,062
Deferred tax liabilities	15	2,851	3,584
Provisions	16	1,603	1,553
Total Non-Current Liabilities		17,114	18,199
TOTAL LIABILITIES		45,138	49,029
NET ASSETS		45,599	41,405
EQUITY			
Issued capital	18	37,664	37,664
Reserves	19	(4,999)	(6,823)
Retained earnings		12,934	10,564
TOTAL EQUITY		45,599	41,405

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve[(a)] $'000	Financial Asset Reserve[(b)] $'000	Equity Remuneration Reserve[(c)] $'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 loss	–	–	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- 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 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.

In the prior comparative period, 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 was 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 is used to record items recognised as expenses on valuation of employee share/options/performance rights granted. When options/performance rights are exercised, cancelled or forfeited the amount in the reserve relating to those options/performance rights is transferred to issued capital.

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

Consolidated Statement of Changes in Equity (continued)

for the year ended 30 June 2013

	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve[(a)] $'000	Financial Asset Reserve[(b)] $'000	Equity Remuneration Reserve[(c)] $'000	Total $'000
Balance at 1 July 2012	37,664	10,564	(6,823)	–	–	41,405
Total comprehensive income for the year						
Profit for the year	–	6,031	–	–	–	6,031
Other comprehensive income						
Exchange differences arising on translation of foreign operations	–	–	1,594	–	–	1,594
Effect of hedge of net investment in foreign operation	–	–	–	–	–	–
Net change in fair value of investment	–	–	–	–	–	–
Total other comprehensive income	–	–	1,594	–	–	1,594
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	6,031	1,594	–	–	7,625
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends paid (Note 6)	–	(3,661)	–	–	–	(3,661)
Share based payments- performance rights	–	–	–	–	230	230
Share Issues (net of costs, for non-cash consideration)	–	–	–	–	–	–
Transfer financial asset reserve to retained earnings	–	–	–	–	–	–
Total contributions by and distributions to owners	–	(3,661)	–	–	230	(3,431)
Total transactions with owners	–	(3,661)	–	–	230	(3,431)
BALANCE AT 30 JUNE 2013	37,664	12,934	(5,229)	–	230	45,599

(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.

In the prior comparative period, 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 was 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 is used to record items recognised as expenses on valuation of employee share/options/performance rights granted. When options/performance rights are exercised, cancelled or forfeited the amount in the reserve relating to those options/performance rights is transferred to issued capital.

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2013

	Note	30-Jun-13 $'000	30-Jun-12 $'000
Cash Flows from Operating Activities			
Receipts from customers		92,547	79,894
Payments to suppliers and employees		(74,755)	(68,162)
Interest income		34	38
Sundry income		604	746
Finance costs paid		(1,336)	(2,038)
Income tax paid		(1,857)	(2,731)
Net cash provided by operating activities	24 (a)	15,237	7,747
Cash Flows from Investing Activities			
Proceeds from sale of plant and equipment		4	8
Proceeds from sale of investments		–	1,530
Purchase of plant and equipment	24 (c)	(1,633)	(880)
Purchase of software intangibles		(276)	(621)
Deferred consideration received/(payment for acquisitions)		437	(117)
Net cash used in investing activities		(1,468)	(80)
Cash Flows from Financing Activities			
Repayment of finance leases		(873)	(515)
Proceeds from borrowings		16,530	–
Repayment of borrowings		(20,605)	(6,556)
Payment of transaction costs related to loans and borrowings		(118)	–
Dividends paid	6	(3,661)	(2,994)
Net cash used in financing activities		(8,727)	(10,065)
Net (decrease)/increase in Cash and Cash Equivalents		5,042	(2,398)
Effect of exchange rate fluctuations on cash held		(206)	87
Cash and cash equivalents at 1 July		(1,331)	980
Cash and cash equivalents at end of financial year	24 (b)	3,505	(1,331)

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

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013

Note 1: Reporting Entity

GBST Holdings Limited ("GBST" or the "Company") is the Group's parent Company. The Company is a public for profit 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 2013 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 23 August 2013.

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 Note 3:

- recognition of revenue;
- 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:

- recognition of revenue (Note 3);
- impairment testing of the consolidated entity's cash-generating units containing goodwill (Note 11);
- utilisation of tax losses (Note 15).

Changes in accounting policies

(i) Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the Statement of Profit or Loss and Other Comprehensive Income.

Note 3: Significant 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, except for the changes in accounting policies explained in Note 2.

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 22 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 a 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. Subsequent changes to the fair value of contingent consideration will be recognised as a charge to the cost of the acquisition.

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.

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.

Note 3: Significant Accounting Policies (continued)

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

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

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 employee share, performance rights and option plan. 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 the share performance rights is determined using the Binomial Approximation Option Valuation Model. 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, performance rights 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 Profit or Loss and Other 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 Profit and Loss and Other 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 31).

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 2013, but have not been applied preparing this financial report:

- 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 adoption of AASB10 is not expected to impact on the Group's financial statements.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 3: Significant Accounting Policies (continued)

- 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 adoption of AASB 13 is not expected to impact on the Group's financial statements.
- 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.
- 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 2015 financial statements. The adoption of IAS 32 is not expected to impact on the Group's financial statements.

Note 4: Profit for the Year

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

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Other expenses:		
Cost of third party product and services sold	3,367	2,428
Operating lease rentals	2,767	2,572
Research & developments costs	9,396	7,974
(b) Depreciation & amortisation:		
Depreciation of plant & equipment	1,258	1,069
Amortisation of tangible & intangible leased assets	856	446
Amortisation of acquired intangibles (excluding leased assets)	5,092	6,213
	7,206	7,728
(c) Employee benefits expense:		
Monetary based expense (includes contributions to defined contribution plans $3.23 million (2012: $2.96 million))	43,792	41,077
Share based payments	230	(88)
	44,022	40,989
(d) Finance costs:		
Foreign currency losses	173	58
Interest paid to external entities	740	1,327
Finance lease charges	70	45
Facility fees	546	666
	1,529	2,096
(e) Finance income:		
Bank interest	34	38
	34	38
(f) Significant items:		
The following significant expense items are relevant in explaining the financial performance:		
Termination payments to employees	159	212
	159	212

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 5: Income Tax Expense

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) The components of tax expense comprise:		
Current tax	3,782	2,507
Deferred tax (Note 15 (c) (i))	(1,700)	(778)
Recognition of previously unrecognised tax losses	(367)	–
(Over)/under provision in respect of prior years	79	(524)
	1,794	1,205

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

	30 Jun 2013 $'000	30 Jun 2012 $'000
Profit before tax	7,825	4,456
Prima facie tax payable/(receivable) at 30%	2,348	1,337
Adjust for tax effect of:		
Amortisation of customer contracts	78	465
Research & development expenditure claim	(1,917)	(2,072)
Recoupment of temporary differences not previously taken up	(68)	(150)
Under/(Over) provision in respect of prior years	94	(478)
Recognition of previously unrecognised tax losses	(367)	–
Current year losses for which no deferred tax asset was recognised (i)	1,168	1,576
Other non-allowable items (net)	441	537
Reduction in tax rate – opening balances	52	104
Reduction in tax rate – current year	4	(13)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(40)	(101)
Income tax expense attributable to entity	1,794	1,205
Weighted average effective tax rates:	23%	27%

The weighted average effective consolidated tax rate for the year ended 30 June 2013 is 23% (2012: 27%) primarily due to current year losses for which no deferred tax asset is being recognised and other non-allowable items:

(i) For GBST Ltd (Coexis) deferred tax assets of $1.17 million 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 2012– 30 Jun 2013: 225%; 1 Jul 2011 – 31 Mar 2012: 200%).

(ii) Reduction in United Kingdom (UK) tax rate to 23% from 1 April 2013 (2012: 24%).

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

Note 6: Divdends

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Dividend paid in the period:		
Interim fully franked (at 30%) dividend paid of 3.0 cents per share (2012: 2.5)	1,997	1,664
2012 final fully franked (at 30%) dividend paid of 2.5 cents per share (2011: 2.0)	1,664	1,330
Net Dividend paid	3,661	2,994

After the reporting date the Directors recommended a final dividend of 3.5 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 23 October 2013. The dividend has not been provided and there are no income tax consequences.

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Dividend franking account:		
Balance of franking account at year-end	13,184	13,212
30% franking credits available to shareholders of GBST Holdings Limited for subsequent financial years post final dividend payment.	13,713	12,349

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 2013 $'000	30 Jun 2012 $'000
Cash at bank and on hand	3,505	2,156
Bank overdraft used for cash management purposes (Note 14)	-	(3,487)
Cash and cash equivalents in the Statement of Cash flows	3,505	(1,331)

Note 8: Trade and Other Receivables

	GBST GROUP	
	30 Jun 2012 $'000	30 Jun 2011 $'000
Current		
Trade receivables	12,804	13,355
Accrued revenue	344	856
Other amounts receivable	1,503	367
	14,651	14,578

(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 $215 thousand (2012: $208 thousand), amounts written off $2 thousand (2012: $71 thousand).

Note 9: Inventories and Work in Progress

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current –at cost		
Inventory on hand	–	710
Work in progress	1,107	281
	1,107	991

Note 10: Plant and Equipment

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Owned plant and equipment at cost	14,284	11,604
Accumulated depreciation	(9,624)	(8,749)
Net carrying value	4,660	2,855
Leased plant and equipment at cost	1,151	826
Accumulated amortisation	(588)	(301)
Net carrying value	563	525
Total plant and equipment	5,223	3,380

(a) Movement in Plant and Equipment

GBST Group	Owned $'000	Leased $'000	Total $'000
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
Year ended 30 June 2013			
Balance at 1 July 2012	2,855	525	3,380
Additions	3,031	316	3,347
Disposals	(88)	-	(88)
Depreciation expense	(1,258)	(283)	(1,541)
Reclassification to owned assets – cost	-	-	-
Reclassification to owned assets – accumulated depreciation	-	-	-
Effect of movements in exchange rates	120	5	125
Balance at 30 June 2013	4,660	563	5,223

Plant and equipment was impairment tested in conjunction with intangible assets, refer Note 11.

Note 11: Intangible Assets

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
At Cost		
Software systems	39,308	37,738
Accumulated amortisation	(21,605)	(17,010)
Net carrying value	17,703	20,728
Customer contracts	12,423	12,070
Accumulated amortisation	(12,022)	(10,597)
Net carrying value	401	1,473
Goodwill	45,445	45,649
Accumulated impairment losses	(4,872)	(4,804)
Net carrying value	40,573	40,845
Leased software at cost	1,916	1,520
Accumulated amortisation	(805)	(232)
Net carrying value	1,111	1,288
Total intangibles	59,788	64,334

(a) Movement in Intangibles

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)
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

GBST Group	Software Systems $'000	Customer Contracts $'000	Goodwill $'000	Leased Software $'000	Total $'000
Year ended 30 June 2013					
Balance at 1 July 2012	20,728	1,473	40,845	1,288	64,334
Additions	277	–	–	396	673
Additions through internal development	36	–	–	–	36
Adjustment to controlled entity acquisition consideration	–	–	(973)	–	(973)
Disposals	(1)	–	–	–	(1)
Amortisation charge	(3,993)	(1,099)	–	(573)	(5,665)
Effect of movements in exchange rates	656	27	701	–	1,384
Balance at 30 June 2013	17,703	401	40,573	1,111	59,788

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 Profit or Loss and Other 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 Cash Generating Unit CGU based on the Group's reporting segments presented below:

	30 Jun 2013 $'000	30 Jun 2012 $'000
Capital Markets Australia segment (Palion)	3,350	3,350
Wealth Management segment (InfoComp)	28,238	28,238
Capital Markets International segment (Coexis)	8,099	8,371
Financial Services segment (Emu)	886	886
Total Goodwill	40,573	40,845

The recoverable amount of goodwill for each CGU has been assessed using discounted cash flow projections over five years and a terminal value. The first year cash flow projections are based on 2014 Board approved budgets, while cash flows projections for years two to five are based on Management assumptions set out below. Terminal growth rates have been determined by Management based on their assessment of long term annual growth expected to be achieved in the countries in which each CGU operates. Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. Where fair value less cost to sell is used to assess recoverable amount, the discount rate is reviewed by Management to assess whether the risk reflects a market return.

Note 11: Intangible Assets (continued)

For the InfoComp, Palion and Emu CGUs, the key assumptions used for value-in-use calculations consider growth and discount rates and are generally consistent with past performance or are based upon the Group's view of future market activity. 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. 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 Coexis CGU, the recoverable amount of goodwill has been assessed using a fair value less costs to sell calculation, which is based on the Board approved 2014 budget and uses growth rates in line with historical performance along with an assessment of costs if the CGU was operating on a stand-alone basis. The forecasts have been based on expectations as to existing contracts and new contracts to be entered into over the forecast period. In the event that these forecasts are not achieved the Coexis CGU may need to be impaired in future periods – refer below for sensitivity analysis.

A summary of key assumptions for Coexis and other CGU's is presented below:

2013	Coexis Fair value less cost to sell	InfoComp Value-in-use	Palion Value-in-use	EMU Value-in-use
Calculation Method				
Revenue growth rates	3-6%	7.5%	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	14.90%	10.85-14.90%	10.85%	10.85%

2012	Coexis 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%

Future anticipated cash flows for all CGU's indicate that the carrying value of the intangible assets were not required to be impaired in 2013.

The sensitivity 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 Coexis CGU:

Decrease of annual revenue against forecast by	9.6% (June 2012: 5.7%)
Increase of annual costs above forecast by	13.44% (June 2012: 7.4%)
Increase of post-tax discount rate by	781 bps (June 2012: 390 bps)

Note 12: Other Assets

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current		
Prepaid expenditure	1,278	669
	1,278	669
Non-Current		
Prepaid expenditure	15	6
	15	6

Note 13: Trade and other Payables

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current (unsecured)		
Trade payables & accruals	7,039	7,566
Leasehold liability	131	
	7,170	7,566
Non-Current (unsecured)		
Trade payables & accruals	253	–
Leasehold liability	1,108	
	1,361	–

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 14: Loans and Borrowings

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current		
Bank overdraft (secured)[a]	–	3,487
Senior bank facility (secured)[a]	3,461	6,000
Commercial loan facility (secured)[a]	–	79
Finance lease liability (Note 20)	1,012	723
	4,473	10,289
Non-Current		
Senior bank facility (secured)[a]	10,471	12,026
Finance lease liability (Note 20)	828	1,036
	11,299	13,062

The secured bank loans are secured over the Group's assets of $90.74 million (2012: $90.43 million).

(a) On 28 December 2012 GBST extinguished its debt facilities with the National Australia Bank (NAB), and refinanced the bank overdraft and senior bank facility with the Commonwealth Bank of Australia on that same date. The equipment financing facility for assets already purchased will remain with the NAB until the repayments are completed.

The facilities are secured by fixed and floating charges over the operating companies within the Group. The senior bank facility represents a $14.03 million loan at 30 June 2013 maturing on 27 December 2015. Offsetting this loan are capitalised establishment costs of $98k. Additional payments may be made against facilities without incurring penalties. The Interest rate under the facility is variable and linked to BBSY. At 30 June 2013 the interest rate for the senior bank facility was 6.26% p.a.

The covenants within the Commonwealth Bank of Australia borrowings require that at 30 June 2013 the debt to EBITDA ratio is below 1.5 to 1, interest cover is above 3 to 1 and net worth ratio is above 45%. 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 $14.03 million at 30 June 2013, the Group met all covenant requirements.

Note 15: Tax

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Liabilities		
Current		
Income tax	1,526	23
Non-Current		
Deferred tax liability comprises:		
Tax allowances relating to plant and equipment	148	399
Tax allowances relating to intangibles	2,703	3,185
	2,851	3,584
(b) Assets		
Current		
Tax receivable	4	156
Non-Current		
Deferred tax assets comprise:		
Provisions	3,812	3,185
Other items	45	7
Transaction costs on equity issue	20	40
Unused tax losses	1,289	932
	5,166	4,164
(c) Reconciliations		
(i) Net Movement		
The overall movement in the net deferred tax account is as follows:		
Opening balance	580	(336)
Recoupment of temporary differences not previously taken up	270	302
Tax rate change	(57)	(104)
Charged to income statement	1,700	778
Foreign currency translation	(158)	(40)
Charge to equity	(20)	(20)
Closing balance	2,315	580

Note 15: Tax (continued)

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'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	3,584	3,878
Recoupment of temporary differences not previously taken up	(32)	(30)
Tax rate change	–	(3)
Charged to income statement	(946)	(322)
Foreign currency translation	245	61
Closing balance	2,851	3,584
(iii) Deferred Tax Assets		
(a) The movement in deferred tax asset for each temporary difference during the year is as follows:		
Provisions		
Opening balance	3,185	2,609
Recoupment of temporary differences not previously taken up	29	(208)
Tax rate change	(5)	(2)
Charged to income statement	596	780
Foreign currency translation	7	6
Closing balance	3,812	3,185
Other Items		
Opening balance	7	29
Recoupment of temporary differences not previously taken up	(10)	-
Tax rate change	(1)	(2)
Charged to income statement	47	(21)
Foreign currency translation	2	1
Closing balance	45	7
Transaction costs on equity issue		
Opening balance	40	60
Charged directly to equity	(20)	(20)
Closing balance	20	40

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Unused tax losses		
Opening balance	932	844
Recoupment of temporary differences not previously taken up	219	480
Tax rate change	(51)	(103)
Charged to income statement	111	(303)
Foreign currency translation	78	14
Closing balance	1,289	932
(b) Total deferred tax assets not brought to account as at reporting period end:		
– tax losses : operating losses	6,156	3,781
– tax losses : capital losses	2,812	2,812

For deferred tax assets that have not been recognised in relation to operating losses, refer Note 5 (i).

Note 16: Provisions

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current		
Employee benefits	4,443	3,804
Make Good[(a)]	230	33
	4,673	3,837
Non-Current		
Employee benefits	1,093	902
Make Good[(a)]	510	651
	1,603	1,553

GBST Group	Employee benefits $'000	Make Good $'000	Total $'000
Balance at the beginning of the year	4,706	683	5,389
Additional provisions	3,116	80	3,196
Amounts used	(2,204)	(23)	(2,227)
Unused amounts reversed	(82)	–	(82)
Balance at 30 June 2013	5,536	740	6,276

(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 2014 to 2023.

Note 17: Unearned Income

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Current		
Revenue received in advance for software usage and support services	10,182	9,115
	10,182	9,115

Note 18: Issued Capital

		GBST GROUP	
		30 Jun 2013 $'000	30 Jun 2012 $'000
66,561,725 (2012: 66,561,725) fully paid ordinary shares		37,664	37,664
		37,664	37,664
Movements in issued capital:			
Opening balance		37,664	37,516
Share issues during the year:			
25 August 2011	Settlement in relation to acquisition	–	98
7 February 2012	Deferred consideration – Coexis	–	50
		37,664	37,664

Ordinary Shares		No.	No.
Opening balance		66,561,725	66,395,929
Share issues during the year:			
25 August 2011	Settlement in relation to acquisition	–	110,000
7 February 2012	Deferred consideration – Coexis	–	55,796
		66,561,725	66,561,725

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 and Performance Rights

For details on employee and placement options and performance rights over ordinary shares, see Note 30.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 19: Reserves

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Equity remuneration reserve	230	–
Foreign currency translation reserve	(5,229)	(6,823)
	(4,999)	(6,823)

Note 20: Capital, Leasing and Other Commitments

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Finance Leasing Commitments		
Payable on leases:		
Not later than one year	1,084	757
Later than one year but not later than five years	866	1,059
	1,950	1,816
Less future finance charges	(110)	(57)
Total liability	1,840	1,759
Lease liabilities are included in the Statement of Financial Position as:		
Current (Note 14)	1,012	723
Non-current (Note 14)	828	1,036
	1,840	1,759

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	3,209	2,718
Later than one year but not later than five years	9,404	5,573
Later than five years	10,663	4,903
	23,276	13,194

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

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Contracted for:		
Capital purchases	298	343
Other operating purchases	263	73
	561	416
Payable		
Not later than one year	561	416
	561	416

Note 21: Auditors' Remuneration

	GBST GROUP	
	30 Jun 2013 $	30 Jun 2012 $
Audit Services		
KPMG Australia		
Audit & review of financial reports	207,500	200,200
Overseas KPMG firms		
Audit & review of financial reports	88,960	78,000
	296,460	278,200
Other Services		
KPMG Australia		
Taxation services	1,600	221,344
Overseas KPMG firms		
Taxation services	105,058	119,809
	106,658	341,153

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 22: Other Group Entities

(a) Controlled Entities Consolidated

Group Entity	Country of Incorporation	Percentage Owned
GBST Pty Ltd*	Australia	100% (June 2012: 100%)
Emu Design (Qld) Pty Ltd*	Australia	100% (June 2012: 100%)
GBST ESOP Pty Ltd*	Australia	100% (June 2012: 100%)
GBST Ltd	United Kingdom	100% (June 2012: 100%)
GBST Australia Pty Ltd*	Australia	100% (June 2012: 100%)
Subsidiaries of GBST Ltd:		
GBST Inc	United States of America	100% (June 2012: 100%)
GBST Singapore Pte Limited	Singapore	100% (June 2012: 100%)
Subsidiaries of GBST Australia Pty Ltd:		
GBST Hong Kong Limited	Hong Kong	100% (June 2012: 100%)
GBST Registry Solutions Pty Ltd*	Australia	100% (June 2012: 100%)
GBST Wealth Management Pty Ltd*	Australia	100% (June 2012: 100%)
Subsidiaries of GBST Wealth Management Pty Ltd:		
GBST UK Holdings Limited	United Kingdom	100% (June 2012: 100%)
Subsidiaries of GBST UK Holdings Ltd:		
GBST Hosting Limited	United Kingdom	100% (June 2012: 100%)
GBST Wealth Management Limited	United Kingdom	100% (June 2012: 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 profit or loss and other 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 2013 is set out as follows:

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Financial information in relation to:		
i. Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue from license and service sales	46,095	42,956
Revenue from sponsored work	19,327	15,568
Revenue from sale of third party product	1,185	1,201
Other income	124	166
Results from Operating Activities	9,904	5,840
Finance costs	(1,505)	(2,048)
Finance income	32	28
Net finance costs	(1,473)	(2,020)
Profit before income tax	8,431	3,820
Income tax expense	(1,929)	(885)
Profit after income tax	6,502	2,935
Profit Attributable to Members of the Parent Entity	6,502	2,935
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Net change in fair value of investment	–	1,004
Total items that will not be reclassified to profit or loss	–	1,004
Total Comprehensive Income for the Year	6,502	3,939
ii. Retained Earnings		
Retained profits at the beginning of the year	11,759	11,387
Transfer financial asset reserve to retained earnings	–	430
Profit after income tax	6,502	2,936
Dividends provided for or paid	(3,661)	(2,994)
Retained Earnings at End of the Year	14,600	11,759

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 22: Other Group Entities (continued)

(b) Deed of Cross Guarantee (continued)

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2013 $'000	30 Jun 2012 $'000
iii. Statement of Financial Position		
Current Assets		
Cash and cash equivalents	2,165	492
Trade and other receivables	11,208	9,779
Inventories	1,011	295
Tax Receivable	–	150
Other assets	708	406
Total Current Assets	15,092	11,122
Non-Current Assets		
Trade and other receivables	10,449	11,996
Property, plant and equipment	3,632	2,266
Intangible assets	42,634	45,269
Investment	17,108	18,990
Deferred tax assets	3,688	3,100
Other assets	15	6
Total Non-Current Assets	77,525	81,627
TOTAL ASSETS	92,618	92,749
Current Liabilities		
Trade and other payables	3,991	3,628
Financial liabilities	4,447	10,256
Current tax liabilities	1,526	–
Provisions	4,640	3,804
Unearned income	8,631	7,629
Liabilities on business acquisition	–	9
Total Current Liabilities	23,235	25,326

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Non-Current Liabilities		
Trade and other payables	1,361	–
Financial liabilities	11,281	13,040
Deferred tax liabilities	2,850	3,529
Provisions	1,399	1,431
Total Non-Current Liabilities	16,891	18,000
TOTAL LIABILITIES	40,126	43,326
NET ASSETS	52,492	49,423
Equity		
Issued capital	37,664	37,664
Reserves	228	–
Retained earnings	14,600	11,759
TOTAL EQUITY	52,492	49,423

Note 23: Financing Arrangements

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Financing facilities[(a)]	28,060	27,606
Amount utilised	(18,499)	(25,043)
Unused credit facility	9,561	2,563

(a) This amount comprises a working facility, bank guarantees, finance lease facility and senior bill facility with the Commonwealth Bank of Australia (CBA). The senior facility expires on 27 December 2015 and additional payments may be made against the facility without incurring penalties. The Interest rate under the facility is variable and linked to BBSY. At 30 June 2013 the interest rate for the senior bank facility was 6.26% p.a. The facilities are secured by fixed and floating charges over the operating companies within the Group. The equipment financing facility for assets already purchased will remain with the NAB until the repayments are completed.

A finance lease provided by Microsoft Financing is debt funding for the purchase of Microsoft licences which expire December 2014. Finance leases provided by BOQ is debt funding for the purchase of Dell hardware which expire November 2015.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 24: Cash Flow Information

	GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Reconciliation of Net Cash provided by Operating Activities to Profit after Income Tax		
Profit after income tax	6,031	3,251
Non-cash flows in operating profit:		
Depreciation and amortisation	7,206	7,728
Loss on sale of plant & equipment	60	15
Share based payments	230	(88)
Changes in assets and liabilities:		
Change in receivables	835	(3,372)
Change in other assets	(618)	322
Change in intangibles (internal costs)	(36)	(211)
Change in unearned income	1,068	(147)
Change in inventories	(117)	(764)
Change in deferred tax balances	(1,735)	(915)
Change in tax provision	1,656	(568)
Change in trade and other payables	(230)	1,886
Change in provisions	887	610
Cash flow from operations	15,237	7,747

(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)	3,505	2,156
Bank overdraft (Note 14)	–	(3,487)
	3,505	(1,331)

(c) Non-cash Financing Activities

During the 2013 financial year the Group acquired plant and equipment and software with an aggregate value of $954 thousand (2012: 1.588 million) by means of finance leases.

Note 25: Operating Segment

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:

Capital Markets Australia offers the GBST Shares and derivatives platform which is the country's most widely used middle-office and back-office equities and derivatives system.

Capital Markets International through the GBST Syn~ platform, provides new-generation technology to process equities, derivatives, fixed income and managed funds transactions for global capital markets.

Wealth Management through the GBST Composer platform, provides end to end funds administration and management software to the wealth management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, including individual savings accounts (ISA's), pensions, self-invested personal pension (SIPP) and superannuation; as well as master trusts, unit trusts, risk and debt; and other investment assets. Other GBST products provide technology hub solutions; and data analytics and quantitative services for the measurement of portfolio performance.

Financial Services incorporating Emu Design, provides independent financial data and digital agency services for interactive website design, development, hosting, e-commerce platforms, and mobile and social networking solutions.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 25: Operating Segment (continued)

	CAPITAL MARKETS AUSTRALIA		CAPITAL MARKETS INTERNATIONAL		WEALTH MANAGEMENT		FINANCIAL SERVICES		ELIMINATIONS		GBST GROUP	
	30 Jun 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000
Revenue												
Sales to external customers	28,757	27,373	6,709	8,822	43,399	36,769	3,542	3,357	–	–	82,407	76,321
Other income from external customers	11	57	228	417	363	163	2	109	–	–	604	746
Inter-segment revenues*	4	–	12	342	–	–	600	297	(616)	(639)	–	–
Total segment revenue	28,772	27,430	6,949	9,581	43,762	36,932	4,144	3,763	(616)	(639)	83,011	77,067
Operating EBITDA	10,273	9,248	(4,569)	(3,164)	11,624	9,219	169	195			17,497	15,498
Depreciation and amortisation of segment assets	(1,779)	(1,587)	(2,700)	(2,555)	(2,595)	(3,515)	(132)	(71)	–	–	(7,206)	(7,728)
Segment result	8,494	7,661	(7,269)	(5,719)	9,029	5,704	37	124	–	–	10,291	7,770
Unallocated expenses											(971)	(1,256)
Net finance costs											(1,495)	(2,058)
Profit before income tax											7,825	4,456
Income tax expense											(1,794)	(1,205)
Profit after income tax											6,031	3,251
Capital expenditure	2,669	2,799	264	153	974	334	67	14	–	–	3,974	3,300
Segment total assets	20,945	16,863	21,281	22,792	48,041	50,260	470	519	–	–	90,737	90,434
Segment total liabilities	14,044	13,935	19,987	21,401	10,412	12,920	695	773	–	–	45,138	49,029

* Inter-segment revenue received by Capital Markets International from Capital Markets Australia of $1.6 million for use of intangible assets is not included to align with reporting to CEO. Charges for work received by Capital Markets International from Capital Markets Australia of $1.9 million for software development work 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 2013 $'000	30 Jun 2012 $'000	30 Jun 2013 $'000	30 Jun 2012 $'000
Geographical Location:				
Australia	50,524	48,278	46,282	48,093
Europe, North America and Middle East	28,529	22,174	18,558	20,202
Asia	3,354	5,869	186	–
	82,407	76,321	65,026	68,295

Information about Geographical Areas

The consolidated Group's operating segments are managed in Australia. Capital Markets Australia and Financial Services have operations and customers in Australia, Wealth Management has operations and customers in Australia and Europe, and Capital Markets International has operations and customers in Europe, North America, Middle East and Asia. Capital Markets Australia 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 $16.62 million (2012: $14.87 million) of the Group's total revenues.

Reconciliation of Capital Expenditure

The $82 thousand (2012: $11 thousand) difference between the segment capital expenditure disclosure and the acquisitions recorded in plant and equipment (Note 10) and intangibles (Note 11) relates to the make good increase

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 26: 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.

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 December 2012. 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	
	2013 $'000	2012 $'000
Financial assets		
Cash	1,712	482
	1,712	482
Financial liabilities		
Bank overdraft	–	3,487
Bank loan	14,030	18,105
	14,030	21,592

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	
	2013 $'000	2012 $'000
Financial assets		
Cash	1,000	1,578
	1,000	1,578

United States Dollar Variable Interest Rate Risk

At reporting period, the Group had cash of $623 thousand which is exposed to United States Dollar variable interest rate risk (2012: $97 thousand).

Euro Variable Interest Rate Risk

At reporting period, the Group had had cash of $114 thousand which is to Euro variable interest rate risk (2012: $Nil).

Hong Kong Dollar Variable Interest Rate Risk

At reporting period, the Group had had cash of $55 thousand which is to Hong Kong Dollar variable interest rate risk (2012: $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 naturally hedge foreign currency purchase where possible.

At balance sheet date the Group had exposure to movements in the exchange rate for Great British Pounds in cash and receivables of $5.76 million (2012: $5.83 million) and payables of $961 thousand (2012: $777 thousand).

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 $796 thousand (2012: $96 thousand) and payables of $Nil (2012: $Nil).

At balance sheet date the Group had exposure to movements in the exchange rate for Euros as the balance for cash and receivables was $114 thousand (2012: $ Nil) and payables was $Nil (2012: $Nil).

At balance sheet date the Group had exposure to movements in the exchange rate for Hong Kong Dollar as the balance for cash and receivables was $55 thousand (2012: $ Nil) and payables was $Nil (2012: $Nil).

(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 Commonwealth Bank of Australia 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, receivable 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 22 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 39% (2012: 36%) 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 (where applicable).

Trade debtor terms range between fourteen to thirty days. Included in the Group's trade receivable balance are debtors with a carrying amount of $2 million (2012: $1.86 million) 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 28 days (2012: 16 days).

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 26: Financial Risk Management (continued)

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

	2013		2012	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	11,248	–	11,485	–
Past due 0-30 days	631	–	1,398	66
Past due 30-120 days	814	–	579	47
Past due more than 121 days	552	440	97	92
	13,245	440	13,559	205

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	
	2013 $'000	2012 $'000
Cash and cash equivalents	3,505	2,156
Trade and other receivables	14,651	14,578
Investment	–	–
	18,156	16,734

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

	GBST GROUP CARRYING AMOUNT	
	2013 $'000	2012 $'000
Australia	9,560	7,926
Europe	3,668	5,387
Asia	1,233	1,227
United States of America	190	38
	14,651	14,578

(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	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial Liabilities												
Bank loan and overdraft[1]	4,349	10,560	5,099	6,415	6,193	6,187	–	–	15,641	23,162	13,932	21,592
Lease facilities[2]	1,084	752	786	723	80	341	–	–	1,950	1,816	1,840	1,759
Trade & other payables	7,170	7,566	263	–	263	–	835	–	8,531	7,566	8,531	7,566
TOTAL FINANCIAL LIABILITIES	12,603	18,878	6,148	7,138	6,536	6,528	835	–	26,122	32,544	24,303	30,917

1. These items have variable interest rates.
2. 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 26: 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:

	2013		2012	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets				
Cash and cash equivalents	3,505	3,505	2,156	2,156
Trade and other receivables	14,651	14,651	14,578	14,578
	18,156	18,156	16,734	16,734
Financial Liabilities				
Trade and other payables	8,531	8,531	7,566	7,566
Bank loans and overdrafts	13,932	14,030	21,592	21,592
Lease facilities	1,840	1,840	1,759	1,759
	24,303	24,401	30,917	30,917

Fair values are materially in line with carrying values. An average discount rate of 6.26% (2012: 5.86%) has been applied to all non-current borrowings to determine fair value.

(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 2013, 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	
	2013 $'000	2012 $'000
Increase/(Decrease) in Profit and Equity		
Increase in interest rate by 1%	(140)	(215)
Decrease in interest rate by 1%	140	215

Foreign Currency Risk Sensitivity Analysis

At 30 June 2013, 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	
	2013 $'000	2012 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to GBP by 10%	2	5
Decline in AUD to GBP by 10%	(2)	(5)
Change in Equity		
Improvement in AUD to GBP by 10%	530	781
Decline in AUD to GBP by 10%	(530)	(781)

Financial Instruments Sensitivity Analysis Foreign Currency Risk Sensitivity Analysis (continued)

At 30 June 2013, 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	
	2013 $'000	2012 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to USD by 10%	14	23
Decline in AUD to USD by 10%	(11)	(19)
Change in Equity		
Improvement in AUD to USD by 10%	14	23
Decline in AUD to USD by 10%	(11)	(19)

At 30 June 2013, 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	
	2013 $'000	2012 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to EUR by 10%	13	–
Decline in AUD to EUR by 10%	(10)	–
Change in Equity		
Improvement in AUD to EUR by 10%	13	–
Decline in AUD to EUR by 10%	(10)	–

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 26: Financial Risk Management (continued)

At 30 June 2013, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Hong Kong Dollar, with all other variables remaining constant is as follows:

	GBST GROUP	
	2013 $'000	2012 $'000
Increase/(Decrease) in Profit		
Improvement in AUD to HKD by 10%	5	–
Decline in AUD to HKD by 10%	(6)	–
Change in Equity		
Improvement in AUD to HKD by 10%	5	–
Decline in AUD to HKD by 10%	(6)	–

Price Risk

At 30 June 2013 there no investments in listed shares.

Note 27: Contingent Liabilities

As at 30 June 2013, 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 28: 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)
R De Dominicis	Chief Executive Wealth Management
D Orrock	Chief Executive Capital Markets
A Ritter	Chief Financial Officer
P Salis	Chief Operating Officer
I Sanchez	Chief Technology Officer

(b) Key Management Personnel Compensation

	GBST GROUP	
	2013 $	2012 $
Short-term employee benefits	3,653,956	3,468,906
Post-employment benefits	153,076	153,972
Other long-term benefits	40,736	18,756
Share-based payments	199,306	(85,834)
	4,047,074	3,555,800

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

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 28: 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.

2013	Balance at 01/07/12	Received as Compensation	Performance Rights & Options Exercised	Net Change Other[1]	Balance at 30/06/13
Directors					
J Puttick	6,173,398	–	–	(475,937)	5,697,461
D Adams	–	–	–	–	–
A Brackin	381,943	–	–	–	381,943
S Lake	4,470,108	–	–	664,001	5,134,109
J Sundell	9,631,610	–	–	–	9,631,610
I Thomas	–	–	–	–	–
TOTAL DIRECTORS	20,657,059	–	–	188,064	20,845,123
Executives					
R De Dominicis	2,054,659	–	–	670,000	2,724,659
D Orrock	–	–	–	–	–
A Ritter	–	–	–	–	–
P Salis	16,135	–	–	–	16,135
I Sanchez	–	–	–	–	–
TOTAL EXECUTIVES	2,070,794	–	–	670,000	2,740,794
GROUP TOTAL	22,727,853	–	–	858,064	23,585,917

2012	Balance at 01/07/11	Received as Compensation	Performance Rights & Options Exercised	Net Change Other[1]	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

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

(e) Performance Right Holdings

The numbers of performance rights in the Company held (directly, indirectly or beneficially) during the financial year by Key Management Personnel, including their related parties, are set out below.

2013	Balance 01/07/12	Granted as Compensation	Performance rights Exercised or Sold	Other	Performance rights Cancelled/ Forfeited	Balance 30/06/13	Total Vested at 30/06/13	Total Vested and Exercisable at 30/06/13	Total Vested and Unexercisable at 30/06/13
Directors									
J Puttick	–	–	–	–	–	–	–	–	–
D Adams	–	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–	–
S Lake	–	365,177	–	–	–	365,177	–	–	365,177
J Sundell	–	–	–	–	–	–	–	–	–
I Thomas	–	–	–	–	–	–	–	–	–
TOTAL DIRECTORS	–	365,177	–	–	–	365,177	–	–	365,177
Executives									
R De Dominicis	–	182,588	–	–	–	182,588	–	–	182,588
D Orrock	–	182,588	–	–	–	182,588	–	–	182,588
A Ritter	–	116,857	–	–	–	116,857	–	–	116,857
P Salis	–	146,071	–	–	–	146,071	–	–	146,071
I Sanchez	–	146,071	–	–	–	146,071	–	–	146,071
TOTAL EXECUTIVES	–	774,175	–	–	–	774,175	–	–	774,175
GROUP TOTAL	–	1,139,352	–	–	–	1,139,352	–	–	1,139,352

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 28: Key Management Personnel Disclosures (continued)

(f) Option Holdings

Options granted as part of Remuneration for the Year Ended 30 June 2013

There were no options granted as remuneration to Key Management Personnel in the 30 June 2013 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 2013 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.

2012	Balance 01/07/11	Granted as Compensation	Options Exercised or Sold	Other	Options Cancelled/ Forfeited	Balance 30/06/12	Total Vested at 30/06/12	Total Vested and Exercisable at 30/06/12	Total Vested and Unexercisable 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 29: 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 28 and the Remuneration Report.

	GBST GROUP	
	2013 $	2012 $
Consultancy fees paid to Mr J Puttick.	4,000	14,000
Occupancy fees paid to entities of which Mr R De Dominicis has a beneficial interest.	–	45,702

Note 30: Share Based Payments

To assist in the attraction, retention and motivation of employees, the Company operates a GBST Performance Rights and Option Plan.

Share based payments entered into in the year are detailed below.

Share Performance Rights

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

On 8 November 2012, 1,314,636 performance rights were issued to select Executive employees. There is a nil exercise price and the share performance rights vest in thirty-six months after the date of grant or the date of release of GBST's financial results for the 2015 financial year. The share performance rights expire thirty days after the vesting date.

The share performance rights are conditional on the employees meeting continuous service conditions and the group meeting certain financial performance measures.

As at reporting date, the expense for these share performance rights for the period ending 30 June 2013 was $230 thousand included in share based payment expense.

At the Company's 2012 annual general meeting the issue of these performance rights and the GBST Performance Plan was approved by shareholders.

The performance criteria associated with the grant of share performance rights outstanding under the GBST Performance Rights and Option Plan is as follows:

1. Cumulative Earnings Per Share (EPS) Target

Vesting of the performance rights granted will be subject to GBST achieving three year (2013 – 2015 financial years) cumulative EPS targets of 26 cents, 28 cents, and 32 cents for 25%, 50% and 100% vesting respectively. There is also a vesting requirement that a minimum EPS of 5 cents is achieved in each year; and,

2. Service Condition

Continuous employment with GBST Holdings Limited from grant date to vesting date.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2013 continued

Note 30: Share Based Payments (continued)

Valuation

The fair value of the share performance rights at the 8 November 2012 of $0.8151 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant $0.96, expected volatility of 46.8 percent, expected dividends of 5.42 percent, a term of three years and a risk-free interest rate of 2.61 percent. The exercise price for the share performance rights is nil.

The share performance rights outstanding at 30 June 2013 had a weighted remaining contractual life of twenty-eight months.

Movement in Share Performance Rights

The following table illustrates the number, weighted average exercise price (WAEP) and movement in share performance rights under the Share Performance Rights Scheme issued during the period.

	Jun 2013 Number	Jun 2012 Number
Outstanding at the beginning of the period	–	–
Granted during the period	1,314,636	–
Forfeited during the period	–	–
Exercised during the period	–	–
Expired during the period	–	–
Outstanding at the end of the period	1,314,636	–
Exercisable at the end of the period	–	–

Movement in Share Options

The following table illustrates the comparative position for share options. The options expired during the prior comparative period and none have been subsequently issued.

	Jun 2013 Number	Jun 2013 WAEP	Jun 2012 Number	Jun 2012 WAEP
Outstanding at the beginning of the period	–	–	600,513	$1.05
Granted during the period	–	–	–	–
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	600,513	$1.05
Outstanding at the end of the period	–	–	–	–
Exercisable at the end of the period	–	–	–	–

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

Note 31: Earnings Per Share

	GBST GROUP	
	2013	2012
Basic earnings per share (cents)	9.06	4.87
Diluted earnings per share (cents)	9.06	4.87

(a) Reconciliation of earnings to net profit	$'000	$'000
Net Profit	6,031	3,251
Earnings used in the calculation of basic EPS	6,031	3,251
Earnings used in the calculation of dilutive EPS	6,031	3,251

(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	66,561,725	66,723,380
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	66,561,725	66,723,380

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 32: Subsequent Events

The financial report was authorised for issue on 23 August 2013 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 33: Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2013 the parent company of the Group was GBST Holdings Limited.

	GBST HOLDINGS	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Results of the Parent Entity		
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	2,114	4,659
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Net change in fair value of investment	–	1,004
Total items that will not be reclassified to profit or loss	–	1,004
Total Comprehensive Income for the Year	2,114	5,663
Financial Position of the Parent Entity at Year End		
Current Assets	8,692	4,809
Total Assets	194,139	163,365
Current Liabilities	14,610	17,392
Total Liabilities	146,227	114,136
Total Equity of the Parent Entity Comprising of:		
Issued capital	37,664	37,664
Equity remuneration reserve	230	–
Retained earnings	10,018	11,565
Total Equity	47,912	49,229

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 2013 $'000	30 Jun 2012 $'000
Parent Entity Capital and Other Expenditure Commitments		
Contracted for:		
Capital and other operating purchases	246	387
Payable		
Not later than one year	246	387
	246	387

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 22.

Note 34: 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 places of business are:

Level 4
410 Ann Street
BRISBANE QLD 4000

Level 24
259 George Street
SYDNEY NSW 2000

Level 2
63 Market Street
WOLLONGONG NSW 2530

Level 8
34 Queen Street
MELBOURNE Vic 3000

8th Floor Linen court
10 East Road
LONDON NI 6AD

Building 5
Croxley Green Business Park
Hatters Lane, Watford
HERTFORDSHIRE WD 18 8Y

19th Floor
222 Broadway
NEW YORK NY 10007

Unit 2904, 29F
Universal Trade Centre
3-5A Arbuthnot Road
HONG KONG

Level 10
55 Market St
SINGAPORE 048941

Directors' Declaration

for the year ended 30 June 2013

Directors' Declaration

1. In the opinion of the Directors of GBST Holdings Limited ('the Company'):
   a) the consolidated financial statements and Notes 1 to 34 and the Remuneration report in the Directors' report, set out on pages 21 to 31, 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 2013 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 22 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 2013.
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 23rd day of August 2013

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 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 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.

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 2013 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 21 to 31 of the directors' report for the year ended 30 June 2013. 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 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Stephen Board
Partner

Brisbane
23 August 2013

Additional Information

for the year ended 30 June 2013

Shareholding Information as at 6 September 2013

a. Distribution of Shareholders

Category (size of holding)	Number ordinary
1 to 1,000	291
1,001 to 5,000	369
5,001 to 10,000	156
10,001 to 100,0000	158
100,001 and over	49
Total	1023

b. The number of shareholdings in less than marketable parcels is 96

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

Shareholder	Number ordinary
Perpetual Limited	5,934,769
Crown Financial Pty Ltd	6,627,610
John Francis Puttick	7,056,760
National Nominees Ltd ACF Australian Ethical Smaller Companies Trust	6,339,087
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	13,914,851	20.91%
2	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,323,117	6.49%
3	CROWN FINANCIAL PTY LTD	4,118,148	6.19%
4	STEPHEN MAURICE LINTON LAKE	3,073,219	4.62%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,003,351	4.51%
6	MR JOHN FRANCIS PUTTICK	2,900,000	4.36%
7	CITICORP NOMINEES PTY LIMITED	2,764,491	4.15%
8	DEKACROFT PTY LTD	2,290,000	3.44%
9	MR JOAKIM SUNDELL & MRS SHARA SUNDELL	2,013,462	3.02%
10	BRAZIL FARMING PTY LTD	2,000,000	3.00%
11	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,785,750	2.68%
12	MRS AMBER ROBYN LAKE	1,691,000	2.54%
13	BNP PARIBAS NOMS PTY LTD	1,202,658	1.81%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,175,550	1.77%
15	BOND STREET CUSTODIANS LIMITED	1,040,332	1.56%
16	BOND STREET CUSTODIANS LIMITED	1,012,500	1.52%
17	BERISLAV BECAREVIC & IVANKA BECAREVIC	751,553	1.13%
18	BARRY BECAREVIC	722,408	1.09%
19	ROBERT DEDOMINICIS	707,839	1.06%
20	RAYMOND TUBMAN	707,839	1.06%

Corporate Directory

for the year ended 30 June 2013 continued

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

Level 4, 410 Ann Street

Brisbane QLD 4000

Ph 07 3331 5555

Fax 07 3839 7783

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 1300 554 474

Stock Exchange Listing

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

Unquoted Securities

The company has 1,314,636 Performance Rights on issue.

Auditors

KPMG

Level 16, 71 Eagle Street

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