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350.0	3,500.00DR	562.0
1330.0	665.00DR	4320.0
45330.0	665.00DR	4320.0
45330.0	5461.00DR	30.0
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Annual Report 2007

GBST Holdings Limited

ABN 85 010 488 874



GBST is Australia's leading provider of client accounting and securities transaction technology.

Our strategy is to build consistently growing recurring revenues from financial transactions, by providing robust technology solutions to the financial services sector.

Providing services to some of the world's leading institutional banks and stockbrokers, approximately half of all equities traded on the Australian Securities Exchange are processed by GBST network participants.

In August 2007 GBST extended its services to include wealth management with the acquisition of InfoComp Group, the foremost provider of funds administration and unit registry software to the Australian wealth management industry.

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Notice of AGM

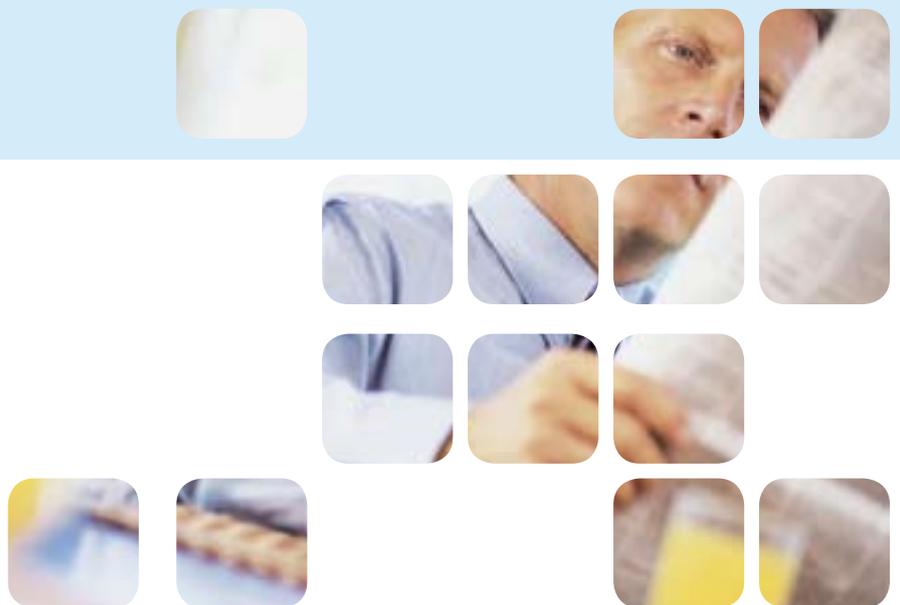
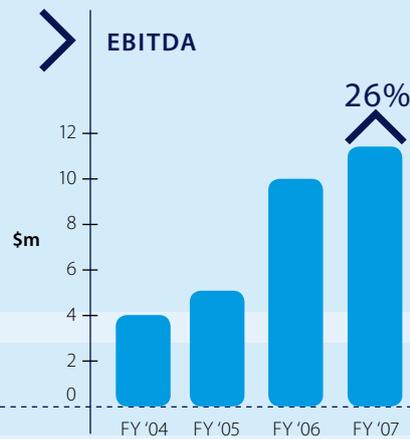
The Annual General Meeting of GBST Holdings Limited will be held at:

McCullough Robertson

Level 11
Central Plaza 2
66 Eagle Street, Brisbane
on Wednesday
21st November at 3.30pm.

> HIGHLIGHTS 2006 / 2007

- Growth strategy accelerated through acquisition of InfoComp
- Profit after tax of \$8.0 million, a 31% increase on the prior year
- EBITDA increased 26% to \$11.4 million
- Fully franked dividends increased to 11 cents per share, with a 6 cents final dividend
- 29.7% increase in earnings per share (EPS) to 18.1 cents



> CHAIRMAN'S REPORT

2006/7 was a successful year for GBST, in which we strengthened our market-leading position and rewarded the confidence of our investors with strong profit growth. Profit after tax was \$8 million, an increase of 31 per cent on the previous year.



GBST's growth has enabled us to increase our fully franked dividend to 11 cents for the year.

Our services play an important role in continuing to improve financial market efficiency. New systems contributed spectacular benefits to market participants through transformed, diversified and more flexible methods of trading. Our innovation has helped to streamline floats and transaction processing, and bring new stocks and financial products to market.

In addition, GBST's financial services technology has contributed to record market trading volumes. Our market share by volume increased to 42.5 per cent, and 48 stockbrokers use GBST's Shares platform, representing 56 per cent of the cash equities market. In 2006/7, Shares processed 8.3 million contract notes, a 27 per cent increase on the previous year.

We are excited by the acquisition of InfoComp, which expands our business to wealth management, bringing us new, blue-chip customers and a leadership position as a supplier of funds administration and registry software to the fast-growing Australian wealth management industry.

We are particularly pleased to acquire a business with which we have a natural cultural affinity. Among our similarities are a business model underpinned by recurring licence-fee revenues; a proven track record over nearly two decades; and specialised professional service capacity with staff recognised as experts in their respective fields.

This acquisition readies GBST to capitalise on the international trends toward investor-managed accounts and self-managed superannuation, which are supported by a broader investment mandate for stockbrokers and the growing private wealth industry.

InfoComp has established a beachhead in the United Kingdom, where legislative change to the pensions and superannuation systems is expected to be a catalyst for long-term financial services industry growth.

The market we serve continues to experience strong growth. This reflects increased activity from offshore traders, sophisticated hedge funds, new entrants and higher volume trade from existing market participants. We expect further volume growth and increased cross-border flows as investors are encouraged by the benefits of exposure to Australian financial markets which are seen as a sound, safe and profitable market in which to invest.

We continue to upgrade our own systems, capitalising on the strong knowledge base of our people. Our outsourcing activity has become more sophisticated, enabling us to purchase selectively. While proud of our capacity, we expect to make greater use of offshore skills to meet customer demand for product enhancements.

Looking ahead, we expect 2007/8 to be a defining year for GBST, underpinned by the acquisition of InfoComp, which is expected to contribute revenue of \$30 million, and to be cash earnings per share accretive in 2007/8.

I would like to commend Stephen Lake and his team for their outstanding efforts this year. To deliver strong growth it is important to work consistently together, and I would like to congratulate everyone that has been involved in making this a highly successful year for GBST.

A handwritten signature in black ink, appearing to read 'John Puttick'. The signature is fluid and cursive, with a prominent initial 'J'.

John Puttick
Chairman

2007 was a significant year for GBST not only in terms of our strong financial results but also in the momentum we established in our core business and in meeting our longer-term objectives.



GBST builds and owns software applications for the financial services industry, and provides infrastructure and support services to maintain these applications. As part of our ongoing business we continue to look for opportunities to supply more data, information and efficiency to our customers.

As detailed at the time of our initial public offering, a key objective of listing GBST on the ASX was to allow us to supplement organic growth with acquisitions, to develop a broader base of financial services revenues.

The purchase of Palion, the leading derivatives trading and client accounting technology in Australia, brought us a presence in the derivatives market and substantially increased our customer base. It also contributed valuable management, industry knowledge, and very talented people. Palion has been fully integrated into GBST and is a core part of our business. While we did not conclude an acquisition during the financial year 2007, we laid the foundation for the acquisition of InfoComp.

InfoComp

In August 2007, we doubled the size of GBST through the purchase of InfoComp, the leading specialist provider of wealth management software. InfoComp extends our business into a new sector of the financial services market.

Our capacity to provide technology services to the financial services industry has increased substantially. This is a significant step in GBST's strategic evolution, and we are excited by its growth opportunities.

We now offer combined equities and wealth management platforms, significantly expanding our customer community and network. Our core wealth management product "Composer" offers a complete system for the administration of wrap platforms, master trusts, retail and wholesale unit trusts and retirement products such as superannuation plans and pensions.

In the United Kingdom, InfoComp has secured a benchmark customer, Abbey Group business division, James Hay. Over the next few years, the James Hay self-invested personal pension (SIPP) and Abbey wrap products will be progressively migrated to Composer. This is expected to provide a strong competitive advantage in the burgeoning wraps market.

While wraps are established among retail investors in Australia, these investments are only now beginning to take off in the UK, and this market represents a substantial growth opportunity. According to industry research, an estimated £150 billion is set to flow into wraps by the end of 2008, driven by legislation change and simpler administration.

Locally, more than \$150 billion of assets are administered currently on Composer, which is used by some of Australia's leading financial services businesses.

Financial results

Our underlying business saw a 26% increase in EBITDA to \$11.42 million and a 31% increase in net profit after tax, compared to the prior year. This resulted from a 10% increase in revenue to \$29.2 million and growth in our EBITDA margin from 33% to 39%. We continue to benefit from increased trading volumes and new product sales.

GBST's customer network continued to expand, with third party clearing clients adding 11 new financial services providers and Palion product sales including seven new modules. GBST's share of ASX transactions continued to increase and remains a core focus of the business. Consulting revenue, although restrained by resources, grew 25% to \$2.5 million.

Our plan is to continue to grow recurring revenues from financial markets transactions, client accounting and administration. We are focused on building a network of connected financial market participants,



and exploiting the efficiencies that this offers. 2007 has provided us with the solid foundations to diversify and grow our business and to maintain our focus with confidence.

Research and development

Significant new products released in 2006/7 include GBST Databus which assists our clients to transport data to internal data repositories and GBST ClearView, a highly scalable connection to the ASX's settlement and clearing system CHES.

In building our systems we work closely with our customers. This ensures high-quality products tailored to the Australian market.

The broker services market continues to evolve, driven by algorithmic trading, the introduction of offshore market participants, increased cross-border flows and changes to conventional market operating models. Our strong research and development capability ensures we can continue to design industry-leading products that deliver more services to customers, at a lower cost.

People

GBST has outstanding people throughout the business and a united culture based on values of initiative, teamwork, integrity and professionalism. We now employ nearly 300 staff across the group in Australia and the United Kingdom. Our increased diversity and resources provide significant career paths for all staff.

Although we continue to take steps to strengthen our team, buoyant finance and technology markets have created a high demand for skilled people. This shortage constrained our growth throughout the year although we have made good progress in recent months.

We are building management expertise through leadership programs and encourage training and development. Recruitment processes have been

upgraded to ensure we employ people who fit our culture and values. We also provide the opportunity for employee participation in GBST equity through our employee share scheme.

I am delighted to welcome the staff of InfoComp, who bring a great deal of talent to GBST, and in particular welcome to our executive team InfoComp founders Robert DeDominicis and Ray Tubman, who will drive the wealth management business.

Community

GBST has a strong commitment to the community, which is recognised in greater detail on page 9 of this report. For the past two years, we have donated up to one per cent of EBITDA to organisations and charities that contribute to child welfare in Australia and people in developing countries. I would also like to recognise the efforts of our directors and staff who support the community through participation in professional bodies and many hours of voluntary work for education and not-for profit organisations.

The future

We enter 2007/8 a significantly larger and stronger company. Significant growth opportunities exist for our wealth management business in the UK and for our broker services business in Australia and Asia.

Our core ambition of building recurring revenue from financial markets transactions remains in place.

The business models of our customers are changing as is the marketplace in which we operate. We aim to evolve with the marketplace through ongoing investment in building and acquiring a broader product portfolio. This drives our expansion to support new sectors of the financial services market.

Our acquisition strategy continues to be guided by our strict investment criteria of seeking out companies with similar business models, and commitment to their products and their domain.



I would like to thank our staff for their hard work and commitment in what has been a year of significant change and growth; and our customers for their continued support.

Stephen Lake
Chief Executive Officer
and Managing Director



“OUR CAPACITY TO PROVIDE TECHNOLOGY SERVICES TO THE FINANCIAL SERVICES INDUSTRY HAS INCREASED SUBSTANTIALLY. THIS IS A SIGNIFICANT STEP IN GBST’S STRATEGIC EVOLUTION, AND WE ARE EXCITED BY ITS GROWTH OPPORTUNITIES.”

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> GBST IN THE LIFE OF A TRANSACTION

> 1. CLIENT



CUSTOMER
DISCUSSES
ORDER WITH
BROKER

2. ADVISER



ORDER IS
PLACED BY
BROKER

GBST TOMS

UPDATED
PORTFOLIO

6. BROKER BACK OFFICE



GBST Shares
GBST ClearView

5. ADVISER



GBST Shares
GBST DCA

CONTRACT IS
GENERATED

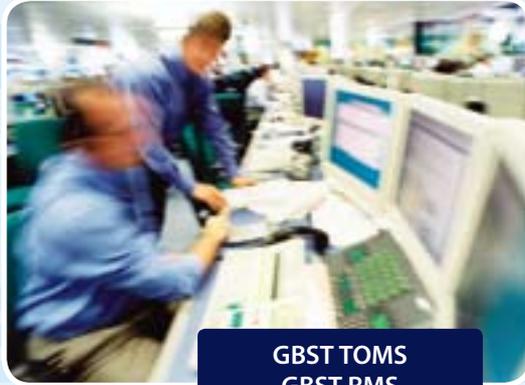
SETTLEMENT
OCCURS



GBST Margin Lending

BANK
MARGIN LENDER
REGISTRY
CMT PROVIDER

3. BROKER FRONT AND MIDDLE OFFICE



GBST TOMS
GBST RMS
GBST Shares

ORDER
GOES TO
ASX TO BE
TRADED

4. AUSTRALIAN SECURITIES EXCHANGE



TRADE
OCCURS

GBST's products and services provide client accounting and securities transaction solutions to support stock market trading and settlement.

GBST TOMS

TOMS is an information and trading tool used by advisers, managing the process from the time the investor makes an investment decision, through to market execution, trade confirmation and account allocation.

GBST Shares

One of the world's most advanced securities transaction processing systems, Shares automates trading, clearing, and settlement for multiple instruments, currencies and markets.

GBST DCA

DCA is a back office solution for clearing and settling derivatives transactions. Integrating with the clearing house, DCA eliminates the need for double entry, thereby minimising human error and the associated reconciliation and error correction processes.

GBST RMS

The RMS system enables brokers to better manage their client risk, providing the ability to monitor margins across customer and in-house positions as well as perform what-if scenarios.

GBST Margin Lending

Margin Lending is a tool used by margin lenders, broking firms, financial planners and fund managers to create and manage profitable lending services for their clients.

GBST ClearView

Integrating with back office applications, ClearView provides a guaranteed audit trail with real time connectivity to CHES.



GBST'S COMPETITIVE ADVANTAGE

GBST's broker services are tailor-made for Australian and regional markets in collaboration with our customers. Our products are innovative, scalable and robust to deliver superior processing capability and efficiency.

Market leadership	GBST Shares is the industry-leading securities transaction platform used by 56% of the cash equities market. The leading equities option platform, GBST DCA, is used by 22 brokers, which equates to around 50% of the options market.
Critical systems	Trading and clearing systems are critical for stockbrokers. Levels of operational risk, settlement risk, and market risk are directly dependent on system capability, scalability and durability. GBST Shares is one of the most advanced securities transaction systems in the world, providing the mission-critical information technology 'backbone' infrastructure essential for trading.
Distribution	Our systems connect an extensive network of stockbrokers, financial institutions and financial market participants. This is a significant distribution channel for providers of financial services. As stockbrokers seek to compete by offering more products and services, GBST can facilitate electronic connectivity to a wide range of providers, including funds managers; master trust and wrap providers; cash management providers; margin lenders; ratings, news and research services; and market data providers.
Scalability	Our robust clearing and settlement systems underpin the Australian securities market. GBST Shares processed 42.5% of ASX market volume transactions in 2007, up from 40% in 2006.
Clearing service capability	GBST Shares is the leading third party and agency clearing solution.
Innovation	We are an established financial technology leader with a track record of innovation since 1983. Recent releases include front office products to manage equities and derivatives orders from a single system, and to process floats.
Transaction based business model	An important factor in GBST's success has been its commercial engagement model. GBST's revenue is a mix of variable and fixed service fees. The variable fees are linked to the volume of trading activity. This allows GBST's customers to share in the benefits of a user-pays model.
Client engagement & service differentiation	GBST's support for customers is underpinned by the highest standards of service. We are dedicated to helping our customers achieve business efficiency, technology intergration and growth.

350.0	3,500.00DR	562.0			
1330.0	665.00DR	4320.0			
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640.05	6,400.50DR	5020.0			
641.00	3,205.00DR	5020.0			
11205.0	224,100.00DR	0.12	1330.0	665.00DR	1320.0
11205.0	224,180.00DR	0.12	1330.0	665.00DR	1320.0
340.0	3,400.00DR	562.0			
350.0	3,500.00DR	562.0	.4071	40,710.000DR	0.4080
			.4074	40,740.000DR	0.4080



> GBST IN THE COMMUNITY

1330.0	665.00DR	1320.0	11205.0	224,180.00DR	0.12
1330.0	665.00DR	1320.0	340.0	3,400.00DR	562.0
4071	40,710.00DR	0.4080	350.0	3,500.00DR	562.0
.4074	40,740.00DR	0.4080	1330.0	665.00DR	4320.0
111.98	11,198,000.00CR	0.235	41330.0	665.00DR	4320.0
112.15	33,645,000.00CR	0.235	45330.0	5461.00DR	30.0
640.05	6,400.50DR	5020.0	112.0	5461.00DR	30.0
641.00	3,205.00DR	5020.0	112.0	745.00DR	1320.0
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11205.0	224,180.00DR	0.12	640.05	6,400.50DR	5020.0
340.0	3,400.00DR	562.0	641.00	3,205.00DR	5020.0
350.0	3,500.00DR	562.0	11205.0	224,100.00DR	0.12
1330.0	665.00DR	4320.0	11205.0	224,180.00DR	0.12
45330.0	665.00DR	4320.0	340.0	3,400.00DR	562.0
45330.0	5461.00DR	30.0	350.0	3,500.00DR	562.0
112.0	5461.00DR	30.0	1330.0	665.00DR	4320.0
112.0	745.00DR	1320.0	45330.0	665.00DR	4320.0
1330.0	745.00DR	1320.0	1330.0	745.00DR	1320.0
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			11205.0	224,100.00DR	0.12
			11205.0	224,180.00DR	0.12

Supporting children and developing countries

In June 2005, GBST established a policy to donate up to one per cent of earnings before interest, tax, depreciation and amortisation to charitable organizations.

Our community involvement theme and focus for two years has been 'children and developing countries'. In this time, GBST has donated more than \$125,000 to help organisations that make an ongoing socio-economic improvement for children in Australia and people in developing countries.

Some organisations and charities that GBST has helped:

- World Vision
- CanTeen
- Innocents Relief
- Caritas Australia
- Variety, the Children's Charity
- Australian Red Cross
- Abused Childs Trust
- Salvation Army
- Unicef
- Youth Off the Streets
- Cyclone Larry relief appeal



“WORLD VISION SEEKS TO PARTNER WITH AUSTRALIANS TO ACHIEVE ITS GOAL OF MAKING POVERTY HISTORY IN OUR WORLD.

THIS PARTNERSHIP WAS POWERFULLY DEMONSTRATED BY GBST AND ITS GENEROSITY IN ALLOWING WORLD VISION TO USE ITS SYDNEY OFFICE SPACE.

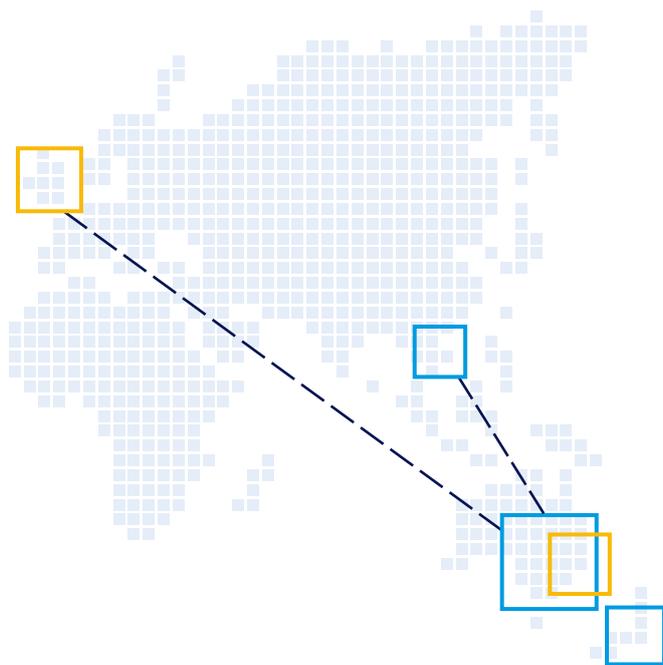
THIS SUPPORT ENABLED WORLD VISION AUSTRALIA TO THIS YEAR (07) TOUCH THE LIVES OF MORE THAN 12 MILLION PEOPLE IN ALMOST 60 COUNTRIES AND PROVIDE LIFE SAVING RESPITE FROM POVERTY AND DISEASE.”

Tim Costello
CEO World Vision Australia





WEALTH MANAGEMENT SERVICES



GBST'S GROWING INTERNATIONAL MARKET

GBST Broker Services

Offices	Customer locations
Adelaide	Australia
Brisbane	Hong Kong
Melbourne	New Zealand
Sydney	

GBST Wealth Management

Offices	Customer locations
London	Australia
Sydney	England
Wollongong	

Through the purchase of InfoComp Group, GBST is a leading supplier of software solutions to the Australian and United Kingdom wealth management industries.

Our flagship wealth management product, Composer, provides the technology to perform the complete administration of wrap platforms.

Wrap platforms provide an administration service for investment, superannuation and pensions and offer an open investment architecture incorporating cash, equities, managed funds and other managed investments. They provide many benefits to financial advisers including a single point of contact - rather than having to deal with many fund managers and brokers - consolidated portfolio and tax reporting, consolidated portfolio valuations and automated administration facilities such as portfolio rebalancing.

Wrap and master trusts today dominate retail investment, with 70-80 per cent of new wealth management business written through these platforms.

Composer offers a complete system for the administration of wrap platforms, master trusts,

retail and wholesale unit trusts, and retirement products, such as superannuation plans, pensions, annuities and provident funds. In the United Kingdom, Composer supports individual savings accounts (ISAs), personal equity plans (PEPs), self invested personal pensions (SIPPs) and Group SIPPs as well as general investment platforms.

In Australia, more than \$150 billion of assets are administered using the Composer platform.

The electronic messaging product, Conductor, is integrated in Composer, and provides a framework for business-to-business e-commerce in the wealth management sector. Unison provides registry and membership management services for associations, unions and clubs. The technology that underpins the Composer system incorporates a comprehensive and acclaimed service oriented architecture (Composer Business Integration Server) and external messaging framework (Conductor). These technologies facilitate enterprise integration and e-commerce within the wealth management sector.

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BOARD OF DIRECTORS



Board of directors

- 1 John Puttick
- 2 Stephen Lake
- 3 Allan Brackin
- 4 David Shirley
- 5 Joakim Sundell

John Puttick

Non-Executive Chairman

John is the founder and Chairman of GBST, and has 40 years' experience in the IT industry over 20 of which developing financial services solutions at GBST. He is a member of GBST's Audit and Risk Management Committee. John serves on University of Queensland and Queensland University of Technology faculty advisory committees. He is currently Adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland and Chair of Southbank TAFE Community Council.

Stephen Lake

Managing Director and Chief Executive Officer

Stephen Lake joined GBST in September 2001 after an extensive career in the capital markets industry in Australia, the United Kingdom and Asia. Mr Lake 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. Mr Lake was Managing Director of BZW's Capital Market's Division Australia and also Managing Director of the Fixed Interest Division at BZW (Asia) Ltd.

Allan Brackin

Independent Non-Executive Director

Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT infrastructure service companies from November 2000 to October 2004. Prior, he founded Queensland Laser and Survey Supplies Pty Ltd, as well as Applied Micro Systems (Australia) Pty Ltd, which grew to become the national company AAG Technology Services Pty Ltd. Allan currently serves on the board of Hutchison's Child Care Services Limited and the New South Wales Heart Foundation.

Allan is Chairman of GBST's Audit and Risk Management Committee.

David Shirley

Independent Non-Executive Director

David joined GBST in April 2005 as an Independent Non-Executive Director. David had a successful career providing strategic, business planning and governance advice in executive management positions with Microsoft Business Solutions and Navision. He is also a non-executive board and audit committee member of Steel Foundations Limited and he was a non-executive board and audit committee member with Queensland Capital Corporation Limited. David also serves as an advisory board member for a number of privately owned companies and was a partner with Gadens Lawyers.

David is a member of the GBST Audit and Risk Management Committee.

Joakim Sundell

Non-Executive Director

Joakim 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.



EXECUTIVE TEAM



Stephen Lake
Chief Executive Officer

Patrick Salis
Chief Financial Officer

Patrick has recently joined GBST, starting in October 2007 as Chief Financial Officer. Patrick has held similar roles in the financial services industry, most recently as Chief Financial Officer of Virgin Money Australia Limited, and 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.

Kylie Sprott
Human Resources & Communications

Kylie has extensive experience in managing the HR component of acquisitions and mergers in the IT sector, in particular overseeing the integration of five acquisitions and two substantial mergers. Kylie holds a Bachelor of Arts and a Postgraduate Certificate in Management (Human Resources) and has studied Strategic Human Resources at Harvard Business School.

Peter Ferguson
Head of Corporate Development

Prior to joining GBST in February 2005, Peter held senior strategic positions with leading international financial markets technology company, OMX. Between 2001 and 2004 he was General Manager responsible for OMX's Australian operations and substantially grew the business with prior experience providing international legal advice to OMX's in-house counsel in Stockholm as well as serving as a solicitor in Stockholm and Sydney. Peter holds a Bachelor of Law from Sydney University.

Hurrem Basdan
Client Services & Business Development (Broker Services)

Hurrem has re-joined GBST having previously been instrumental in defining and implementing GBST's product marketing strategy. Hurrem has over 10 years industry experience in consultation and management roles within some of Australia's leading financial services providers. She has also gained experience in other financial markets including the United Kingdom, The Netherlands and Spain. Hurrem holds a Bachelor of Economics (Accounting) from the University of Sydney and is in the final stages of completing a Master of Business Administration degree.

Executive team

- 6 Patrick Salis
- 7 Kylie Sprott
- 8 Peter Ferguson
- 9 Hurrem Basdan
- 10 Peter Fowler
- 11 Andy Haddon
- 12 Robert DeDominicis
- 13 Ray Tubman
- 14 Mark Smith
- 15 Isabel Sanchez

Peter Fowler***Head of Products (Broker Services)***

Joining GBST after GBST's successful acquisition of Palion from OMX in December 2005, Peter provides GBST with a unique blend of business and IT knowledge. Peter has gained his experience working overseas in Europe, America and Asia. His previous industry experience includes heading the regional operations of ICCH, which at the time was the international arm of the London Clearing House (LCH). Peter also established a new central counterparty clearing service in Asia as well as Palion Pty Limited in Australia.

Andy Haddon***Acting Chief Technology Officer (Broker Services)***

Andrew joined GBST in August 2007 with a strong background in software and technology development in Australia, Asia and the UK. Prior to joining GBST, from 2001 he was Country and General Manager for a software development firm in the banking and financial sectors. He has held senior management positions with AT&T in Hong Kong, responsible for Product Development in Asia, and establishing a Professional Services business and new online services in Australia. Andrew was Technical Manager for Nortec, a UK telecommunication firm with responsibility for design and development.

Robert DeDominicis***Chief Executive (Wealth Management)***

Robert is a founding partner of InfoComp with over 25 years experience in the development of software applications. Robert holds a Bachelor of Mathematics degree. Robert has a business and technical software background having been part of InfoComp's development and professional services teams. Robert has extensive experience in the registry and wealth management sector both in Australia and the UK having driven InfoComp's involvement with this sector since 1995.

Ray Tubman***Head of Global Products (Wealth Management)***

Ray is a founding partner of InfoComp and Chief Architect for InfoComp's wealth management product suite. Ray has over 20 years experience in the IT industry and has worked in various senior technical roles on projects. His previous experience includes work on British Airways pension systems in England, Westpac and various other financial institutions. Ray has a Bachelor of Mathematics degree and ASFA qualifications and is considered a subject matter expert in the Pensions and Investment industry in both the UK and Australia.

Mark Smith***Head of Professional Services (Wealth Management)***

Mark joined InfoComp in 1998 and since that time has worked in a number of roles ranging from project management, software development, professional services and contracts management. Mark has managed InfoComp's projects both in Australia and the UK. Prior to joining InfoComp Mark has held various senior software development and management roles both within Australia and the UK. Mark has over 19 years of industry experience in sectors including finance, medical, manufacturing and marketing with tertiary training in business administration.

Isabel Sanchez***Chief Technology Officer (Wealth Management)***

Isabel has over 15 years experience in software development and has been a member of the InfoComp team for 13 years. Since 2000, Isabel has been responsible for the management of development and support of all InfoComp product. Also responsible for the oversight of InfoComp's IT&T services and InfoComp's off-shore development centre. Isabel holds a Bachelor of Computing Science from the University of Wollongong.

> FINANCIAL REPORT





INTRODUCTION

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' ('Guidelines') applying to listed entities was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. The board has made an assessment of the company against the Guidelines. The board has made decisions in relation to its operations and the operations of the company that mean that it does not fully comply with all of the Guidelines but are in place to provide better performance. The Board outlines its assessment against the Guidelines below. This statement on corporate governance reflects our charter, policies and procedures on 5 October 2007.

SCOPE OF RESPONSIBILITY OF BOARD

- a) Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of GBST's shareholders with a view to building sustainable value for them and the interests of employees and other stakeholders.
- b) The Board's broad function is to:
 - (i) chart strategy and set financial targets for the Company
 - (ii) monitor the implementation and execution of strategy and performance against financial targets and
 - (iii) oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.
- c) Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:
 - (i) composition of the Board itself including the appointment and removal of Directors and the making of recommendations to shareholders concerning the appointment and removal of Directors
 - (ii) oversight of the Company including its control and accountability system
 - (iii) appointment and removal of the Chief Executive Officer and the Company Secretary
 - (iv) reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance

- (v) monitoring senior management's performance and implementation of strategy and
- (vi) approving and monitoring financial and other reporting and the operation of committees.

COMPOSITION OF BOARD

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

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

BOARD CHARTER AND POLICY

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



AUDIT AND RISK MANAGEMENT COMMITTEE

- a) The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group. Its members are:
- (i) Mr Allan Brackin, Chairman
 - (ii) Mr John Puttick
 - (iii) Mr David Shirley
- 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.

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.

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

GBST BOARD ASSESSMENT AGAINST THE GUIDELINES

Principle 1 – Lay solid foundations for management and oversight

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

Principle 2 – Structure the Board to add value

Together the Directors have a broad range of experience, skills, qualifications and contacts relevant to the business of the Company. The majority of the current Board is not independent. In particular, the Chairman is not independent in terms of the Guidelines. There are at least two independent Directors. GBST believes that the current board of five directors has been appropriate for a company of GBST's size and the current directors have been the best people to act in the interests of stakeholders and for this reason does not presently fully comply with the recommendations. With the Company's



increased size and the expansion into new areas of the financial services industry the board believes its performance could be enhanced by the introduction of additional board members. 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 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.

Principle 8 – Encourage enhanced performance

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

Principle 9 – Remunerate fairly and responsibly

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

Principle 10 – Recognise the legitimate interests of stakeholders

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



The directors of GBST Holdings Limited ('GBST') submit herewith the consolidated financial report for the year ended 30 June 2007.

DIRECTORS

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

- Dr John F Puttick
- Mr Allan J Brackin
- Mr Stephen M L Lake
- Mr David C Shirley
- Mr Joakim J Sundell

COMPANY SECRETARY

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

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

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

PRINCIPAL ACTIVITIES

The principal activities of GBST in the year were the provision of advanced electronic business solutions for the finance, banking and securities industry in Australia and South East Asia. No significant change in the nature of these activities occurred during the year.

OPERATING RESULT AND DIVIDEND

The consolidated profit after income tax for the financial year amounted to \$8,021,396 (2006: \$6,135,982).

The directors recommend a final dividend of 6.0 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked at 30% corporate tax rate and will be paid on 28 September 2007.

Dividends paid during the year were as follows:

- 2006 fully franked ordinary dividend of 4 cents per share paid on 29 September 2006, as recommended in last year's report \$1,758,720.
- 2007 interim fully franked ordinary dividend of 5 cents per share paid on 29 March 2007 \$2,250,412.

REVIEW OF OPERATIONS

The growth in profit is attributable to the maintenance of operating costs in line with the prior comparative period whilst growing revenue from operations by 7% to \$30.411 million (2006: \$28.241 million). Profit before tax grew by 31% to \$11.338 million (2006: \$8.628 million). Profit after tax increased by 30% to \$8.021 million (2006: \$6.136 million).

Significant factors impacting on profitability were;

- Revenue includes a full year of trading from the Palion suite of products. License revenue of \$2.701 million (2006: \$1.312) was recognised in the year. The Palion business was acquired in mid-December 2005.
- Increased usage fees from GBST's licensed products resulting from equity market trading conditions.
- Additional recurring revenue from new client and product licence sales made over the last year.
- An increase in revenue from consulting and software development services to \$2.5 million (2006: \$2 million).

The net assets of the consolidated entity increased by \$6.69 million during the year to \$20.209 million at 30 June 2007 as a result of the improved operating performance of the group. The consolidated entity generated cash flows from operations of \$7.63 million (2006: \$9.96 million) after the payment of income taxes of \$3.409m (2006: \$343k). Total assets increased from \$22.134 million at 2006 to \$28.345 million at 30 June 2007. Total assets include cash reserves of \$15.455 million at 30 June 2007.

The directors believe the group is in a strong and stable position to grow its current operations.

In the prior comparative period, on 15 December 2005, the company acquired the Palion business from OMX Technology Australia Pty Limited for a total acquisition cost of \$5.348 million. Palion is the leading supplier of derivatives clearing and client accounting technology in Australia. The purchase price included net assets of \$1.998 million and goodwill of \$3.35 million. The staff and products acquired with the Palion business have been integrated into GBST.

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the company issued 1,045,562 new shares, and 2,332,336 options (over existing shares) were exercised. No other significant changes in the state of affairs of the company occurred during the financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

The current results of the consolidated entity remain materially affected by the level of domestic equity trading volume.

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

AFTER BALANCE DATE EVENTS

On 2 August 2007, GBST Holdings Limited entered into agreements to acquire Infocomp Pty Ltd, ICP Holdings Pty Ltd and its subsidiaries for a cash payment of \$36.4 million and the issue of approximately 4.95 million shares. The cash component of the consideration is to be funded from existing cash reserves and a term loan facility of \$20 million, established with Suncorp Metway Ltd for the purpose of the acquisition. The term of the facility is six years. The facility limit will reduce by \$1 million at the end of each quarter, commencing in the second year of the facility.

The acquisition is expected to complete on or around 31 August 2007, the assets and liabilities arising from the acquisition will be valued at that time however it is expected that GBST will acquire approximately \$3 million in net tangible assets and approximately \$53 million in identifiable intangible assets and goodwill. Identifiable intangible assets will comprise software systems and customer contracts and relationships.

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

ENVIRONMENTAL ISSUES

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

INFORMATION ON DIRECTORS

John Puttick Non-Executive Chairman

John is the founder and Chairman of GBST and has 40 years' experience in the IT industry over 20 of which developing financial services solutions at GBST. John serves on University of Queensland and Queensland University of Technology faculty advisory Committees. He is currently Adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland and Chair of Southbank TAFE Community Council. John is Member of GBST's Audit and Risk Management Committee and is Chairman of the Nominations and Remuneration Committee.

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

Allan Brackin Independent Non-Executive Director

Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT infrastructure service companies from November 2000 to 31 October 2004. Prior to this Allan founded Queensland Laser and Survey Supplies Pty Ltd, as well as Applied Micro Systems (Australia) Pty Ltd, which grew to become the national company AAG Technology Services Pty Ltd. Allan currently serves on the board of the New South Wales Heart Foundation and is a former Director of Hutchisons Child Care Services Limited (November 2005 to September 2006). Allan is Chairman of GBST's Audit and Risk Management Committee and is a member of the Nominations and Remuneration Committee.

Interest in Shares and Options - 169,241 Ordinary Shares of GBST Holdings Limited held by Mr Brackin's associated entities.

Stephen Lake Managing Director and Chief Executive Officer

Stephen Lake joined GBST in September 2001 after an extensive career in the capital markets industry in Australia, the United Kingdom and Asia. Stephen became a shareholder of GBST and was appointed Chief Executive Officer in 2001. Prior to joining GBST, he was Chief General Manager of Financial Markets at Adelaide Bank Limited. Stephen was Managing Director of BZW's Capital Market's Division Australia and also Managing Director of the Fixed Interest Division at BZW

(Asia) Ltd. Stephen is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options - 3,867,428 Ordinary Shares of GBST Holdings Limited held by Mr Lake.

David Shirley Independent Non-Executive Director
David joined GBST in April 2005 as an Independent Non-Executive Director. David had a successful career providing strategic, business planning and governance advice in executive management positions with Microsoft Business Solutions and Navision. He is a non-executive board and audit committee member of Occupational & Medical Innovations Limited (since 23 November 2006) and became non-executive chairman in January 2007, is a non-executive board and audit committee member of Steel Foundations Limited and was non-executive board and audit committee member with Queensland Capital Corporation Limited. David also serves as an advisory board member for a number of privately owned companies and was a Partner with Gadens Lawyers. David is a Member of the GBST Audit and Risk Management Committee and is a member of the Nominations and Remuneration Committee.

Interest in Shares and Options - Nil

Joakim Sundell Non-Executive Director
Joakim 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 is a director of Infochoice Limited (since 13 December 2006). Joakim is a Member of the Nominations and Remuneration Committee.

Interest in Shares and Options - 14,336,053 Ordinary shares held by Mr Sundell's associated entities.

REMUNERATION REPORT

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

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

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

Remuneration policies and practices (audited)

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

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

Executive remuneration packages are aligned with the market and properly reflect the person's duties, responsibilities and performance. The current remuneration structure has three components: fixed remuneration, performance-related bonus and equity based remuneration. Executives are offered longer term incentives through an employee share option plan which seeks to align the executives' performance with the interests of shareholders.

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

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

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

Remuneration principles

1. The company will use competitive remuneration packages to attract, motivate and retain talented executives.
2. The employees will be rewarded for sustained and sustainable improvement in the performance of the company.

3. Directors and senior executives are encouraged to make investments in the company but only in accordance with the company's share trading guidelines.
4. Senior executive agreements will not allow for significant termination payments if an employment agreement has to be terminated for cause.
5. The company will make full disclosure of director and executive remuneration.

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

Remuneration Structure – non-executive directors

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

Remuneration Structure – senior executives

Three elements make up the company's remuneration structure for senior executives.

1. Fixed remuneration of salary and superannuation.
2. Bonus payments based upon company performance and the meeting of corporate objectives.
3. Equity based remuneration.

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

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

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

The company has an employee share ownership plan. The plan involves the use of options to acquire shares. The plan is designed to reward executives in a manner which aligns this element of remuneration with the financial performance of the company and the interests of shareholders. Executives are also required to meet continued service conditions in order to exercise the options. Details of executive options are shown in Note 28 in the financial statements.

COMPANY PERFORMANCE AND REMUNERATION

The table below shows the financial performance of the company over the last four years as measured by net operating revenue and net profit before tax. GBST's remuneration practices seek to align executive remuneration with growth in profitability and shareholder value, amongst other things.

The company listed on the Australian Stock Exchange on 28 June 2005. Over the past year GBST's share price has increased by 69%.

	2004	2005	2006	2007
Net operating revenue	\$21.3m	\$22.17m	\$26.72m	\$29.28m
Growth	11%	4%	21%	10%
Net profit before tax	\$2.42m	\$3.54m	\$8.63m	\$11.4m
Growth	100%	46%	144%	31%
Closing Share Price	n/a	\$1.23	\$2.37	\$4.00

Service agreements (audited)

Remuneration and other terms of employment for executive directors and executives are formalised in service contracts. All agreements with executives are subject to an annual review. Each of the agreements provide for base pay, leave entitlements, superannuation and performance-related bonus. The agreements are expressed to cover periods specific to individual appointments but may generally be terminated by notice by either party or earlier in the event of certain breaches of terms and conditions. Mr Lake's service agreement has a rolling term subject to six months notice from either party.

Details of Remuneration (audited)

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

	Short-Term Benefits			Post Employment Benefits	Other Long- Term Benefits	Share-based Payment	Total	Performance Related
	Base salary & fees	Bonus	Other	Super- annuation	Leave entitlement	Equity Options		%
	\$	\$	\$	\$	\$	\$	\$	%
2007								
Directors								
J Puttick	80,000	–	–	–	–	–	80,000	–
A Brackin	40,000	–	–	–	–	–	40,000	–
S Lake	490,000	–	–	44,100	–	–	534,100	–
D Shirley	40,000	–	–	–	–	–	40,000	–
J Sundell	40,000	–	–	–	–	–	40,000	–
Total								
Directors	690,000	–	–	44,100	–	–	734,100	
Executives								
C Apps (resigned 16/3/07)	134,470	13,761	–	13,274	28,802	–	190,307	7
P Ferguson	204,231	22,936	–	20,445	–	–	247,612	9
P Fowler	218,333	35,000	8,259	–	–	–	261,592	13
S Hayhoe (resigned 8/6/07)	186,899	13,761	–	17,257	–	–	217,917	6
K Sprott (appointed 21/08/06)	98,237	5,000	–	9,291	–	–	112,528	4
K Wallis	181,346	32,110	–	19,211	–	–	232,667	13
Total Executives	1,023,516	122,568	8,259	79,478	28,802	–	1,262,623	
Group Total	1,713,516	122,568	8,259	123,578	28,802	–	1,996,723	

	Base salary & fees \$	Short-Term Benefits		Post Employment Benefits	Other Long- Term Benefits	Share-based Payment	Total \$	Performance Related
		Bonus \$	Other \$	Super- annuation \$	Leave entitlement \$	Equity Options \$		%
2006								
Directors								
J Puttick	100,730	-	-	952	103,393	-	205,075	-
A Brackin	40,000	-	-	-	-	-	40,000	-
S Lake	490,000	-	-	44,269	-	23,798	558,067	4
D Shirley	40,000	-	-	-	-	-	40,000	-
J Sundell	40,000	-	-	-	-	-	40,000	-
Total Directors	710,730	-	-	45,221	103,393	23,798	883,142	
Executives								
C Apps	176,212	32,110	-	18,749	-	6,415	233,486	16
P Ferguson	189,154	32,110	-	19,914	-	9,520	250,698	17
P Fowler (appointed 15/12/05)	113,750	-	-	-	-	11,544	125,294	9
S Hayhoe	165,385	32,110	-	17,774	-	7,723	222,992	18
E Lloyd (i)	118,587	32,110	-	13,563	-	6,415	170,675	23
K Wallis	155,346	32,110	-	16,871	-	6,415	210,742	18
Total Executives	918,434	160,550	-	86,871	-	48,032	1,213,887	
Group Total	1,629,164	160,550	-	132,092	103,393	71,830	2,097,029	

(i) E Lloyd entered maternity leave on 2 December 2005 and resigned in the current year.

Options issued as part of Remuneration for the Year Ended 30 June 2007

There were no options issued as remuneration to key management personnel in the 30 June 2007 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 exercise date.

Options granted as remuneration to key management personnel

There were no options granted as remuneration to key management personnel in the 30 June 2007 financial year.

Details of the total holdings of options granted as remuneration in previous financial years are set out in Note 28 in the financial statements. Details of these options are set out in Note 30 in the financial statements.

Shares issued on exercise of compensation options

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

	No. of ordinary shares issued	Amounts paid per share \$	Amounts unpaid per share \$
Directors			
J Puttick	–	–	–
A Brackin	–	–	–
S Lake	999,332	0.7505	–
D Shirley	–	–	–
J Sundell	–	–	–
Total Directors	999,332		
Executives			
C Apps	265,156	0.7505	–
C Apps	1,332	0.00	–
P Ferguson	30,656	1.09	–
P Fowler	–	–	–
S Hayhoe	123,560	0.7505	–
S Hayhoe	25,000	1.45	–
K Sprott	–	–	–
K Wallis	230,156	0.7505	–
Total Executives	675,680		
Group Total	1,675,192		

MEETINGS OF DIRECTORS

During the financial year, 20 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' names	Directors' meetings		Audit and risk committee Remuneration and nominations			
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Puttick	15	14	4	4	1	1
A Brackin	15	15	4	4	1	1
S Lake	15	15	4	4	1	1
D Shirley	15	15	4	4	1	1
J Sundell	15	14	–	–	1	1

Indemnifying directors and officers

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretaries and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

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

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

OPTIONS

The number of options over ordinary shares outstanding at 30 June 2007 are as follows:

Grant date	Expiry and exercise date	Exercise price	Number
09.03.05	08.03.10	\$0.00	134,532
25.08.05	31.01.08	\$1.09	69,344
05.12.05	04.12.07	\$1.25	187,500
03.01.06	02.01.08	\$1.45	90,000
			481,376

The company established an employee share trust on 9 March 2005 to hold shares in GBST for subsequent allocation under the GBST Employee Option Plan. During the year ended 30 June 2007, 2,332,336 shares were issued from the trust and 1,045,562 new shares were issued to meet the exercise of employee options (grant date 09.03.05 and exercise price was \$.7505). GBST ESOP Pty Ltd held 36,844 shares in GBST at reporting date. The Trust is treated as a special purpose entity and consolidated. The trust's shareholding in the company is disclosed as treasury shares and deducted from equity.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate. Since the end of the financial year the company has issued 85,894 zero exercise price options to non-executive staff. The zero exercise price options are divided into three tranches.

The first tranche, of 20%, vest and may be exercised after 12 months and lapse if unexercised in 36 months. The second tranche, of 30%, vest and may be exercised after 24 months and lapse if unexercised in 48 months. The third tranche, of 50%, vest and may be exercised after 36 months and lapse if unexercised after 60 months. On cessation of employment all unvested zero exercise price options lapse. The company has also issued 11,988 shares since the end of the financial year following the exercise of options under the GBST Exempt Option Plan.

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 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 fees for non-audit services paid/payable to the external auditors during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on the page following this directors' report.

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



J F Puttick
Chairman
Brisbane
16 August 2007



S M L Lake
Managing Director and Chief Executive Officer



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

To the Directors of GBST Holdings Limited

As lead auditor for the audit of GBST Holdings Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

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

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

Robertsons Audit & Assurance Pty Ltd

Robertsons Audit & Assurance Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 16 August 2007



The Directors of the company declare that:

1. The financial statements and notes, and the additional disclosures included in the directors' report designated as audited, are in accordance with the *Corporations Act 2001*:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidated entity.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



J F Puttick
Chairman

Brisbane
16 August 2007



S M L Lake
Managing Director and Chief Executive Officer



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue		30,410,971	28,241,374	30,410,971	28,241,374
Other income		876,156	441,188	944,955	441,188
Total Revenue		31,287,127	28,682,562	31,355,926	28,682,562
Product delivery and support expenses		(12,139,888)	(11,566,680)	(12,139,888)	(11,566,680)
Cost of third party product sold		(1,134,720)	(1,532,529)	(1,134,720)	(1,532,529)
Property and equipment expenses		(3,013,076)	(2,774,417)	(3,013,076)	(2,774,417)
Corporate and administrative expenses		(3,641,934)	(4,154,546)	(3,604,248)	(4,154,546)
Finance costs		(19,682)	(26,214)	(19,682)	(26,214)
Profit before income tax	2	11,337,827	8,628,176	11,444,312	8,628,176
Income tax expense	3	(3,316,431)	(2,492,194)	(3,316,431)	(2,492,194)
Profit from continuing operations		8,021,396	6,135,982	8,127,881	6,135,982
Profit attributable to members of the parent company		8,021,396	6,135,982	8,127,881	6,135,982
Basic earnings per share (cents)	31	18.11	13.96		
Diluted earnings per share (cents)	31	17.77	13.77		

The accompanying notes form part of these financial statements.

> BALANCE SHEET AS AT 30 JUNE 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
CURRENT ASSETS					
Cash and cash equivalents	5	15,454,992	10,618,069	15,454,992	10,618,069
Trade and other receivables	6	3,797,888	3,224,393	3,849,344	5,002,362
Inventories	7	–	2,572	–	2,572
Other assets	11	513,605	280,102	513,605	280,102
Total current assets		19,766,485	14,125,136	19,817,941	15,903,105
NON-CURRENT ASSETS					
Trade and other receivables	6	16,027	36,792	16,027	36,792
Financial assets	8	781,937	–	782,039	102
Property, plant and equipment	9	1,289,967	1,157,043	1,289,967	1,157,043
Intangible assets	10	5,339,012	5,732,379	5,339,012	5,732,379
Deferred tax assets	14	1,138,404	1,051,523	1,138,404	1,051,523
Other assets	11	13,453	31,200	13,453	31,200
TOTAL NON-CURRENT ASSETS		8,578,800	8,008,937	8,578,902	8,009,039
TOTAL ASSETS		28,345,285	22,134,073	28,396,843	23,912,144
CURRENT LIABILITIES					
Trade and other payables	12	2,186,566	2,030,457	2,178,571	2,030,457
Financial liabilities	13	–	35,276	–	35,276
Current tax liabilities	14	2,080,532	2,115,948	2,080,532	2,115,948
Other liabilities	16	2,260,754	3,027,989	2,260,754	3,027,989
TOTAL CURRENT LIABILITIES		6,527,852	7,209,670	6,519,857	7,209,670
NON-CURRENT LIABILITIES					
Deferred tax liabilities	14	174,492	144,765	174,492	144,765
Long-term provisions	15	1,128,406	1,197,841	1,128,406	1,197,841
Other liabilities	16	305,611	64,605	305,611	64,605
TOTAL NON-CURRENT LIABILITIES		1,608,509	1,407,211	1,608,509	1,407,211
TOTAL LIABILITIES		8,136,361	8,616,881	8,128,366	8,616,881
NET ASSETS		20,208,924	13,517,192	20,268,477	15,295,263
EQUITY					
Issued capital	17	6,807,508	5,722,015	6,807,508	5,722,015
Treasury shares	18	(31,253)	(1,778,071)	–	–
Reserves	19	67,788	298,816	67,788	298,816
Retained earnings		13,364,881	9,274,432	13,393,181	9,274,432
TOTAL EQUITY		20,208,924	13,517,192	20,268,477	15,295,263

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Issued capital \$	Treasury shares (a) \$	Retained earnings \$	Option reserve (b) \$	Total \$
CONSOLIDATED					
Balance at 1 July 2005	5,722,015	(2,203,076)	3,138,450	175,000	6,832,389
Profit for the year	–	–	6,135,982	–	6,135,982
Share based payments	–	–	–	123,816	123,816
Exercise of options	–	425,005	–	–	425,005
Balance at 30 June 2006	5,722,015	(1,778,071)	9,274,432	298,816	13,517,192
Balance at 1 July 2006	5,722,015	(1,778,071)	9,274,432	298,816	13,517,192
Profit for the year	–	–	8,021,396	–	8,021,396
Share based payments	–	–	–	73,769	73,769
Share Issues	780,696	–	–	–	780,696
Exercise of options	–	1,746,818	–	–	1,746,818
Transfer to ordinary capital	304,797	–	–	(304,797)	–
Subtotal	6,807,508	(31,253)	17,295,828	67,788	24,139,871
Net Dividends paid (note 4)	–	–	(3,930,947)	–	(3,930,947)
Balance at 30 June 2007	6,807,508	(31,253)	13,364,881	67,788	20,208,924
PARENT COMPANY					
Balance at 1 July 2005	5,722,015	–	3,138,450	175,000	9,035,465
Profit for the year	–	–	6,135,982	–	6,135,982
Share based payments	–	–	–	123,816	123,816
Balance at 30 June 2006	5,722,015	–	9,274,432	298,816	15,295,263
Balance at 1 July 2006	5,722,015	–	9,274,432	298,816	15,295,263
Profit for the year	–	–	8,127,881	–	8,127,881
Share based payments	–	–	–	73,769	73,769
Share Issues	780,696	–	–	–	780,696
Transfer to ordinary capital	304,797	–	–	(304,797)	–
Subtotal	6,807,508	–	17,402,313	67,788	24,277,609
Net Dividends paid (Note 4)	–	–	(4,009,132)	–	(4,009,132)
Balance at 30 June 2007	6,807,508	–	13,393,181	67,788	20,268,477

(a) GBST ESOP Pty Ltd, in its capacity as trustee of the GBST Employee Share Trust, holds shares in GBST for subsequent allocation under the GBST Employee Option Plan. During the year ended 30 June 2007, 2,332,336 (2006: 384,820) shares were issued from the Trust to meet the exercise of employee options. GBST ESOP Pty Ltd held 36,844 shares in GBST at 30 June 2007 (2006: 2,369,180). The Trust is treated as a special purpose entity and consolidated. The Trust's shareholding in the company is disclosed as treasury shares and deducted from equity.

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

The accompanying notes form part of these financial statements.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		32,342,988	32,447,791	32,342,988	32,447,791
Payments to suppliers and employees		(22,068,505)	(22,503,435)	(22,058,056)	(22,520,141)
Interest & sundry income		775,697	379,230	775,697	379,230
Interest and other costs of finance paid		(9,874)	(16,405)	(9,874)	(16,405)
Income tax paid		(3,409,002)	(343,126)	(3,409,002)	(343,126)
Net cash provided by/(used in) operating activities	25(a)	7,631,304	9,964,055	7,641,753	9,947,349
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant & equipment		31,801	11,324	31,801	11,324
Purchase of plant & equipment		(625,286)	(561,932)	(625,286)	(561,932)
Purchase of intangibles		(82,974)	(599,527)	(82,974)	(599,527)
Acquisition of business	25(c)	–	(5,348,482)	–	(5,348,482)
Proceeds from related entity receivables		–	–	1,895,751	293,517
Proceeds from other entity receivables		21,527	30,182	21,527	30,182
Purchase of investments		(781,937)	–	(781,937)	–
Net cash provided by/(used in) investing activities		(1,436,869)	(6,468,435)	458,882	(6,174,918)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance leases		(35,276)	(37,397)	(35,276)	(37,397)
Exercise of options/sale of treasury shares		1,828,015	276,811	–	–
Proceeds from issue of ordinary shares		780,696	–	780,696	–
Dividends paid		(3,930,947)	–	(4,009,132)	–
Net cash provided by/(used in) financing activities		(1,357,512)	239,414	(3,263,712)	(37,397)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		4,836,923	3,735,034	4,836,923	3,735,034
Cash at beginning of the financial year		10,618,069	6,883,035	10,618,069	6,883,035
Cash at end of the financial year	25(b)	15,454,992	10,618,069	15,454,992	10,618,069

The accompanying notes form part of these financial statements.



FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report complies with all International Financial Reporting Standards (IFRS) in their entirety.

Basis of preparation

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Principles of consolidation

A controlled entity is any entity over which GBST Holdings Limited has the power to control the financial and operating policies, so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 22 of the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Revenue

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

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

Revenue from the sale of goods, rendering of other services or the disposal of other assets is recognised upon the delivery to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Goods and services tax (GST)

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

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

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.



FOR THE YEAR ENDED 30 JUNE 2007

Deferred income tax assets are recognised to the extent that is probable that future profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Inventories

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

Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate	Basis
Owned plant, equipment	7.5%-40%	Straight-Line / Diminishing Value
Leased plant, equipment	33.3%	Straight-Line

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Asset retirement obligations

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



FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and hire purchase

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

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

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

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

Research and development expenditure (software systems)

Software systems are the core asset of the company.

Internally developed

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

Externally acquired

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

Identifiable intangible assets

Acquired both separately and from a business combination

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

The useful lives of these intangible assets are assessed and the asset is amortised over its useful life on a straight line basis.

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.

Goodwill

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

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

Impairment of assets

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

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

Provisions

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

Employee benefits

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

The group operates an Employee Option scheme, comprising of two sub-schemes, being an Exempt Options Scheme for staff generally and a Deferred Options Scheme for select staff and eligible Directors. The company determines the fair value of options (and other equity-based incentives) issued to employees as remuneration and recognises an expense in the Income Statement. Options are valued using a binomial model which includes variables such as time, volatility, risk and return.

Treasury shares

The GBST Employee Share Trust is treated as a special purpose entity and consolidated. This results in the trust's shareholding in the company being disclosed as treasury shares and deducted from equity.

This consolidation treatment arises on the basis that, although the consolidated entity has no proprietary interest in the shares, the GBST Employee Share Trust has been established to maintain and hold securities in accordance with the remuneration policies and objectives of the group. It is deemed that the trust is controlled by the group.

Where the employee share options are exercised and the employees acquire the shares from the ESOP Trust, the treasury shares will be removed from the balance sheet as cash is received from the employees.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates. The key estimates and judgements made in this financial report concern the assessment of the carrying value of the consolidated entity's intangible assets.

Foreign currency transactions and balances

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year end exchange rate. Exchange differences arising on the translation of monetary items are recognised in the income statement.

Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets (investments) are reflected at fair value or cost. Fair value is determined with reference to market prices. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

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

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 2: PROFIT FOR THE YEAR				
(a) Revenue:				
Sales revenue:				
Revenue from license and service sales	29,086,199	26,408,429	29,086,199	26,408,429
Revenue from sale of third party product	1,324,772	1,832,945	1,324,772	1,832,945
	30,410,971	28,241,374	30,410,971	28,241,374
Other income:				
Interest revenue (c)	866,046	430,357	934,845	430,357
Profit on sale of plant & equipment (d)	9,280	–	9,280	–
Other revenue	830	10,831	830	10,831
	876,156	441,188	944,955	441,188
Total Revenue	31,287,127	28,682,562	31,355,926	28,682,562
(b) Expenses:				
Loss on sale of plant & equipment (d)	–	90,281	–	90,281
Finance costs (e)	19,682	26,214	19,682	26,214
Depreciation & amortisation (f)	942,374	822,519	942,374	822,519
Foreign currency translation losses/(gains)	–	1,218	–	1,218
Operating lease rentals	1,262,612	936,533	1,262,612	936,533
Research & developments costs	2,915,214	3,328,571	2,915,214	3,328,571
Employee benefits expense (g)	11,285,343	11,908,162	11,305,179	11,908,162
(c) Interest revenue:				
Other entities	866,046	430,357	866,046	430,357
Controlled entity	–	–	68,799	–
	866,046	430,357	934,845	430,357
(d) Sale of assets:				
Proceeds on sale of plant and equipment	31,801	11,324	31,801	11,324
	31,801	11,324	31,801	11,324
(e) Finance costs:				
Finance lease charges	974	4,035	974	4,035
Facility fees	18,708	22,179	18,708	22,179
	19,682	26,214	19,682	26,214

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 2: PROFIT FOR THE YEAR (CONTINUED)				
(f) Depreciation & amortisation:				
Depreciation of plant & equipment	442,791	478,712	442,791	478,712
Amortisation of leased assets	23,530	40,317	23,530	40,317
Amortisation of intangibles	476,053	303,490	476,053	303,490
	942,374	822,519	942,374	822,519
(g) Employee benefits expense:				
Monetary based expense (i)	11,231,410	11,636,152	11,231,410	11,636,152
Share based payments expense (ii)	73,769	272,010	73,769	272,010
	11,305,179	11,908,162	11,305,179	11,908,162

(i) Monetary based expense includes salary and fees, bonus payments, superannuation and other benefits.

(ii) Share based payments expense is calculated in accordance with AASB 2 "Share-based Payments".

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 3: INCOME TAX EXPENSE				
(a) The components of tax expense comprise:				
Current Tax	3,441,241	2,502,489	3,441,241	2,502,489
Deferred tax (Note 14)	(104,888)	44,907	(104,888)	44,907
Over provision in respect of prior years	(19,922)	(55,202)	(19,922)	(55,202)
	3,316,431	2,492,194	3,316,431	2,492,194

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

Operating profit	11,337,827	8,628,176	11,444,312	8,628,176
Prima facie tax payable at 30%	3,401,348	2,588,453	3,433,294	2,588,453
Adjust for tax effect of:				
Other non-allowable items (net)	41,072	48,943	9,126	48,943
Research & development expenditure claim	(106,067)	(90,000)	(106,067)	(90,000)
Over provision for income tax in prior year	(19,922)	(55,202)	(19,922)	(55,202)
Income tax attributable to entity	3,316,431	2,492,194	3,316,431	2,492,194
Average effective tax rates:	29%	29%	29%	29%



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 4: DIVIDENDS				
Provision for dividend on ordinary shares	–	–	–	–
Dividend paid in the period:				
Interim fully franked ordinary dividend of 5 cents (2006: Nil) per share	2,250,412	–	2,250,412	–
2006 proposed final fully franked ordinary dividend of 4 cents per share paid in 2007	1,758,720	–	1,758,720	–
Total dividends paid	4,009,132	–	4,009,132	–
Dividend received on treasury shares	(78,185)	–	–	–
Net dividend paid	3,930,947	–	4,009,132	–
Franking credit balance:				
Balance of franking account at year end	2,033,928	343,126	2,033,928	343,126
Franking credits arising from payment of provision for income tax as at the end of the financial year	2,080,532	2,115,948	2,080,532	2,115,948
Impact of estimated final dividend not recognised during the period	(1,285,000)	(753,737)	(1,285,000)	(753,737)
Franking credits available for future reporting periods	2,829,460	1,705,337	2,829,460	1,705,337

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	854,992	1,618,069	854,992	1,618,069
Short term deposits (i)	14,600,000	9,000,000	14,600,000	9,000,000
	15,454,992	10,618,069	15,454,992	10,618,069

(i) The effective interest rate on short-term bank deposits was 6.3% (2006: 5.8%); these deposits have an average maturity of 30 days.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 6: TRADE AND OTHER RECEIVABLES

Current

Trade debtors	3,439,457	2,793,353	3,439,457	2,793,353
Other related entities (a)	–	–	42,960	1,778,071
Other amounts receivable	358,431	431,040	366,927	430,938
	3,797,888	3,224,393	3,849,344	5,002,362

Non-Current receivables

Other entities	16,027	36,792	16,027	36,792
	16,027	36,792	16,027	36,792

(a) Amount advanced to GBST ESOP as trustee for the ESOP Trust (refer Note 30). The loan will be recovered at the time the employee share options are exercised and the employees acquire the shares from the ESOP Trust. The recoverability of the loan is dependant on the value of GBST's shares. The GBST group has no proprietary interest in the share options or the shares.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 7: INVENTORIES				
Inventory on hand at cost	–	2,572	–	2,572
	–	2,572	–	2,572

NOTE 8: FINANCIAL ASSETS

Non-Current

Available for sale financial assets:

Investment in controlled entities at cost (note 22)	–	–	102	102
Investment in shares at fair value	781,937	–	781,937	–
	781,937	–	782,039	102

NOTE 9: PLANT AND EQUIPMENT

Owned plant and equipment at cost	3,097,181	4,298,355	3,097,181	4,298,355
Provision for depreciation	(1,807,214)	(3,164,842)	(1,807,214)	(3,164,842)
	1,289,967	1,133,513	1,289,967	1,133,513
Leased plant and equipment at cost	–	120,963	–	120,963
Provision for amortisation	–	(97,433)	–	(97,433)
	–	23,530	–	23,530
Total plant and equipment	1,289,967	1,157,043	1,289,967	1,157,043

(a) Movement in Plant and Equipment	Owned \$	Leased \$	Total \$
Consolidated and Parent Company			
Year ended 30 June 2006			
Balance at the beginning of the year	1,047,364	63,847	1,111,211
Additions	681,245	–	681,245
Disposals	(116,384)	–	(116,384)
Depreciation expense	(478,712)	(40,317)	(519,029)
Carrying amount at the end of the year	1,133,513	23,530	1,157,043
Year ended 30 June 2007			
Balance at the beginning of the year	1,133,513	23,530	1,157,043
Additions	641,765	–	641,765
Disposals	(42,520)	–	(42,520)
Depreciation expense	(442,791)	(23,530)	(466,321)
Reclassification to owned assets - cost	120,963	(120,963)	–
Reclassification to owned assets - accumulated depreciation	(120,963)	120,963	–
Carrying amount at the end of the year	1,289,967	–	1,289,967



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 10: INTANGIBLE ASSETS				
Software Systems	2,985,455	3,096,288	2,985,455	3,096,288
Accumulated amortisation	(996,504)	(713,970)	(996,504)	(713,970)
Net carrying value	1,988,951	2,382,318	1,988,951	2,382,318
Goodwill	3,350,061	3,350,061	3,350,061	3,350,061
Net carrying value	3,350,061	3,350,061	3,350,061	3,350,061
Total intangibles	5,339,012	5,732,379	5,339,012	5,732,379

(a) Movement in intangibles	Software systems \$	Goodwill \$	Total \$
Consolidated and parent company			
Year ended 30 June 2006			
Balance at the beginning of the year	86,281	–	86,281
Additions	2,599,527	3,350,061	5,949,588
Amortisation charge	(303,490)	–	(303,490)
Carrying amount at the end of the year	2,382,318	3,350,061	5,732,379
Year ended 30 June 2007			
Balance at the beginning of the year	2,382,318	3,350,061	5,732,379
Additions	82,974	–	82,974
Disposals	(288)	–	(288)
Amortisation charge	(476,053)	–	(476,053)
Carrying amount at the end of the year	1,988,951	3,350,061	5,339,012

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

Impairment Disclosures

Goodwill relates to the acquisition of the Palion business in December 2005. The Palion business is fully integrated within the operations of GBST and is not a separable cash generating unit.

The recoverable amount of goodwill has been determined based on a value in use calculation. The following assumptions were used in the value-in-use calculations: Value in use has been calculated from the present value of cash flows included in management approved operating budgets for the year ended 30 June 2008. These budgets use historical performance to project revenue and expenses. No impairment loss was charged for goodwill in the 2007 financial year.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 11: OTHER ASSETS				
Current				
Prepaid expenditure	513,605	280,102	513,605	280,102
Non-current				
Prepaid expenditure	13,453	31,200	13,453	31,200
	13,453	31,200	13,453	31,200

NOTE 12: TRADE AND OTHER PAYABLES

Current				
Trade creditors & accruals (unsecured)	2,186,566	2,030,457	2,178,571	2,030,457
	2,186,566	2,030,457	2,178,571	2,030,457

NOTE 13: FINANCIAL LIABILITIES

Current				
Finance lease liability (Note 20)	–	35,276	–	35,276
	–	35,276	–	35,276

NOTE 14: TAX

(a) Liabilities

Current				
Income tax	2,080,532	2,115,948	2,080,532	2,115,948
Non-current				
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	174,492	144,765	174,492	144,765
	174,492	144,765	174,492	144,765

(b) Assets

Deferred tax assets comprise:				
Provisions and prepaid income	902,584	853,259	902,584	853,259
Other items	140,353	55,063	140,353	55,063
Transaction costs on equity issue	95,467	143,201	95,467	143,201
	1,138,404	1,051,523	1,138,404	1,051,523



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 14: TAX (CONTINUED)				
(c) Reconciliations				
(i) Gross Movement				
The overall movement in the deferred tax account is as follows:				
Opening balance	906,758	999,399	906,758	999,399
(Charge)/credit to income statement	104,888	(44,907)	104,888	(44,907)
Charge to equity	(47,734)	(47,734)	(47,734)	(47,734)
Closing balance	963,912	906,758	963,912	906,758
(ii) Deferred Tax Liability				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
Tax allowances relating to property, plant and equipment				
Opening balance	144,765	2,512	144,765	2,512
Charged to income statement	29,727	142,253	29,727	142,253
Closing balance	174,492	144,765	174,492	144,765
(iii) Deferred Tax Assets				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
Provisions and prepaid income				
Opening balance	853,259	736,429	853,259	736,429
Credited to income statement	49,325	116,830	49,325	116,830
Closing balance	902,584	853,259	902,584	853,259
Other Items				
Opening balance	55,063	74,547	55,063	74,547
Credited/(charged) to income statement	85,290	(19,484)	85,290	(19,484)
Closing balance	140,353	55,063	140,353	55,063
Transaction costs on equity issue				
Opening balance	143,201	190,935	143,201	190,935
Charged directly to equity	(47,734)	(47,734)	(47,734)	(47,734)
Closing balance	95,467	143,201	95,467	143,201

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 15: PROVISIONS

Long-term

Employee benefits (a)	770,414	836,041	770,414	836,041
Asset retirement provision (b)	357,992	361,800	357,992	361,800
	1,128,406	1,197,841	1,128,406	1,197,841

	Long-term Employee benefits \$	Asset Retirement \$	Total \$
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Consolidated and parent company

Balance at the beginning of the year		836,041	361,800	1,197,841
Additional provisions		61,132	16,192	77,324
Amounts used		(42,366)	–	(42,366)
Unused amounts reversed		(84,393)	(20,000)	(104,393)
Balance at 30 June 2007		770,414	357,992	1,128,406

- (a) The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.
- (b) An asset retirement provision has been recognised for expected future refurbishment costs of office premises.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 16: OTHER LIABILITIES

Current

Revenue received in advance for software usage and support services	2,260,754	3,027,989	2,260,754	3,027,989
	2,260,754	3,027,989	2,260,754	3,027,989

Non-current

Revenue received in advance for software usage and support services	305,611	64,605	305,611	64,605
	305,611	64,605	305,611	64,605

NOTE 17: ISSUED CAPITAL

45,013,562 (June 2006: 43,968,000) fully paid ordinary shares	6,807,508	5,722,015	6,807,508	5,722,015
	6,807,508	5,722,015	6,807,508	5,722,015



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 17: ISSUED CAPITAL (CONTINUED)

Movements in issued capital:

Opening balance	5,722,015	5,722,015	5,722,015	5,722,015
Transfer from options reserve (note 19)	304,797	–	304,797	–
Share issue	780,696	–	780,696	–
	6,807,508	5,722,015	6,807,508	5,722,015

Ordinary Shares	No.	No.	No.	No.
Opening balance	43,968,000	43,968,000	43,968,000	43,968,000
Share issue	1,045,562	–	1,045,562	–
	45,013,562	43,968,000	45,013,562	43,968,000

For details on options over ordinary shares, see Note 30.

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.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 18: TREASURY SHARES

Treasury Shares (Note 30)	31,253	1,778,071	–	–
	31,253	1,778,071	–	–

NOTE 19: RESERVES

Option Reserve	67,788	298,816	67,788	298,816
	67,788	298,816	67,788	298,816

The option reserve records the amount recognised as an expense on valuation of employee share options granted.

When options are exercised, the amount in the reserve relating to those options is transferred to issued capital.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 20: CAPITAL, LEASING AND OTHER COMMITMENTS				
(a) Finance leasing and hire purchase commitments				
Payable on leases:				
Not later than one year	–	36,264	–	36,264
Later than one year but not later than five years	–	–	–	–
	–	36,264	–	36,264
Less future finance charges	–	(988)	–	(988)
Total liability	–	35,276	–	35,276
Lease liabilities are included in the Balance Sheet as:				
Current (Note 13)	–	35,276	–	35,276
Non-current (Note 13)	–	–	–	–
	–	35,276	–	35,276

(b) Non-cancellable operating leases

Lease amounts are payable:				
Not later than one year	1,252,771	1,250,822	1,252,771	1,250,822
Later than one year but not later than five years	4,800,307	4,512,823	4,800,307	4,512,823
Later than five years	2,262,742	3,469,314	2,262,742	3,469,314
	8,315,820	9,232,959	8,315,820	9,232,959

Non-cancellable leases include rental premises with lease terms between five and eight years. The lease agreements require that the minimum lease payments shall be increased by 4% per annum. Certain leases contain options to renew at the end of their term.

(c) Capital and other expenditure commitments

Contracted for:				
Capital and other operating purchases	29,680	536,858	29,680	536,858
Payable				
Not later than one year	29,680	536,858	29,680	536,858
	29,680	536,858	29,680	536,858

NOTE 21: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	60,350	53,000	60,350	53,000
Other taxation and statutory compliance assistance	4,250	4,175	4,250	4,175
	64,600	57,175	64,600	57,175
Remuneration of other auditors of subsidiary for auditing that financial report	5,378	4,700	–	–



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 22: OTHER GROUP ENTITIES

Group entity: GBST Pty Ltd
 Country of Incorporation: Australia
 Percentage owned: 100% (June 2006: 100%)

Group entity: GBST ESOP Pty Ltd
 Country of Incorporation: Australia
 Percentage owned: 100% (June 2006: 100%)

Group entity: GBST Australia Pty Ltd
 Country of Incorporation: Australia
 Percentage owned: 100% (June 2006: 100%)

These companies are dormant and have nominal shareholders' equity. GBST ESOP Pty Ltd, acts solely as trustee for the ESOP Share Trust (see Note 30).

Group entity: GBST Hong Kong Limited
 Country of Incorporation: Hong Kong
 Percentage owned: 100% (June 2006: 100%)
 Date of incorporation: 14 August 2002

During the year GBST Hong Kong Limited performed services on behalf of GBST Holdings Limited to the value of \$NIL (2006: \$149,348).

NOTE 23: SEGMENT REPORTING

The company operates in the finance, banking and securities industry where it provides advanced electronic business solutions, predominately in Australia, and also Hong Kong and New Zealand.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$

NOTE 24: FINANCING ARRANGEMENTS

Other Financing facilities (a)	2,625,000	2,250,000	2,625,000	2,250,000
Amount utilised	(319,709)	–	(319,709)	–
Unused credit facilities	2,305,291	2,250,000	2,305,291	2,250,000

(a) This amount comprises bank facilities and lease facilities. The bank facility is secured over the assets and undertakings of the consolidated entity. Interest rates under the facility are variable. The facility has a number of other commercial terms and conditions and is subject to review within 12 months. The lease facility is a "revolving asset finance facility" to enable equipment financing, required for business operations. Each draw on the lease facility creates a rental agreement for a 36 month period. The facility is subject to annual review. There are no conditions/covenants in place and drawdown is subject to the bank's acceptance of assets proposed for financing under the facility.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 25: CASHFLOW INFORMATION				
(a) Reconciliation of net cash provided by operating activities to profit after income tax				
Profit after income tax	8,021,396	6,135,982	8,127,881	6,135,982
Non-cash flows in operating profit:				
Depreciation and amortisation	942,374	822,519	942,374	822,519
(Profit)/loss on sale of plant & equipment	(9,280)	90,281	(9,280)	90,281
Share based payments expensed	73,769	272,010	73,769	272,010
Changes in assets and liabilities :				
(Increase)/decrease in receivables	(647,460)	(861,252)	(743,496)	(877,958)
(Increase)/decrease in other assets	(215,756)	(54,916)	(215,756)	(54,916)
Increase/(decrease) in other liabilities	(526,228)	2,061,738	(526,228)	2,061,738
(Increase)/decrease in inventories	2,572	59,738	2,572	59,738
(Increase)/decrease in deferred tax balances	(57,154)	92,641	(57,154)	92,641
Increase/(decrease) in tax provision	(35,416)	2,027,858	(35,416)	2,027,858
Increase/(decrease) in trade and other payables	148,114	(813,311)	148,114	(813,311)
Increase/(decrease) in provisions	(65,627)	130,767	(65,627)	130,767
Cash flow from operations	7,631,304	9,964,055	7,641,753	9,947,349
(b) Reconciliation of cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:				
Cash at bank (Note 5)	854,992	1,618,069	854,992	1,618,069
Short term deposit (Note 5)	14,600,000	9,000,000	14,600,000	9,000,000
	15,454,992	10,618,069	15,454,992	10,618,069
(c) Acquisition of business				
On 15 December 2005, the company acquired the Palion business from OMX Technology Australia Pty Limited.				
The purchase was allocated as follows:				
Purchase consideration	–	5,033,337	–	5,033,337
Transaction costs	–	315,145	–	315,145
Total purchase consideration	–	5,348,482	–	5,348,482
Total cash consideration paid	–	5,348,482	–	5,348,482



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 25: CASHFLOW INFORMATION (CONTINUED)				
Assets and liabilities acquired at acquisition date:				
Intellectual property – software systems	–	2,000,000	–	2,000,000
Plant and equipment	–	65,084	–	65,084
Future income tax benefit	–	28,569	–	28,569
Employee Entitlements	–	(95,232)	–	(95,232)
	–	1,998,421	–	1,998,421
Goodwill	–	3,350,061	–	3,350,061
Total	–	5,348,482	–	5,348,482

NOTE 26: FINANCIAL INSTRUMENTS

(a) Financial risk management

The group's principal financial instruments comprise of cash and short-term deposits with banks and fund managers. The main purpose of these financial instruments is to provide operating finance to group. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from these financial instruments are interest rate risk and credit risk. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

(i) Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the cash and short term deposits. The debt facilities were undrawn at balance date. For further details on interest rate risk refer to Note 26 (b) (i).

(ii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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 50% (2006: 50%) of the company's revenue is derived from five customers.

Funds on deposit with banks and fund managers adhere to an internal policy approved by the board.

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments

(i) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

		Fixed interest rate maturing														
		Weighted average effective interest rate		Non-interest bearing		Floating interest rate		Within 1 year		1-5 Years		Over 5 years		Total		
		07	06	07	06	07	06	07	06	07	06	07	06	07	06	
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Financial assets																
Cash	6.3	4,096	5,149	15,450,896	10,612,920	-	-	-	-	-	-	-	-	15,454,992	10,618,069	
Trade and other receivables	8.05	3,780,088	3,210,697	33,827	50,488	-	-	-	-	-	-	-	-	3,813,915	3,261,185	
Available for sale financial assets		781,937	-	-	-	-	-	-	-	-	-	-	-	781,937	-	
Total financial assets		4,567,121	3,215,846	15,484,723	10,663,408	-	-	-	-	-	-	-	-	20,050,844	13,879,254	
Financial liabilities																
Lease & HP facilities	71	-	-	-	-	-	-	35,276	-	-	-	-	-	-	-	35,276
Trade & other payables	-	2,186,566	2,030,457	-	-	-	-	-	-	-	-	-	-	2,186,566	2,030,457	
Total financial liabilities		2,186,566	2,030,457	-	-	-	-	35,276	-	-	-	-	-	2,186,566	2,065,733	

(ii) Net fair values

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

Term receivables and other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar items, to their present value. Other financial assets and financial liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

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

The aggregate net fair values (which are materially in line with carrying amounts) of financial assets and financial liabilities are disclosed in the balance sheet.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 27: CONTINGENT LIABILITIES

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

NOTE 28: KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Key management person	Position
J Puttick	Director (Non-executive Chairman)
A Brackin	Director (Independent)
S Lake	Director (Managing Director and Chief Executive Officer)
D Shirley	Director (Independent)
J Sundell	Director (Non-executive)
C Apps	General Manager, Clearing, Settlements & Custody Solutions (resigned 16 March 2007)
P Ferguson	Head of Corporate Development
P Fowler	Head of Product and Client Services
S Hayhoe	Chief Technology Officer (resigned 8 June 2007)
K Sprott	Human Resource Executive (appointed 21 August 2006)
K Wallis	Chief Financial Officer

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
(b) Key management personnel compensation				
Short-term employee benefits	1,844,343	1,789,714	1,844,343	1,789,714
Post-employment benefits	123,578	132,092	123,578	132,092
Other long-term benefits	28,802	103,393	28,802	103,393
Share-based payments	–	71,830	–	71,830
	1,966,723	2,097,029	1,966,723	2,097,029

The company has taken advantage of the option under Regulation 2M.06.04 of Schedule 5B Corporations Regulations 2001 to transfer the detailed remuneration disclosures to the directors' report.

(c) **Equity instrument disclosures relating to key management personnel**

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

(d) **Shareholdings**

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

	Balance at 1/7/06	Received as compensation	Options exercised	Net change other (i)	Balance at 30/06/07
Directors					
J Puttick	9,167,760	–	–	(1,500,000)	7,667,760
A Brackin	169,241	–	–	–	169,241
S Lake	3,568,096	–	999,332	(700,000)	3,867,428
D Shirley	–	–	–	–	–
J Sundell	18,450,122	–	–	(4,114,069)	14,336,053
GBST ESOP Pty Ltd as trustee (ii)	2,369,180	–	(2,332,336)	–	36,844
Total directors	33,724,399	–	(1,333,004)	(6,314,069)	26,077,326
Executives					
C Apps	–	–	266,488	(266,488)	–
P Ferguson	–	–	30,656	(30,656)	–
P Fowler	–	–	–	–	–
S Hayhoe	–	–	148,560	(148,560)	–
K Sprott	–	–	–	–	–
K Wallis	–	–	230,156	(96,246)	133,910
Total executives	–	–	675,860	(541,950)	133,910
Group total	33,724,399	–	(657,144)	(6,856,019)	26,211,236

(i) Shares purchased or sold, or excluded from disclosure due to resignation.

(ii) Shares held as trustee for the ESOP Trust (refer note 30).

(e) Options holdings

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

	Balance 01.07.06	Granted as compensation	Options exercised or sold	Options cancelled	Balance 30.06.07	Total vested 30.06.07	Total exercisable 30.06.07	Total unexercisable 30.06.07
Directors								
J Puttick	–	–	–	–	–	–	–	–
A Brackin	–	–	–	–	–	–	–	–
S Lake	999,332	–	(999,332)	–	–	–	–	–
D Shirley	–	–	–	–	–	–	–	–
J Sundell	–	–	–	–	–	–	–	–
Total directors	999,332	–	(999,332)	–	–	–	–	–
Executives								
C Apps	266,488	–	(266,488)	–	–	–	–	–
P Ferguson	100,000	–	(30,656)	–	–	19,344	19,344	50,000
P Fowler	100,000	–	–	–	100,000	50,000	50,000	50,000
S Hayhoe	174,892	–	(148,560)	(25,000)	1,332	1,332	1,332	–
K Sprott	–	–	–	–	–	–	–	–
K Wallis	231,488	–	(230,156)	–	1,332	1,332	–	1,332
Total executives	872,868	–	(675,860)	(25,000)	172,008	72,008	70,676	101,332
Group total	1,872,200	–	(1,675,192)	(25,000)	172,008	72,008	70,676	101,332



FOR THE YEAR ENDED 30 JUNE 2007

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.

(b) Transactions with controlled entities

Details of transactions with controlled entities are set out in notes 6 & 22.

NOTE 30: SHARE BASED PAYMENTS

On 9 March 2005, GBST established the GBST Employee Option Plan. The plan comprised two sub-schemes, being an Exempt Options Scheme for staff generally and a Deferred Options Scheme for select staff and eligible Directors. A total of 481,376 (2006: 3,911,932) share options remain outstanding at 30 June 2007.

GBST ESOP Pty Ltd, in its capacity as trustee of the GBST Employee Share Trust, holds shares in GBST for subsequent allocation under the GBST Employee Option Plan. During the year ended 30 June 2007, 2,332,336 (2006: 384,820) shares were issued from the trust to meet the exercise of employee options. GBST ESOP Pty Ltd held 36,844 shares in GBST at 30 June 2007 (2006: 2,369,180). The Trust is treated as a special purpose entity and consolidated. The trust's shareholding in the company is disclosed as treasury shares and deducted from equity (refer note 18).

Exempt Options Scheme

Under this Scheme employees were offered the right to acquire \$1,000 worth of shares in GBST. There was no performance or vesting criteria which needed to be satisfied before employees had the benefit from holding the share options. Divestiture of the shares is restricted for a period of 3 years, subject to cessation of employment. No share options were granted during the year under this scheme (2006: nil), and 134,532 share options (2006: 159,840) remain outstanding at 30 June 2007. The options lapse on 8 March 2010.

Deferred Options Scheme

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

The following share based payment arrangements existed at 30 June 2007 under the Deferred Options Scheme:

On 25 August 2005, 100,000 share options were granted to an executive employee of GBST at an exercise price of \$1.09. The share options were granted in two equal tranches. Each tranche includes performance criteria relating to continued employment with GBST and financial hurdles as summarised below. 69,344 share options remain outstanding at balance date. The share options lapse in August 2007.

On 5 December 2005, 240,000 share options were granted to staff in connection with the acquisition of the Palion business unit. The share options have an exercise price of \$1.25. The share options were granted in two equal tranches. Each tranche includes performance criteria relating to continued employment with GBST and financial hurdles as summarised below. 187,500 share options remain outstanding at balance date. The share options lapse in December 2007.

On 3 January 2006, 210,000 options were granted to select staff to accept ordinary shares in GBST at an exercise price of \$1.45. The share options were granted in two equal tranches. Each tranche includes performance criteria relating to continued employment with GBST and financial hurdles as summarised below. 90,000 share options remain outstanding at reporting date. The share options lapse in January 2008.

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

Grant date	Performance criteria	
	Continued employment until	Financial performance hurdle
25 August 2005		
Tranche 1	31 October 2006	Targeted growth of 15% or greater in GBST's normalised earnings per share for the year ended 30 June 2006. The target growth percentage is moderated against relative increases or decreases in ASX trading volumes.
Tranche 2	31 October 2007	Either; <ul style="list-style-type: none"> - The annual percentage growth in earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2007 meets or exceeds 25%, or - The annual percentage growth in earnings per share for the year ended 30 June 2007 meets or exceeds 15%.
5 December 2005		
Tranche 1	31 October 2006	Targeted growth of 15% or greater in GBST's normalised earnings per share for the year ended 30 June 2006. The target growth percentage is moderated against relative increases or decreases in ASX trading volumes.
Tranche 2	31 October 2007	Either; <ul style="list-style-type: none"> - The annual percentage growth in earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2007 meets or exceeds 25%, or - The annual percentage growth in earnings per share for the year ended 30 June 2007 meets or exceeds 15%.
3 January 2006		
Tranche 1	31 October 2006	Targeted growth of 15% or greater in GBST's normalised earnings per share for the year ended 30 June 2006. The target growth percentage is moderated against relative increases or decreases in ASX trading volumes.
Tranche 2	31 October 2007	Either; <ul style="list-style-type: none"> - The annual percentage growth in earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2007 meets or exceeds 25%, or - The annual percentage growth in earnings per share for the year ended 30 June 2007 meets or exceeds 15%.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 30: SHARE BASED PAYMENTS (CONTINUED)

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

	2007 No.	2007 WAEP	2006 No.	2006 WAEP
Outstanding at the beginning of the year	3,911,932	\$0.80	4,097,184	\$0.72
Granted during the year	–	–	550,000	\$1.30
Forfeited during the year	52,658	\$1.28	350,432	\$0.75
Exercised during the year	3,377,898	\$0.77	384,820	\$0.72
Expired during the year	–	–	–	–
Outstanding at the end of the year	481,376	\$0.92	3,911,932	\$0.80
Exercisable at the end of the year	111,844	\$1.27	1,513,230	\$0.75

There were 3,377,898 share options exercised during the year ended 30 June 2007. These options had a weighted average share price of \$3.41 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.92 and a weighted average remaining contractual life of 12 months. The exercise price for share options outstanding under the Exempt Options Scheme is nil, the exercise prices for share options outstanding under the Deferred Options Scheme range from \$1.09 to \$1.45 in respect of options outstanding at 30 June 2007.

There were no share options granted during the year (2006: 550,000 with a weighted average fair value of \$0.21).

The expense recognised in the income statement in relation to share-based payments is disclosed in note 2.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate. Since the end of the financial year the company has issued 85,894 zero exercise price options to non-executive staff. The zero exercise price options are divided into three tranches.

The first tranche, of 20%, vest and may be exercised after 12 months and lapse if unexercised in 36 months.

The second tranche, of 30%, vest and may be exercised after 24 months and lapse if unexercised in 48 months.

The third tranche, of 50%, vest and may be exercised after 36 months and lapse if unexercised after 60 months. On cessation of employment all unvested zero exercise price options lapse. The company has also issued 11,988 shares since the end of the financial year following the exercise of options under the GBST Exempt Option Plan.

	Consolidated 2007	Consolidated 2006
NOTE 31: EARNINGS PER SHARE		
Basic earnings per share (cents)	18.11	13.96
Diluted earnings per share (cents)	17.77	13.77
(a) Reconciliation of earnings to net profit or loss		
Net profit	8,021,396	6,135,982
Earnings used in the calculation of basic EPS	8,021,396	6,135,982
Earnings used in the calculation of dilutive EPS	8,021,396	6,135,982

	Consolidated 2007 \$	Consolidated 2006 \$
NOTE 31: EARNINGS PER SHARE (CONTINUED)		
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculation of adjusted basic EPS (i)	44,302,441	43,968,000
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	44,302,441	43,968,000
Weighted average number of options outstanding or exercised during the year (i)	846,643	580,780
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	45,149,084	44,548,780

(i) Options issued under the GBST Employee Option Plan are not included in the basic or dilutive EPS to the extent that the issue of shares is contingent upon future events and, as at reporting date, conditions which would result in the issue of shares had not been obtained (refer to Note 30).

NOTE 32: SUBSEQUENT EVENTS

On 2 August 2007, GBST Holdings Limited entered into agreements to acquire Infocomp Pty Ltd, ICP Holdings Pty Ltd and its subsidiaries for a cash payment of \$36.4 million and the issue of approximately 4.95 million shares. The cash component of the consideration is to be funded from existing cash reserves and a term loan facility of \$20 million, established with Suncorp for the purpose of the acquisition. The term of the facility is six years. The facility limit will reduce by \$1 million at the end of each quarter, commencing in the second year of the facility.

The acquisition is expected to complete on or around 31 August 2007, the assets and liabilities arising from the acquisition will be valued at that time however it is expected that GBST will acquire approximately \$3 million in net tangible assets and approximately \$53 million in identifiable intangible assets and goodwill. Identifiable intangible assets will comprise computer systems and software and customer contracts and relationships.

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

The financial report was authorised for issue on 16 August 2007 by the board of directors.

The directors recommend a final dividend of 6.0 cents per share to be paid to the holders of fully paid ordinary shares on 28 September 2007. The total amount of the dividend, after including the estimate of shares to be issued in relation to the Infocomp acquisition (see above), will approximate \$3.0 million. The dividend has not been provided for in the financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

NOTE 33: CHANGE IN ACCOUNTING POLICY

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

AASB Amendment	AASB Standard affected	Nature of change in accounting policy and impact	Application date of the Standard	Application date for the Group
AASB 2005–10 Amendments to Australian Accounting Standards	AASB 1: First-time Adoption of AIFRS AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per share AASB 139: Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 January 2007	1 July 2007
AASB 7 Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation	As above	1 January 2007	1 July 2007
Amendment to AASB 123	AASB 123: Borrowing Costs	Under the amendments to AASB 123 only the capitalisation treatment is permitted in relation to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The amendment will have no effect on the group.	1 January 2009	1 July 2009

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 principal place of business of the company is:

GBST Holdings Limited
5 Cribb Street
MILTON QLD 4064



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

Report on the Financial Report

We have audited the accompanying financial report of GBST Holdings Limited (the company) and GBST Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' included in the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

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

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the *Corporations Regulations 2001*. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

Auditor's Responsibility

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

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

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



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

Independence

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

Auditor's Opinion

In our opinion:

- a. the financial report of GBST Holdings Limited and GBST Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained under the heading 'Remuneration Report' included in the directors' report comply with Accounting Standard AASB 124.

Robertsons Audit & Assurance Pty Ltd

Robertsons Audit & Assurance Pty Ltd

Migel Bamford

ND Bamford
Director

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

Date: 16 August 2007

SHAREHOLDING

(a) Distribution of Shareholders

Category (size of holding)	Number ordinary
1 to 1,000	206
1,001 to 5,000	395
5,001 to 10,000	201
10,001 to 100,0000	196
100,001 and over	35
	1033

(b) The number of shareholdings in less than marketable parcels is 2

(c) The names of the substantial shareholders and their controlled shareholdings listed in the company's register as at 5 October 2007 are:

Shareholder	Number ordinary
Crown Financial Pty Ltd	14,386,053
John Francis Puttick	7,667,760
Perpetual Limited	5,864,177
Stephen Lake	3,867,428
Pengana Holdings Pty Ltd	2,203,213

(d) Voting rights

The company only has ordinary shares on issue.

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

(e) 20 Largest Shareholders – Ordinary Shares

Name	Number of ordinary shares	% Held of Issued Ordinary Capital
1. Crown Financial Pty Ltd	13,740,053	27.49
2. Mr John Francis Puttick	5,116,260	10.23
3. Stephen Lake	3,867,428	7.73
4. RBC Dexia Investor Services Australia Nominees Pty Limited	3,534,614	7.07
5. Cogent Nominees Pty Limited	2,207,213	4.42
6. RBC Dexia Investor Services Australia Nominees Pty Limited	2,000,943	4.00
7. Geraldine Ann Maunder and John Francis Puttick	2,000,000	4.00
8. Robert DeDominicis	1,061,758	2.12
9. Raymond Tubman	1,061,758	2.12
10. Barry Becarevic	872,408	1.75
11. Timenow Pty Ltd	709,238	1.42
12. Wangaruka Holdings Pty Ltd	709,238	1.42
13. Mr John Francis Puttick and Ms Geraldine Ann Maunder	551,500	1.10
14. Berislav Becarevic and Ivanka Becarevic	520,783	1.04
15. Bydand Capital Pty Ltd	392,596	0.79
16. Merrill Lynch (Australia) Nominees Pty Limited	343,285	0.69
17. JP Morgan Nominees Australia Limited	328,216	0.66
18. TPIC Pty Limited	300,000	0.60
19. Sayers Investments (ACT) Pty Limited	284,000	0.57
20. Bogasi Pty Ltd	248,000	0.50

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

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Ph 07 3331 5555
Fax 07 3367 0181

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POSTAL ADDRESS

PO Box 1511
Milton QLD 4064

DIRECTORS

John Francis Puttick
Stephen Maurice Linton Lake
Joakim James Sundell
David Cameron Shirley
Allan James Brackin

COMPANY SECRETARIES

David Michael Doyle
John Francis Puttick

SHARE REGISTRY

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

STOCK EXCHANGE LISTING

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

VOLUNTARY RESTRICTIONS

Details of shares that are held in voluntary escrow:

Ordinary fully paid shares escrowed until 31 August 2008	1,645,061
Ordinary fully paid shares escrowed until 31 August 2009	1,645,061
Ordinary fully paid shares escrowed until 31 August 2010	1,645,061

UNQUOTED SECURITIES

A total of 1,102,158 options are on issue to 98 employees under the GBST Holdings Limited Employee Option Plan.

AUDITORS

Robertsons Audit and Assurance Pty Ltd
Level 4, 127 Creek Street
Brisbane QLD 4000
Ph 07 3229 2022
Fax 07 3229 3277

1330.0	665.00DR	1320.0
1330.0	665.00DR	1320.0
.4071	40,710.000DR	0.4080
.4074	40,740.000DR	0.4080
111.98	11,198,000.00CR	0.235
112.15	33,645,000.00CR	0.235
640.05	6,400.50DR	5020.0
641.00	3,205.00DR	5020.0
11205.0	224,100.00DR	0.12
11205.0	224,180.00DR	0.12
340.0	3,400.00DR	562.0
350.0	3,500.00DR	562.0
1330.0	665.00DR	4320.0
45330.0	665.00DR	4320.0
45330.0	5461.00DR	30.0
112.0	5461.00DR	30.0
112.0	745.00DR	1320.0
1330.0	745.00DR	1320.0
640.05	6,400.50DR	5020.0
641.00	3,205.00DR	5020.0
11205.0	224,100.00DR	0.12
11205.0	224,180.00DR	0.12
340.0	3,400.00DR	562.0
350.0	3,500.00DR	562.0
1330.0	665.00DR	4320.0

